



YOUR COMPANY



ESG Anual Report

HDI SEGUROS

México, 2022



YOUR COMPANY

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I. PRESENTATION OF THE 2022 ANNUAL REPORT

This report has the scope of México and it is additional to the Talanx Group report. The period covered by the report is from January 1, 2022, to December 31, 2022.

We know that no path is easy without good support, which is why at **HDI SEGUROS** we always walk side by side with our customers, especially when they face mishaps. Because accidents don't get chosen; the company does.

We are a company in the insurance sector that operates throughout Mexico, with headquarters in Leon, Guanajuato, and that has been transforming for 79 years. Since 2009, we have been HDI SEGUROS, S.A. de C.V. (hereinafter **HDI SEGUROS**) and we are part of one of the strongest insurance groups in Europe, which was founded in Germany.

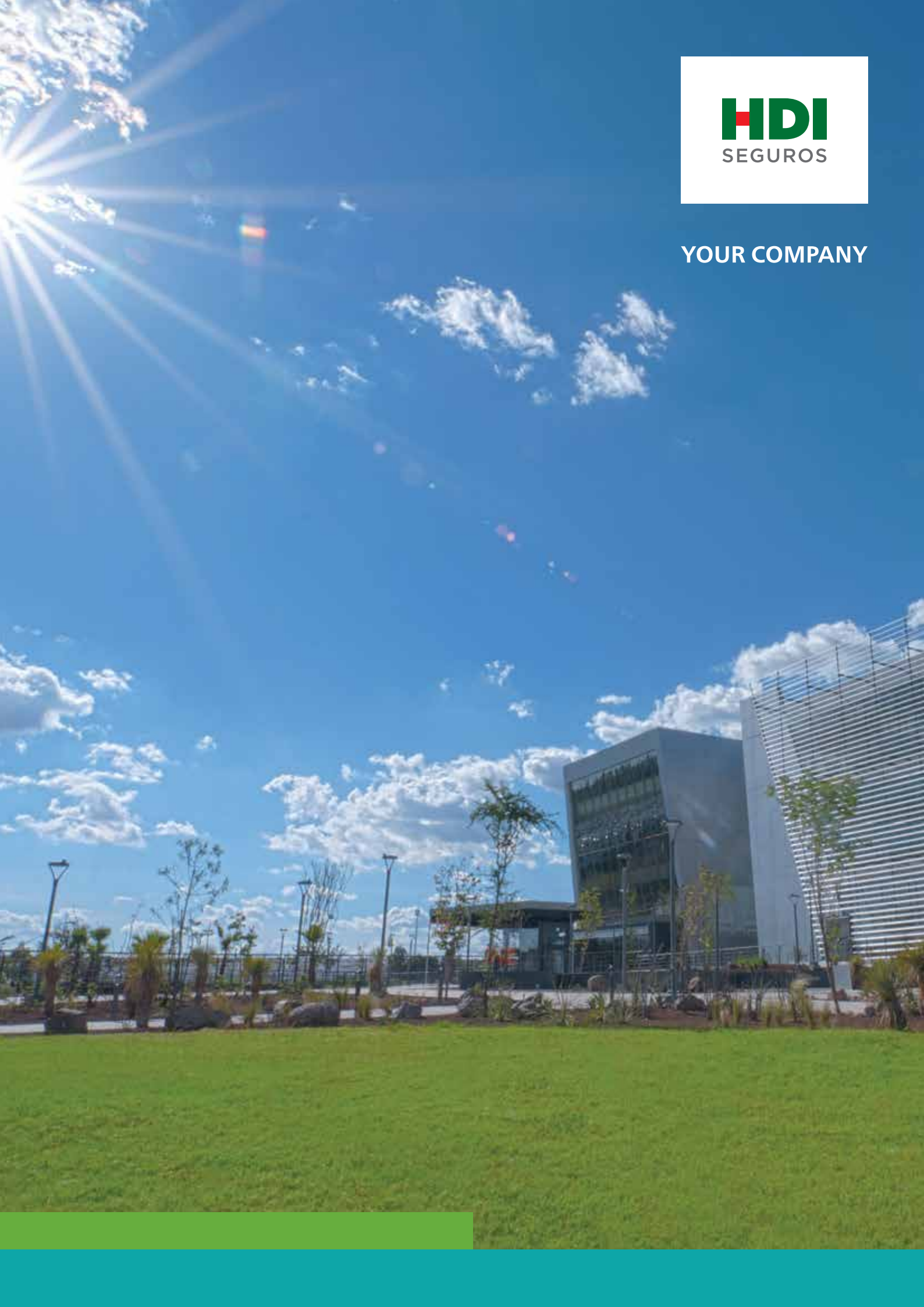
We have an innovative spirit that constantly leads us to seek a sustainable balance, focused on prioritizing our work alongside insured persons, collaborators, suppliers, and other stakeholders with whom we have relationships. Our commitment is that, in the future, the business model we have for Mexico will be increasingly solid and attractive for customers and prospects in this great market. In this context, we present our first annual sustainability report, whose purpose is to communicate the organization's main financial results and our *Environmental, Social and Corporate Governance (ESG)* performance in 2022.

The information contained in this report refers only to that generated by **HDI SEGUROS**, and we consolidate the socio-environmental and economic areas, based on the standards of the *Global Reporting Initiative (GRI)*, *Sustainable Development Goals (SDG)*, *the Global Compact of the United Nations (UN)*, and other international trends that are highlighted in the corresponding section.

The logo for HDI SEGUROS, featuring the letters 'HDI' in a bold, green, sans-serif font with a small red square to the left of the 'I'. Below 'HDI' is the word 'SEGUROS' in a smaller, black, sans-serif font.

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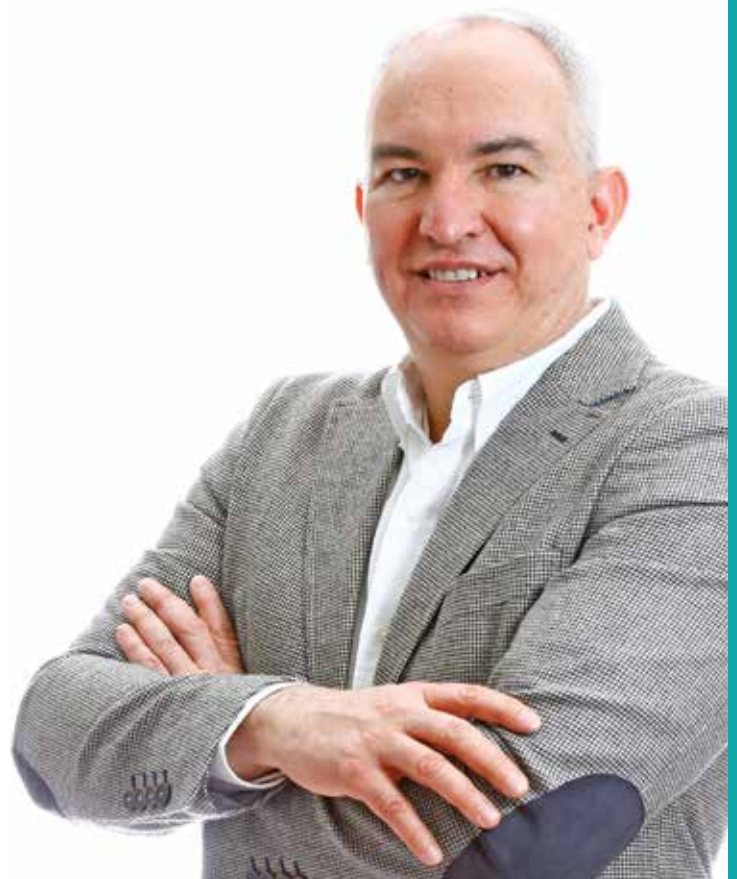
I.I MESSAGE FROM THE CEO

HDI SEGUROS is part of Talanx Group, so we are aligned with their values, the culture of trust and transparency, and we are committed to making non-financial, environmental and social information available to our stakeholders in a clear, accurate and transparent way. For this reason, we are pleased to present to you our first sustainability report, which we prepared based on the standards established by the *Global Reporting Initiative (GRI)* in its most recent version, and also considering the 10 Principles of the Global Compact, of which we are a part, as well as the 17 *Sustainable Development Goals (SDGs)*.

