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Chapter 1 - Concepts

- **Sustainability Risk:** set of climate, environmental and social risks, as defined in SUSEP Circular 666/22;
- **Physical climate risks:** the possibility of losses caused by events associated with frequent and severe weather or long-term environmental changes that may be related to changes in climate patterns;
- **Transition climate risks:** the possibility of losses caused by events associated with the transition to a low-carbon economy, in which greenhouse gas emissions are reduced or offset and the natural mechanisms for capturing these gases are preserved;
- **Climate litigation risks:** the possibility of losses caused by liability insurance claims or direct actions against the supervised company, both as a result of failures in the management of physical or transition climate risks;
- **Environmental risks:** the possibility of losses caused by events associated with environmental degradation, including excessive use of natural resources;
- **Social risks:** the possibility of losses caused by events associated with the violation of fundamental rights and guarantees or acts harmful to the common interest;
- **Sustainable development:** development that meets the needs of the present without compromising the ability of future generations to meet their own needs;
- **Sustainability Aspects:** respect for and protection of fundamental rights and guarantees and common interests; preservation of the environment and its remediation or, where possible, restoration; the reduction of impacts caused by frequent and severe weather events or long-term environmental changes; the transition to a low-carbon economy; and the promotion of a more resilient and inclusive society. In this document it can be considered a synonym for "ESG", which stands for *Environmental, Social and Governance*;
- **Impact:** the effect that an organization causes or could cause on the economy, the environment and people, including impacts on human rights, which in turn can indicate its contribution (positive or negative) to sustainable development;
- **Materiality:** This is the process that helps the company identify the material issues to focus on in the business strategy. It is based on the relevance of the issues to the business and

to society, based on the assessment of risks and impacts. The main result of the materiality assessment is to determine the set of material issues that are critically important to the company and its *stakeholders*, which will guide the continuous improvement of business performance with a view to the long-term success of the business. It also determines the most relevant issues to be reported publicly;

- **Material Themes:** this is the set of priority Sustainability themes for the Company, as they represent the main threats and opportunities, where effective action will be taken to impact the generation of value. They must reflect the significant economic, environmental and social impacts of the organization in its operations or which substantially influence its assessments and decisions in the short and medium term, with a view to its ambitions and the generation of value in the long term;
- **ESG pillars:** these are the company's environmental, social and governance pillars systematized according to the current strategic configuration of the business and the material issues identified;
- **Interested parties:** or "stakeholders" means strategic public and describes all the people or "interest groups" that are impacted by the actions of an enterprise, project, company or business or have an interest in it. According to SUSEP Circular No. 666/22, "*Employees, clients, suppliers, the local community, government bodies and any other persons or institutions directly or indirectly impacted by the products, services or activities of the supervised company may be employees*"; and
- **ESG Frameworks:** Ecosystem containing a variety of frameworks and *standards*, which provide guidance and facilitate the disclosure of comparable, consistent and reliable ESG information, so that it can be used by various interest groups - including investors, companies, policymakers, regulators, NGOs and civil society - for decision-making.

Chapter 2 - Introduction

The Sustainability Policy is based on the Materiality Assessment, which consisted of the process of identifying and defining the Material Themes for Austral, considering its main threats and

opportunities in social, environmental and governance issues. This policy was developed in line with the provisions of SUSEP Circular No. 666/22.

Chapter 3 - Roles and Responsibilities

Responsibility for ensuring the effectiveness of and compliance with this policy lies primarily with the Board of Directors and the Executive Board. However, Austral believes that the involvement of other agents is fundamental to putting the procedures and guidelines described here into practice, and the following parties can be highlighted: (i) Risk and **Compliance Director**; (ii) **Financial Director**; (iii) **Underwriting Directors**; (iv) Governance, Risks and **Compliance Department**; and (v) **Business Areas**.

Chapter 3 - Materiality Study

In order to align with the guidelines of the main ESG *Frameworks*, the Materiality Study considered the positive and negative impacts on the Austral Group, society and the environment. Once the issues had been identified, they were assessed for impact and likelihood. The topics were prioritized by adapting the dual materiality method - **the impact of the topic on the company versus the impact the company has on society and the environment**.

The assessment took into account the research to identify the topics identified as material for the sector, within the ESG *Frameworks*, the specific guides for the insurance sector and comparative analyses with other market *players*. In addition, the process considered involvement and engagement with its stakeholders, such as employees and investors.

As a result, the Materiality process produced a matrix with nine Material Themes for the Austral Group, translated into three ESG pillars, prepared as follows.

Chapter 4 - ESG Pillars and Material Issues

The Austral Group's strategy is based on three pillars:

- Management of social and environmental risks in products and the business model;

- Responsibility in relations with stakeholders; and
- Innovation and data security.

These three pillars are made up of the 9 material themes that are strategic for the business, as illustrated in figure 1.