For more than 10 years, we have been working with a social responsibility and business ethics approach, in which priority is given to our stakeholders, mainly our collaborators, agents and insured persons, who are the reason for being of our company. With our different support programs, we have given warm to more than 4,000 people, we have provided school supplies to 850 basic education students and make donations to different civil associations like the Mexican Red Cross.

We know that the world is constantly changing, and that it is necessary to perform global actions that provide benefits and allow us to continue moving forward without leaving anyone behind. Therefore, **HDI SEGUROS** has evolved from a socially responsible enterprise to a ESG approach, where we integrate three major aspects of the company to achieve sustainable development over time: people, the environment and Corporate Governance.

You can also find in this report our material topics, which are the result of our first materiality analysis, in which our stakeholders participated. You can also learn about our four pillars of priority action and the activities carried out to address them: carbon neutrality, diversity and inclusion, investment, and responsible underwriting. In this sense, we also inform you of the carbon footprint generated by our operations and the actions to mitigate it.



We are aware of the great challenge of dealing with climate change and its consequences, which is why, in our responsible underwriting pillar, we have developed different products that benefit atmospheric quality, the rational and efficient use of natural resources, and eco-technologies in businesses and homes, such as HDI iDriving, a unique product in Mexico. In addition, it is very rewarding for us to also communicate our commitment to investing in projects that have a positive impact on people and the environment.

Regarding our collaborators, they are the engine of our company. Thanks to them we provide the best care to our agents and policy holders. For this reason, we have created a work environment in which equal opportunities and responsibility for the environment are central elements in the decision about the future of the organization.

We thank all the people who have made possible this success story, which has lasted more than 70 years. The path to the future is sustainable. Ensuring a better world together.

I.II THE PROCESS FOR PREPARING THE REPORT



- It was developed in reference to the new universal standards (GRI 1, GRI 2 y GRI 3) of the *Global Reporting Initiative (GRI)* published in October 2021, which respond to socio-environmental materiality.
- The report expresses our support for several of the *Sustainable Development Goals (SDGs)*, which the *United Nations (UN)* has set so that society can address the major challenges we tackle in its 17 initiatives.
- Regarding risks and opportunities in the face of climate change, in this report we present the first risk matrix associated to this change, based on the recommendations of the *Task Force on Climate-related Financial Disclosures (TCFD)* and the *Intergovernmental Panel on Climate Change (IPCC)*.
- In addition, the report adheres to ESG criteria in all operations and decision-making.

I.III THIRD PARTY OPINION (EMPRESABILITY)



Dear sir or madam,

I am pleased to present the **HDI SEGUROS** 2022 sustainability report. This report provides an account of economic, social, and environmental performance. As part of the conviction and commitment of **HDI SEGUROS**, it imposes itself to make its extended community part of the challenges, efforts, and results in terms of its management and social responsibility, based on three axes ESG. Those are aligned with their strategic vision that governs their management and social performance based on their solid institutional values.

This document is a demonstration of its commitment to publicly reporting corporate responsibility commitments, as well as the relationships it maintains with its shareholders, agents, promoters, public and suppliers, as well as with the communities where it operates.

Through the report, the company reaffirms its commitment to the Global Compact and its 10 principles, which it defends in terms of human rights, labor standards, the environment and anti-corruption. In addition to contributing to the United Nations 2030 Agenda, which promotes the Sustainable Development Goals.

This report gives us an overview of the company's reality and of the different actions it carries out from a conscious, sustainable, and responsible approach in all its areas. It also provides references to other reports, such as its financial report, which is complemented by relevant information on responsibility and sustainability.

The **HDI SEGUROS** team has worked seriously this year to identify relevant issues in Mexico, without neglecting those that are part of the company's global agenda. Prioritizing the relevance of each of these internally and externally.

Its responsibility strategy is based on this list of key issues depending on what it does, for whom and with whom, as well as the mission, vision, and values that define it. From there, the objectives for the future will emerge.

This report represents a moment of transition in the way in which it will be reported. Transparency is sought in terms of achievements, but also in terms of the company's vision and the challenges for the coming years. In which the two indicators and recommendations for the preparation of sustainability reports, dictated by the *Global Reporting Initiative (GRI)*, will be fully incorporated.

We have witnessed the thorough collection of all the information that was considered valuable material for the preparation of this report, of the strategies that are already being implemented, and we have learned first-hand those actions that are in the process of being implemented and that will begin to yield results in the short term.

Regarding its commitment to the Global Compact, it is materialized through information and opinion content related to human rights, with special attention to sustainable development. Gender equality, health and education are recurring issues in its coverage and functioning.

HDI SEGUROS is taking firm steps towards the consolidation of a culture of sustainability, which allows it to lay solid foundations for its growth and contribution to mexican society, which has largely trusted and supported its operation.

HDI SEGUROS always provided us with all the required information and answered the questions we had about the content of this report and the information that supports it.

Without further comment, we are at your disposal.

A handwritten signature in black ink, appearing to read "Juan Felipe Cajiga".

Juan Felipe Cajiga
CEO

Empresability
Ibero-American Movement for Social Responsibility



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II. MAIN ACHIEVEMENTS

II.I GOALS ACHIEVED



Like all companies, at **HDI SEGUROS** we have faced difficult times due to a pandemic whose effects wreak havoc. Our Company never gave up, nor did it succumb to adversity. A clear proof of this is that no collaborator was fired, nor was the march stopped. Despite adversity, we opened our new campus, we achieved the *Excellence in Design for Greater Efficiencies (EDGE)* that is a sustainable building certification that focus in made buildings more efficiencies, implemented new working methods like Alebrije Project, and set new alliances with Global Compact Mexico and BUPA. There is no doubt that every achievement has been possible thanks to a team that feels part of the company, that has been able to take care of it and make it grow despite difficult times.

II.II AWARDS

Our company has been in line with the transformation that the entire world is experiencing. Since our establishment in Mexico, we have focused on improving our operation daily.

Thanks to the effort and commitment of our people, we have received various accolades, awards, and certifications, mainly in terms of human talent. In 2022, we were able to ratify the *Great Place to Work (GPTW)* and Top Companies certifications, where we were among the 60 best companies in Mexico. We also received the Best Places to Work Certification in the Bajío Zone, where we ranked first for the fourth consecutive year.

Below, we share the main awards received and certificates obtained during the year.

- **CERTIFICATION OF FINANCIAL STRENGTH**

Standard & Poor's Financial Services LLC, the renowned risk rating agency in financial services, has given us the **MxAAA** rating, the highest in Mexico. This guarantees peace of mind for our customers by ratifying our ability to pay compensation.

- **ISO/ IEC 27001 INFORMATION SECURITY MANAGEMENT SYSTEMS**

Because of the correct use and strict management of controls to manage the information of our policyholders, business partners, and employees, we have the international ISO/IEC 27001 certification since 2013.



- **NYCE A QIMA COMPANY**

Thanks to the excellent service practices of our Call Center, we are the **only insurer in Mexico that, since 2019, has had processes certified in accordance with the *Global Quality Models for Interaction with Customers (MGCIC)***, as well as compliance with the *Federal Law on the Protection of Data Held by Individuals (LFPDPPP)* granted by the *Mexican Institute of Teleservices (IMT)* and *Standardization and Certification (NYCE)* (acronym in Spanish).

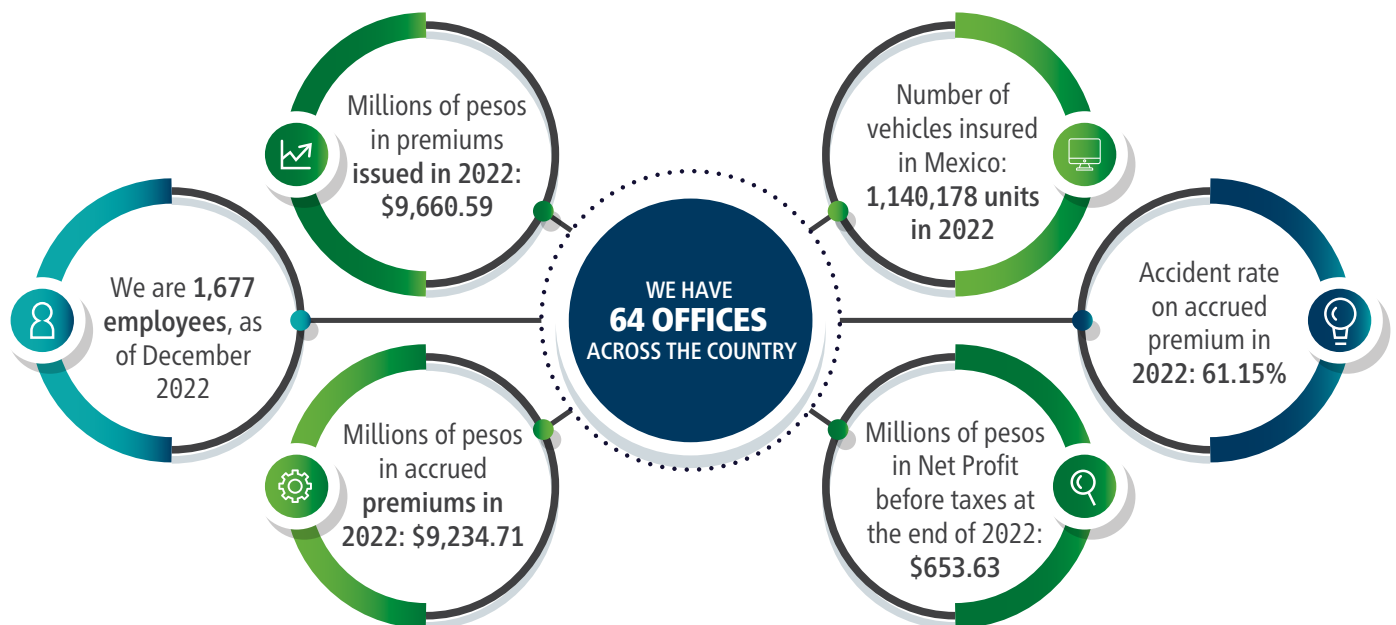
CERTIFICATIONS, BADGES AND AWARDS

ID	NAME OF THE AWARD	JAN - DEC 2022
1	 EDGE Certification for Building Leon Corporate Campus	
2	 Great Place to Work Mexico Certification	
3	 Top Companies Certification - Culturally Powerful Companies	
4	 Badge Socially Responsible Company (ESR)	
5	 Recognition - 500 Most Important Companies in Mexico	
6	 Certification - The Best Places to Work - Bajio Zone	
7	 Badge - Exceptional Companies	
8	 Certification - The Most Innovative Companies in Mexico	

II.III FINANCIAL RESULTS

In accordance with the opinion of the consolidated financial statements of **HDI SEGUROS** and subsidiary (Institution), which include the consolidated balance sheets as at December 31, 2022, carried out by the auditing firm PWC, it is determined that they have been prepared, in all material aspects, in accordance with the accounting criteria applicable to insurance institutions in Mexico, issued by the *National Insurance and Bonding Commission (CNSF)* (acronym in Spanish). You can find the opinion of the 2022 financial statements in www.hdi.com.mx.

HDI MEXICO in numbers



The financial statements, the disclosure notes, the creditworthiness and financial condition report, and the opinion on the financial statements can be reviewed in greater detail on our website.

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III. WHO WE ARE

III.I VISION AND VALUES

Since our founding, **HDI SEGUROS** has been a company with a solid corporate philosophy. We always act according to our vision, since we are a leading team in the country's insurance sector, with products and services that seek to meet and exceed the expectations of our customers and stakeholders. This commitment is demonstrated through the following principles.

SOLIDITY Ability to respond to all our policyholders.

DIGITALIZATION Constant development of processes and tools.

SPECIALIZATION We are experts in Car and Damage insurance.

INNOVATION It's the way we do things.

INFRASTRUCTURE Sustained investment in the last 5 years nationwide.

SECURITY Recognition and transparency in processes.

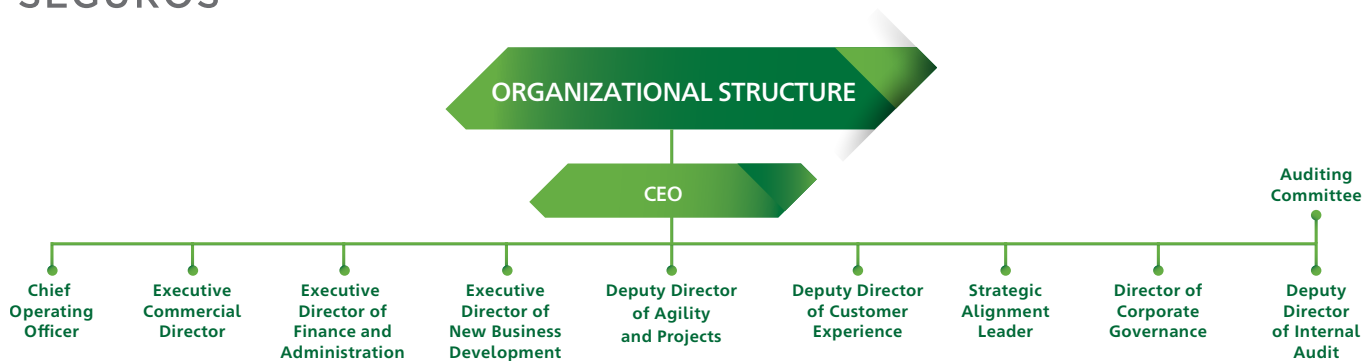
SERVICE We recognize the needs of customers and distributors.

Each of the employees who work in the company is governed by our values:

- Passion for success
- Trust and open communication
- Entrepreneurial vision
- Excellence for customers



HDI SEGUROS has 1,677 employees, who are distributed throughout the Mexican Republic. Undoubtedly, our human capital is the most valuable thing since this allows us to consolidate all our goals and meet the requirements and expectations of our customers.





III.II OPERATIONAL AND ADMINISTRATIVE STRUCTURE



The growth of our company is also reflected in the increase in the number of employees. The increase in new staff was 6% compared to the 2021.





Our workforce currently consists of 53% female and 47% male, which also addresses the reduction of the gender gap and inequality.

The average age of our employees is 37 years, although our workforce is very diverse and inclusive, made up of employees from 4 different generations.

Our growth has reflected our business strength since it was not hindered by critical periods such as the pandemic.

We are aware that every employee who is part of the company is a great responsibility for us, it is not limited to maintaining a basic payment, but it is a commitment in which **HDI SEGUROS** provides quality jobs, with fair wages, benefits greater than those stipulated by law and a healthy, diverse, and inclusive work environment where respect prevails.