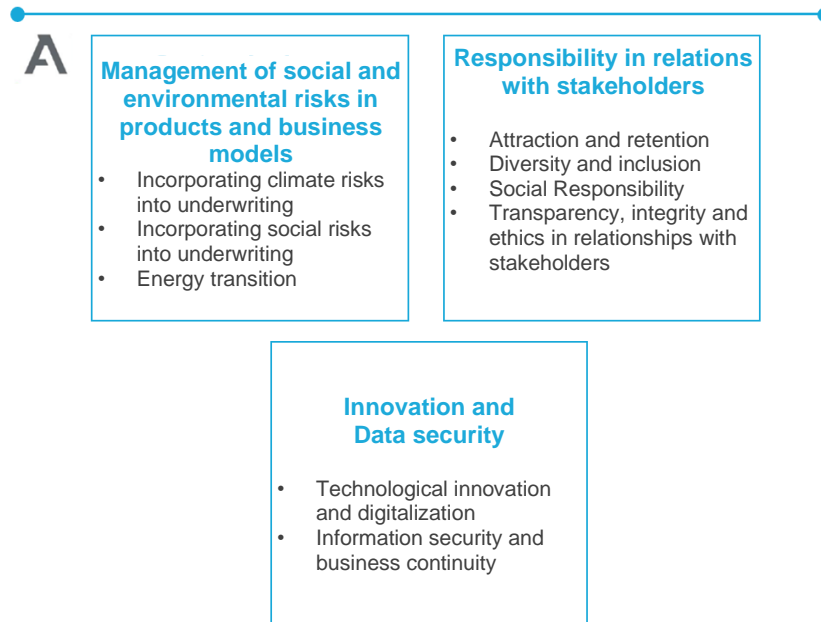


Figure 1 - ESG pillars and material themes

Chapter 5 - Principles and Commitments

The Austral Group presents its principles that guide the management of ESG threats and opportunities and the commitments for its material themes¹:

5.1 - Management of socioenvironmental risks in products in the business model

Austral has risk management at the heart of its business. As a basic operating premise, the company establishes procedures for evaluating its potential clients or businesses in order to

¹ The sequence of material topics does not reflect the priority of the Materiality Matrix. However, all the issues reported are material to the business and have priority relevance for the business, regardless of the order listed in this Policy.

mitigate reputational, social and environmental risks. The pillars of analysis are defined according to the particularities of each of the lines of business in which we operate.

In addition, an exclusion list and a list of businesses with a high reputational risk were determined, applicable to all businesses established by the Company, regardless of the industry. This pillar also includes observing the trend towards a low-carbon economy and its effects on customers and, as a consequence, adapting the products that make up the business portfolio.

The material issues that make up this pillar and its principles and guidelines are:

Incorporating climate risks into underwriting

The **Austral Group** will continue to use and expand climate risk analysis, where applicable, in underwriting and contractual conditions to minimize damage from natural disasters and contribute to a more resilient society.

Incorporating social risks into underwriting

The **Austral Group** will continue to use and expand social risk analysis, where applicable, in underwriting and contractual conditions to minimize social damage and contribute to a fairer and more resilient society.

Energy transition

The **Austral Group** will assess the effects of the energy transition in the face of the low-carbon economy on risk underwriting and on its client portfolio in order to adapt and create new products, generating resilience and long-term value creation.

5.2 - Responsibility in relations with stakeholders

The Austral Group understands responsibility in relations with stakeholders as an attitude that goes beyond the compliance and integrity required by legislation. Our focus is on building a partnership based on trust and transparency with our internal and external audiences.

Attraction and retention

The Austral Group seeks to attract talent and skilled human capital to carry out its business plan, carrying out consistent actions to engage and retain these employees with the aim of generating development opportunities so that they are recognized as specialists in the insurance and reinsurance sector. We value a competitive remuneration policy and the promotion of the health, safety and well-being of all employees.

Diversity and inclusion

Respect and promote the diversity and inclusion of the workforce (including senior management), adopting practices that guarantee a safe environment and prohibit discriminatory acts with regard to race, color, ethnicity, gender, age, social class, sexual orientation, religion, and special needs.

Social responsibility

Austral Group will continue to develop and support private social investment projects through the voluntary engagement of its employees with partner institutions.

Transparency, integrity and ethics in relationships with stakeholders

The operational activities of all Austral Group employees, as well as all interactions with *stakeholders*, must be guided by the standards of ethics and conduct described in the Code of Ethics and Conduct.

5.3 - Innovation and data security

We believe that business continuity will be made possible by a set of consistent actions aimed not only at data and information security and cybersecurity risk management, but also at exploiting opportunities to digitize our processes and innovate our products and, consequently, our business model.

Technological innovation and digitalization

The Austral Group values innovation in its processes, stimulating the creativity and intelligence of its employees in relations with *stakeholders* and in the adaptation and development of products.

Information security and business continuity

Austral Group values information governance and cyber security, protecting the company's data and that of its employees, clients, suppliers and partners, guaranteeing long-term business continuity.

6. Final Provisions

The Board of Directors is the ultimate validator of the guidelines set out in this policy.

Because of the principle of proportionality, this document is designed to help the company's sustainable development. This Policy may be amended with the prior approval of the Company's Board of Directors, whenever deemed necessary and/or as a result of legislative and regulatory changes or changes to the Company's corporate governance documents.