TOTAL JOBS

CATEGORY	CONSOLIDATED JAN - DEC 2021	CONSOLIDATED JAN - DEC 2022	VAR. % 2021 VS 2022
 New direct jobs created	93	115	24%
 New jobs for female employees	42	58	38%
 New jobs for male employees	51	57	12%
 Total employees	1,581	1,677	6%

Our employees are essential to maintaining our strength. We provide them with fair and attractive working conditions that promote a healthy, diverse, and inclusive work environment.

We see the result of our efforts in the spirit of each employee and their permanence in the organization, which is 5 years on averages.



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**III.III HDI SEGUROS
IN THE WORLD**

We are part of Talanx Group, one of the largest insurance groups in Germany. We arrived in Mexico in 2009, but our origin dates to 1943, when we started operations as Seguros del Centro. Today, we are already a leader in the insurance industry, for cars, homes, companies, and specialized insurance in our country.

Everything we do revolves around people: our policyholders, our business partners, and our staff, and they are the reason for all our actions.

We are a company committed to the impacts that our decisions may have in the future on society and the environment. We work conscientiously through transparent behavior.

At **HDI SEGUROS**, we seek to integrate the efforts that our company already has, such as programs and initiatives with a positive environmental and/or social impact, into a single ESG strategy linked to the purpose of the company and its business model. One of the main objectives of this ESG strategy is that it serves as the basis for the creation and performance of Talanx Group.

Talanx Group’s sustainability strategy focuses on its core asset management, underwriting and operations activities, for which they consider four pillars:

- **Operations**
- **Underwriting**
- **Investment**
- **Social / Corporate Governance**

Since 2021, at **HDI SEGUROS**, we have been developing and executing a maturity analysis in the progress towards the integration of ESG aspects, for which 7 dimensions were evaluated:

- **Leadership and strategy**
- **Relationship with stakeholders**
- **Corporate Governance**
- **Risk and materiality**
- **Value chain**
- **Culture and capacity**
- **Systems and technology**

In our analysis of the 7 dimensions, we distinguish between areas that are “promising” and those that are of “high risk”, to provide an assessment of the current level of maturity. *The Organization for Economic Cooperation and Development (OECD)*.

PROMISING AREAS



Leadership and strategy: Development of strategic plans, alignment with strategy, and dedication to the board's approach to corporate sustainability.



Relationship with stakeholders: Participation in dialogue with *Non-Governmental Organizations (NGOs)*, civil society groups, unions.



Corporate Governance: Collective decision-making processes, mechanisms for accountability, and management of the public interest.



Risk and materiality: Consideration of risks and impacts on stakeholders and performance measurement systems implemented.



Value chain: Ambition for social responsibility in the company's value chain and implementation of a strategy to improve the life cycle approach.

AREAS TO BE REINFORCED



Culture and capacity: Lack of culture principles and ESG awareness in the decision-making process.

To maintain objectivity, this analysis was carried out by an external company, which allowed us to establish a cross-cutting synergy with the ESG performance of our company and to prevent the objectives set from being seen as loose, independent factors. With these actions, we want the organizational culture to be in line with the needs of the relationships we maintain with our various stakeholders.

When we talk about risk management, we refer to environmental risks such as climate change, social risks such as occupational safety and health, and to those of

Corporate Governance such as corruption and money laundering. With these actions, our company meets most of the characteristics of a level of maturity under development, which in the future will consolidate us as a leading company in the field.

To regulate the processes, we have a Risk Management Committee, created to support the Comprehensive Risk Management Function in its work.

Our committee in **HDI SEGUROS** in Mexico is composed of nine members, as described in the following table:

AREA	ROLE
Chief Executive Officer	President
Responsible of Risk Management	Responsible
Chief Operating Officer	Owner
Chief Finance and Administration Officer	Owner
Quantitative Risk Manager	Advisor
Qualitative Risk Manager	Secretary and Advisor
Legal and Compliance Manager	Advisor
Deputy Director of Audit	Advisor
Deputy Director of Internal Control	Advisor
Guests	Advisor

The Committee meets every three months or when an extraordinary event occurs. Any of the areas represented has the power to request the President or secretary of the Committee to organize the working sessions. The Integral Risk Area is supported by the Risk Committee in its tasks of reviewing possible situations that may affect the company, whether they are quantifiable. In the same way, it is responsible for overseeing the implementation of operations that adjust limits, policies, and procedures for Risk Management.

The main tasks of the Integral Risk Area are to keep the Risk Prevention Manual up to date, which contains the objectives, policies, and procedures for integral risk management, to define risk limits globally and individually, to assign the strategy and resources that will be allocated for its attention. Any corrective measure will be considered in the results of the audits for evaluation in the Risk Management procedures.

Faced with the threats of climate change, we incorporated the *Task Force on Climate-related Financial Disclosures (TCFD)* methodology to prevent impacts that may be faced over time. Even more so, because of the very nature of its business. **HDI SEGUROS** is interested in defining the risks it may suffer to anticipate actions and make decisions that protect the business itself, customers, employees, and the environment in general.

The main areas of opportunity provided us with the following recommendations and actions to follow, some of which we have already advanced.

CLIMATE CHANGE RISKS					
Risk class	Classification	Associated Risk	Description of the impact	Risk Control	
				Availability	Description
Of transition	Political and Regulatory	Failure in climate action	Fines, taxes, or penalties for non-compliance with environmental laws aimed at the use of clean energy.	Available control	Legislative changes are monitored to identify those applicable to HDI SEGUROS.
Of transition	Political and Regulatory	Failure in climate action	Development of regulations that require the use of clean energy (solar, wind, etc.)	Available control	We are currently working on the implementation of infrastructure for self-generation of clean energy. 20% of the corporation's buildings have solar panels, whose energy is transferred to the Federal Electricity Commission.
Of transition	Political and Regulatory	Failure in climate action	Development of standards that restrict the circulation of internal combustion vehicles.	Available control	We are committed to ensuring that, starting in 2023, there will be a greater migration from utility vehicles to hybrid or electric vehicles.
Risk class	Classification	Associated Risk	Description of the impact	Availability	Description
Of transition	Technological	Failure in climate action	That there is no public infrastructure needed to keep electric vehicles running during busy working days.	Available control	Suppliers that integrate low-carbon technology requirements will be added in the medium term, preferably.
Of transition	Technological	Failure in climate action	Low efficiency of clean energy self-generation systems, which do not meet the demand for electrical energy used in the operation.	Available control	Strategy aimed at a gradual migration, as has been done in the construction of corporate buildings, the installation of solar panels in company buildings, as well as other actions aimed at protecting natural and material resources.

CLIMATE CHANGE RISKS

Risk class	Classification	Associated Risk	Description of the impact	Risk Control	
				Availability	Description
Of transition	Political and Regulatory	Digital inequality	Restrictions on access to digital services, encouraging the obsolescence of the systems used in the company and customer access to them, provoking a disconnect with the company's customers.	Implemented control	The company's digital strategy is timely managed, which has allowed it to be free from actions that jeopardize the operation and IT security for customers and companies.
Of transition	Political an Regulatory	Cyberattacks	Cybercrimes that are increasingly frequent and sophisticated that have an economic, legal and reputational impact.	Implemented control	We have the necessary IT Security Controls to ensure security and timely response to our customers and users.

Risk class	Classification	Associated Risk	Description of the impact	Risk Control	
				Availability	Description
Of transition	Reputational	Failure in climate action, associated with the loss of customers, due to a change in preferences for products and services with a low carbon footprint.	Low or no incentives in products, rates and/or benefits for the adoption of hybrid and electric vehicles for internal staff and utility vehicles.	Available control	Timely investment planning and purchase of products with government economic benefits. Update of the company's existing rates and products.
Of transition	Reputacional	Failure in climate action, associated with the loss of customers, due to a change in preferences for products and services with a low carbon footprint.	Have a fleet of utility vehicles that use unsustainable and/or obsolete technology that affects the company's image.	Implemented control	The company is working on the migration of utility vehicles to hybrid or electric vehicles, to meet our environmental commitment and the expectations of our customers and other stakeholders.

Risk class	Classification	Associated Risk	Description of the impact	Risk Control	
				Availability	Description
Of transition	Reputacional	Greenwashing	Advertise a false attribute that the customer associates as an element of "Sustainable company or environmentally friendly company".	Available control	Our company will always verify that our commercial information is true and that only real data is published.

Risk class	Classification	Associated Risk	Description of the impact	Risk Control	
				Availability	Description
Of transition	Market	Higher operating costs due to the use of fossil energy	High costs of electricity, either through taxes, surcharges, or penalties for use in the operation.	Available control	There are programs to promote the use of green energy to support energy savings.
Of transition	Market	Higher operating costs due to the use of fossil energy	Increase in the cost of fossil fuels used by utility vehicles.	Implemented control	Working on the migration of utility vehicles to hybrid or electric vehicles.

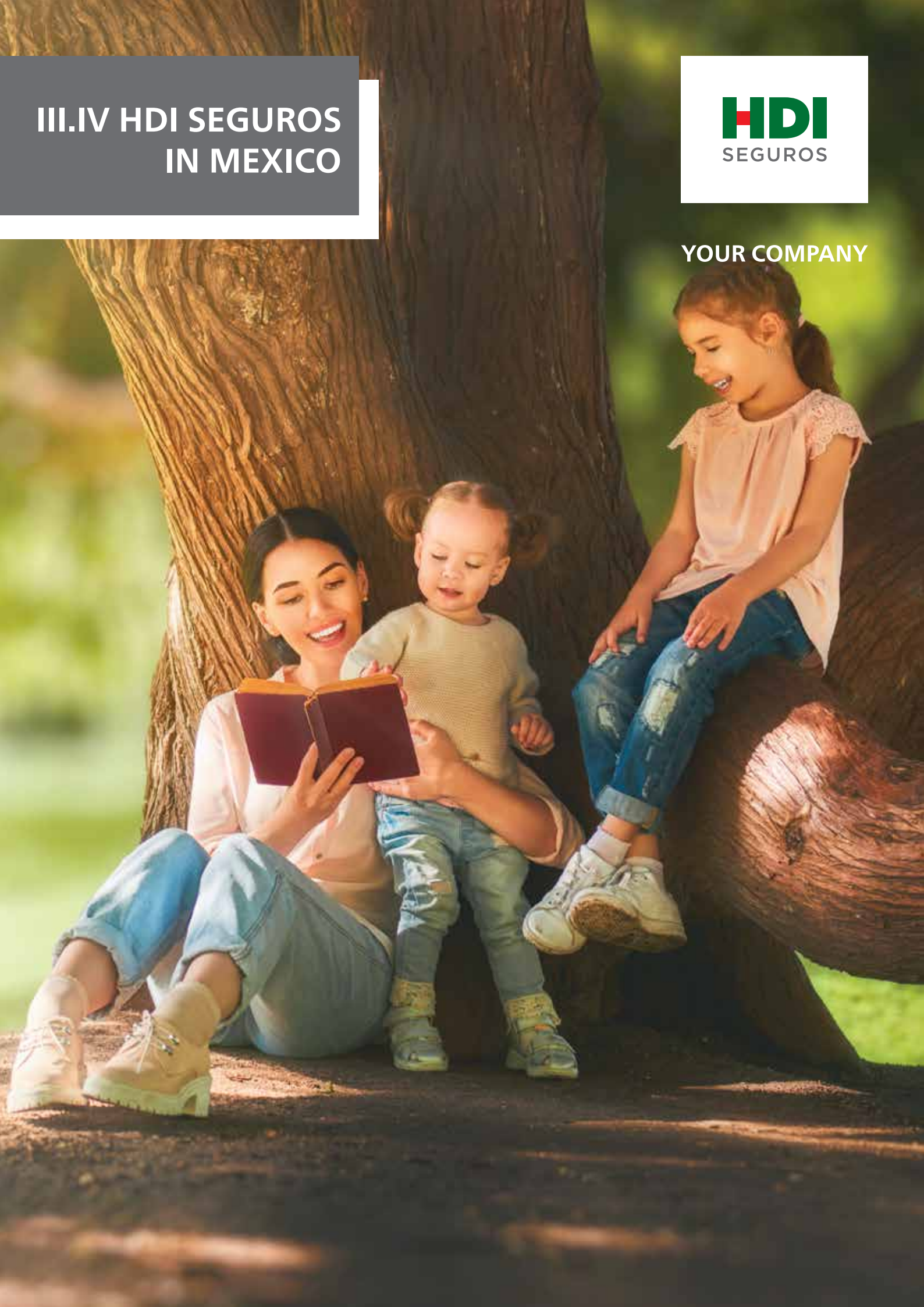
CLIMATE CHANGE RISKS

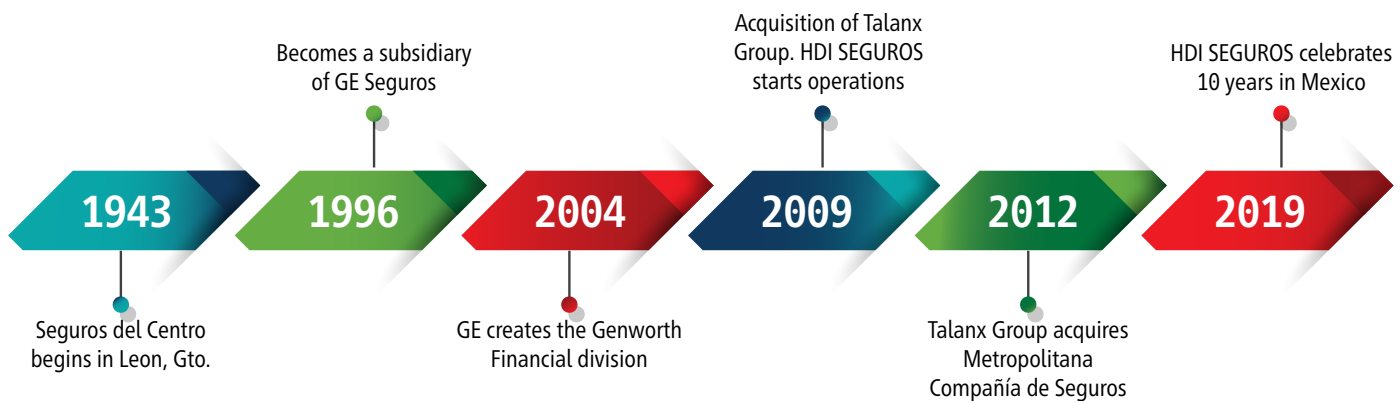
Risk class	Classification	Associated Risk	Description of the impact	Risk Control	
				Availability	Description
Physical	Severe	Higher severity of weather events related to climate change, such as storms, cyclones, hurricanes, landslides, and floods/Extreme weather	Increasing accident rates due to weather events	Implemented control	Actions are already being taken to adjust the underwriting strategy to mitigate the accumulation of risks for the company and the users of the different services provided.
Physical	Severe	Higher severity of weather events related to climate change, such as storms, cyclones, hurricanes, landslides, and floods/Extreme weather	Economic losses due to damage to HDI SEGUROS (buildings, premises, fleets) due to weather events.	Implemented control	Keep property damage insurance policies in force.
Physical	Severe	Higher severity of weather events related to climate change, such as storms, cyclones, hurricanes, landslides, and floods/Extreme weather	Reduction or interruption in emission and customer service processes due to damage to fleets and facilities resulting from weather events.	Available control	<p>We work on continuous improvement actions in response procedures in the case of:</p> <ul style="list-style-type: none"> ✓ No access to buildings ✓ Telephone lines down ✓ Failures in systems to continue the operation
Risk class	Classification	Associated Risk	Description of the impact	Risk Control	
				Availability	Description
Physical	Chronic	Increase in average temperatures, rise in sea level, water scarcity Environmental damage caused by human beings.	Population movements that may result in a decrease or loss of subscribers.	Available control	We are working on actions to expand the coverage of our services in the country.
Physical	Chronic	Crisis in natural resources, due to the loss of biodiversity.	Increase in the prices of basic services and products that affect the economy and liquidity of customers, making it more difficult for them to continue paying for the underwriting.	Available control	We work on different fronts to prevent these types of issues, so they do not impact the services offered to our customers.

III.IV HDI SEGUROS IN MEXICO



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SUMMARY OF THE MAIN RESULTS OF HDI SEGUROS MEXICO

CONCEPT		Jan-Dec 2021	Jan-Dec 2022
	Insured cars	1,122,139	1,140,178
	Premium issued (Amounts in millions of pesos MXN)	8,680.81	9,660.59

MARKET SHARE (%)

CONCEPT		Jan-Dec 2021	Jan-Dec 2022
	Cars	6.25%	6.20%
	Damage	3.39%	3.75%



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IV. GOVERNANCE



IV.1 CORPORATE GOVERNANCE

Our Corporate Governance is aware of the duty to oversee the business and its performance, but we are committed, in doing so, that the company complies with all laws, engages in fair practices, and has sound ethical management and a culture based on integrity and transparency.

The highest governing body is the Board of Directors, whose members are appointed by Talanx Group. It must meet regulatory requirements (there must be independent directors). Each regulatory committee has its integration requirements in the Insurance and Surety Institutions Act (LISF) and the Single Circular on Insurance and Bonds (CUSF).

The structure of our Board of Directors and the decisions it makes are always in accordance with the norms and rules of Mexican legislation.

Our practices are aligned with national and international references, in addition to having a Code of Best Corporate Governance Practices and following the Corporate Governance Principles of the Organization for Economic Cooperation and Development, with the objective of complying with our commercial and service commitments, in addition to guaranteeing the generation of value for our company and the various stakeholders.

Our Board of Directors defines the company's strategy and has the power to appoint the company's top management, including the CEO.

The members are appointed by Talanx Group and, in accordance with what the CUSF requests, a file of directors who have technical quality, good reputation, satisfactory credit history, as well as extensive knowledge and experience in financial, legal, or administrative matters, is established. The Chairman of the Council is not a senior executive of the organization.

Information is provided to the Council directly through the CEO and is discussed, analyzed, and agreed upon in regular sessions. In addition, the Board of Directors submits a regulatory report to the Shareholder Meeting.

In 2022, the Board of Directors is composed of six owner counselors, of whom three are independent, as well as their alternates, the independent directors representing 50%. The Board of Directors is made up of one woman and five men as incumbents, and as alternates one woman and five men as well.

IV.II ETHICS AND INTEGRITY

We have different policies that govern the aspects of sustainability and social responsibility in a transparent and comprehensive manner.

- **ESG Committee Guidelines Policy**, whose purpose is to establish the guidelines for the functioning of the ESG Committee, which is responsible for monitoring the initiatives and management of metrics established in the ESG strategy.
- **ESG Policy**, which establishes the principles and guidelines for the implementation of the *Environmental, Social and Corporate Governance (ESG)* strategy both within HDI SEGUROS and with its stakeholders.
- **Code of Conduct**, which is our guiding document of conduct and serves as a binding guideline for managing the legal and ethical requirements that determine our business activities and that apply to all of us. It helps us, pointing out and clarifying possible areas of risk and conflict as well as their importance for the company. The code includes those relating to the 10 Principles of the Global Compact, which include universal human rights, decent work, protection of the environment, and the fight against corruption.
- **Corporate Social Responsibility Policy**, whose purpose is to establish a reference framework to develop and promote socially responsible behavior for all stakeholders: customers, collaborators, shareholders, suppliers, society, translated into the development of the culture and values. Aligned with the sustainability of **HDI SEGUROS** through programs that follow the strategic lines of social responsibility.

- We also have our **Diversity, Equity, and Inclusion policy**, which encourages Diversity, Equity and Inclusion among the employees of HDI Seguros, as a strategy against discrimination, serving as a binding guide for our internal and external actions, considering the principle "Treat each other with respect".

At **HDI SEGUROS**, we have an ESG Committee, which represents all areas to transversally strengthen our commitment to generating long-term value for the company and its stakeholders, including customers (individuals and companies), the Talanx Group, agents, strategic partners, collaborators, accident care providers, other providers, the community, and the environment.

The Committee meets periodically to monitor the progress of the company's ESG actions and commitments, identify problems in processes or controls, analyze and implement new projects, monitor the validity of the materiality analysis and the strategy, contribute to the measurement and communication of the performance and contribute to the evaluation processes of internal control and/or external auditing all of the above on ESG issues.

During the period of this report, there were no cases of significant non-compliance with legislation and regulations, or cases of corruption.



IV.III INVESTMENTS AND OTHER PROJECTS IN MEXICO

In the wake of the COVID-19 pandemic, the insurance industry has regained importance, not only because of global economic health and its own financial well-being, but because of what people value most: their health and well-being, and that of their family.

In the annual Global Insurance Outlook 2022 report, the EY firm says that the industry results reflect the dynamics in which insurers are oriented, which focus on open insurance and ecosystems, the transformation of the workforce and sustainability; trends that have gained relevance to define how the market is currently being shaped and expose new areas of opportunity.

Some emerging markets are taking an aggressive approach to establishing open finance and insurance standards, largely to close significant protection gaps by making it easier to purchase insurance. Open insurance is mainly driven by

regulation in some countries and by the market in others. It is estimated that 75% of consumers around the world intend to make changes to their finances in response to the pandemic, which represents a growth opportunity for insurers.

At **HDI SEGUROS**, we have made significant economic investments in its operational structure and in the technical development of its staff, seeking to expand its portfolio of services to customers. Thus, since July of this year we have launched our products in insurance for major medical expenses, and in 2023 we will be providing new service options for our users, since we know that there is nothing more important than health, we want to provide options so that they can protect their health with our products.

We offer high-quality national coverage, the ability to customize products to the needs of our customers, and a comprehensive program that allows us to get closer to health wherever you are.

Our Medica Vital plan offers insurance that provides you with a network of top-tier medical providers, in which you select the provider of your choice, it provides access to a wide network supported by Vitamedica with more than 12,000 medical providers throughout Mexico, including ambulatory treatment, hospitalization and coverage from primary medical care to major medical care.

In parallel, we are working on sustainability issues, which respond to the recommendations of our stakeholders. The investment in Mexico is a permanent commitment of Talanx Group and, in our case, there is no exception. We have full confidence in the economic and social development of the country.



IV.IV CUSTOMER RELATIONS

The approach to service excellence is present in the relationship and requirements of agents, service office teams, and the different providers involved in dealing with accidents.

We are constantly seeking to go beyond what our policyholders expect and expand their offer by providing complementary insurance services, through specialized subsidiaries, which are committed to guaranteeing customers the full availability of the service.

As it is happening in today's world, technological transformation in all areas has been fundamental to the innovation processes that we carry out at **HDI SEGUROS**, which are focused on having a closer relationship with our customers to provide them with gains to the quality of our services.

The use of technology in our processes is a key factor in making each of our operations more efficient, guaranteeing efficiency and a better experience for our policyholders.

Based on corporate guidelines, the technological transformation in the company takes place daily, which allows us to analyze the data thoroughly, always in real time; to offer users a totally personalized and immediate experience, in accordance with our quality standards, which has allowed us to maintain the preference of our policyholders.

All our employees are committed to our internal policies, processes, and guidelines to ensure the security of our systems and the information we manage, based on a preventive organizational culture through permanent monitoring of our facilities and computer systems networks.



Information security is of great importance to us, so we constantly and permanently invest in human, technical and material resources to strengthen our information technology strategy, to guarantee the best service in terms of availability and performance.

Thanks to this effort, our company has been free from information leaks or thefts, which allows us to be proud to show leadership in the sector of our industry in Mexico. We are convinced that the quality of our services is essential to have the preference of an increasingly demanding market.



In terms of Information Security and Cybersecurity, the company implemented in 2013 an *Information Security Management System (SGSI)*, which has maintained certification ever since through annual audits, under the ISO/IEC 27001:2013 standard (certifying agency: BSI).

In 2018, we implemented a *Personal Data Protection Management System (SGPDP)*, which has maintained certification since then through annual audits by the certifying agency NYCE, and under the guidelines of the *Federal Law on the Protection of Personal Data*

Held by Private Organizations (LFPDPPP) (acronym in spanish), its regulations and applicable regulations on the subject.



HDI
SEGUROS

YOUR COMPANY

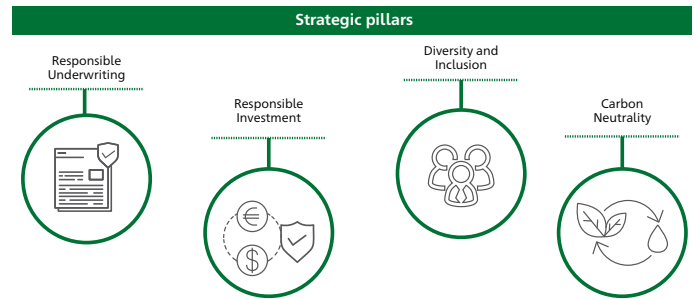
V. SUSTAINABILITY

V.I ESG STRATEGY- ENSURING A BETTER WORLD, TOGETHER



Since 2021, we have been working on a sustainable strategy that is based on the progressive implementation of ESG criteria to our management and social responsibility.

Conscious responsibility is the core of our strategic plans. We are aware of our commitments, from the subscriber itself whom we serve, as well as among our collaborators who are treated with the dignity and respect that we all deserve, and we work on improving our quality of action in the face of the carbon footprint. In this context, at **HDI SEGUROS** we take care of our stakeholders in accordance with the best practices of Social Responsibility.

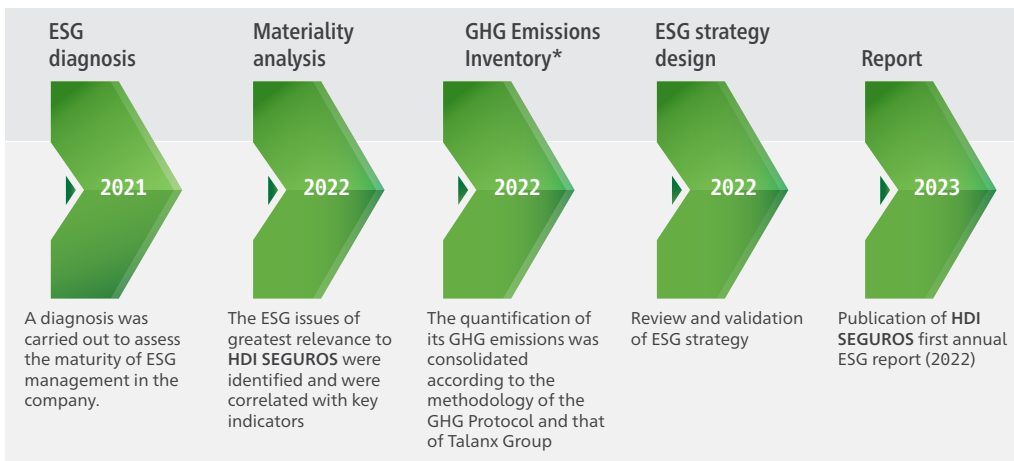


Based on this pillars, our commitment always leads to the development of environmental strategies, and we are always paying attention to the way we act, from the very way we manage the company.

ESG route at HDI SEGUROS

- Companies can improve their ESG performance by following each of the next steps or accelerating one of them.
- Over the past few months, at **HDI SEGUROS** we have made significant progress in the development of our ESG strategy, as shown below:

Completed / Under validation



* Greenhouse gases

V.II MATERIALITY



The concept of materiality is at the core of the different regional approaches, standards, principles, and methodologies (including those of sustainability indexes and rankings) because that allows us to define what is relevant to each company. Material issues often complement business risks in ESG.

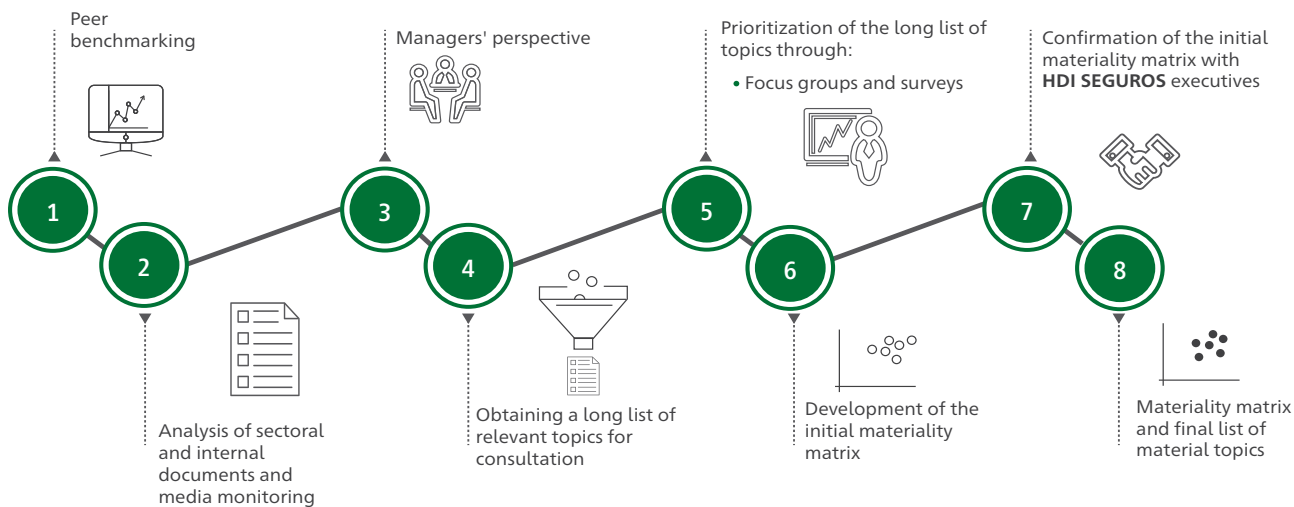
According to the guidelines of the *Global Reporting Initiative (GRI)*, the materiality process consists of identifying those sustainability issues that are considered important for the company and by our stakeholders and that have "a direct or indirect impact on the organization's ability to create, maintain or distribute economic, environmental and social value for itself, our stakeholders and society."

Based on our commitment to transparency, the entire content of this report has been validated by our Social Responsibility Committee and by the Steering Committee of our organization. In parallel, the report was reviewed by an independent third party, who has validated the certainty of the information presented.

In 2022, at **HDI SEGUROS** we began the process to determine the specific aspects of materiality, which, aligned with global issues, could provide us with a better context for making strategic decisions that would allow us to identify, in the short, medium, and long term, the topics that are priorities for our stakeholders and be able to maintain dialogue and transparency in accountability.

The approach we have implemented to identify and prioritize material issues in environmental, social and governance topics is described below:

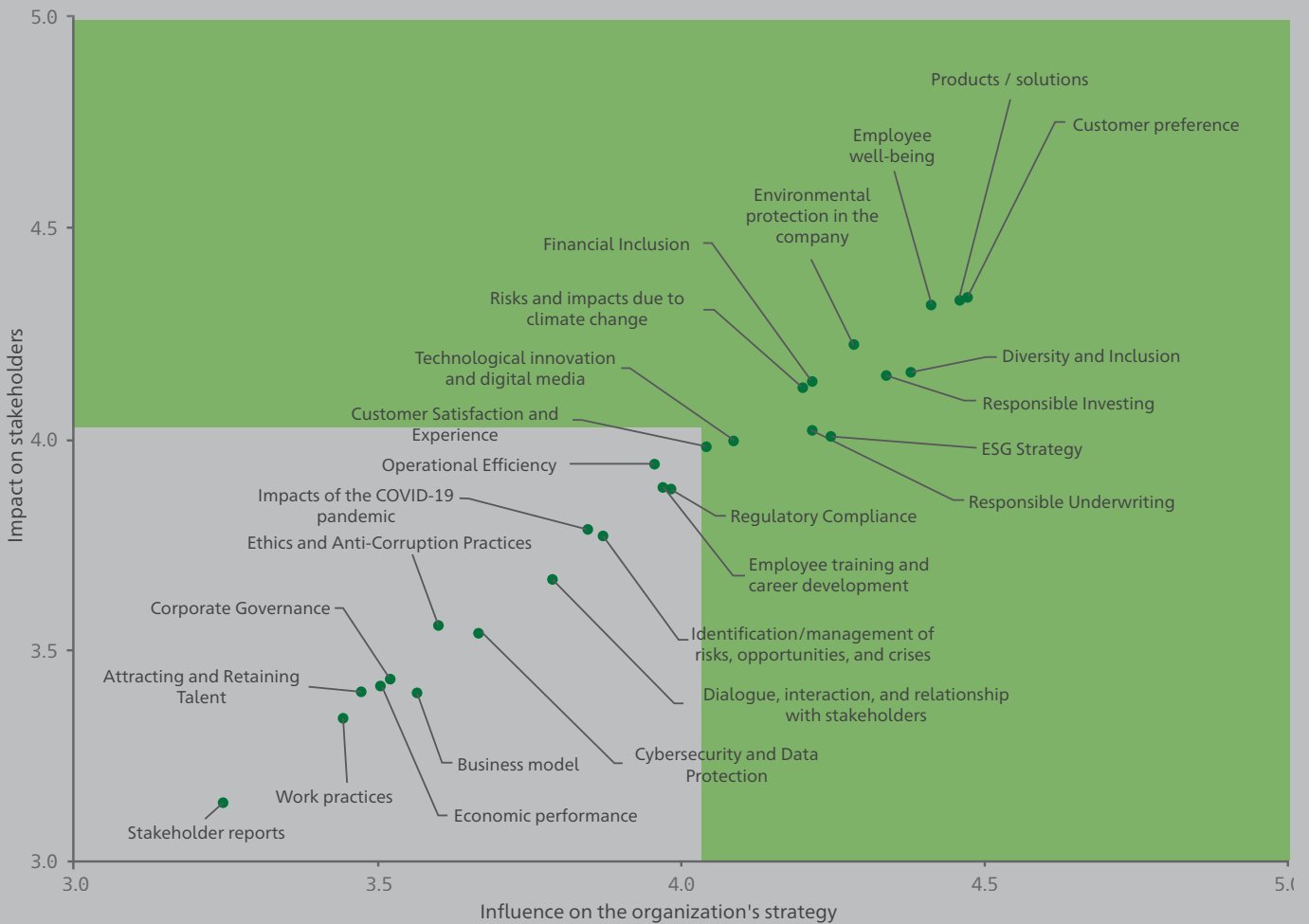
MATERIALITY ANALYSIS APPROACH





MATERIALITY MATRIX

The comparative evaluation between peers, the analysis of internal sectoral documents and the monitoring of the media, as well as the perspective of the managers, resulted in the long list of material issues relevant to us, which was submitted for consultation by our stakeholders, so that they could be prioritized, according to the impacts they generate on them, resulting in the following matrix of material issues:





From the prioritization stage, we defined the following material topics:

NUMBER	TOPICS	DESCRIPTION
1	Customer preference	Monitoring to identify customer trends and preferences to meet market needs by creating new products and/or services.
2	Development and innovation of products/solutions	Design and development of products, services and solutions that respond to the needs of a transforming world.
3	Employee well-being	Procedures and practices developed by the company to ensure the well-being of its employees, such as a balance between work and family, compensation plans and benefits.
4	Employee well-being	Strategies and initiatives that promote inclusion, diversity, and equal opportunities, inside and outside the organization. Inside, increasing diversity in the organization chart, whenever possible. Outside the organization, respecting differences and avoiding discrimination.
5	Environmental protection in the company	Environmental strategies and actions implemented in HDI SEGUROS , such as the reduction of greenhouse gases, the protection of natural resources, and actions to prevent environmental pollution.
6	Responsible Investing	Strategies and practices that incorporate <i>Environmental, Social and Corporate Governance (ESG)</i> factors into investment decisions and asset management.
7	Financial Inclusion	Provide access to useful and affordable financial products that meet the needs of vulnerable groups due to economic limitations, geographical location or being part of minority or disadvantaged groups (for example, people with disabilities, indigenous people, the elderly).
8	Risks and impacts due to climate change	Identification, analysis, and management of climate risks that could affect HDI SEGUROS , such as strong and recurring natural disasters that impact the insured infrastructure causing significant losses.
9	Responsible underwriting	Growth and strengthening of products, considering their attributes in <i>Environmental, Social, and Corporate Governance (ESG) issues</i> , to contribute to the sustainable development agenda.
10	ESG Strategy	Is the progressive implementation of ESG criteria to our management and social responsibility based in four strategic pillars.
11	Technological innovation and digital media	Transform the company's operations through technology (digitalization) that benefits the work, interaction, and experience of people inside and outside the organization.
12	Customer Satisfaction and Experience	Serve, solve and provide the best customer experience by showing transparency in every process (claims, coverage of products and services, etc.)

V.III IMPACT ON THE SDGs AND THE UN GLOBAL COMPACT

Our organization is committed to sustainable development, and we have incorporated risk management under the guidance of Talanx Group, with the objective of anticipating risks related to climate change and human rights, from its governing body to the supply chain. It has been a progressive transformation and our commitment is to implement measures to prevent and avoid transgressions that jeopardize our corporate reputation.

It is in this sense that we are working in parallel to the *Sustainable Development Goals (SDGs)* and the 10 Principles of the United Nations Global Compact, which are universal principles of sustainability and that will allow us to meet in a timely manner our commitments to the 2030 Agenda for Sustainable Development.

As part of the sustainability path, we know that, to achieve the SDGs, building alliances is essential. That is why we joined the UN Global Compact, in which we reaffirm our commitment to the SDGs and the 10 Principles of the Global Compact, as well as its importance for **HDI SEGUROS** and our institutional values and principles, where human rights, decent work, environmental protection, and the fight against corruption prevail.

The activities we carry out inside and outside **HDI**

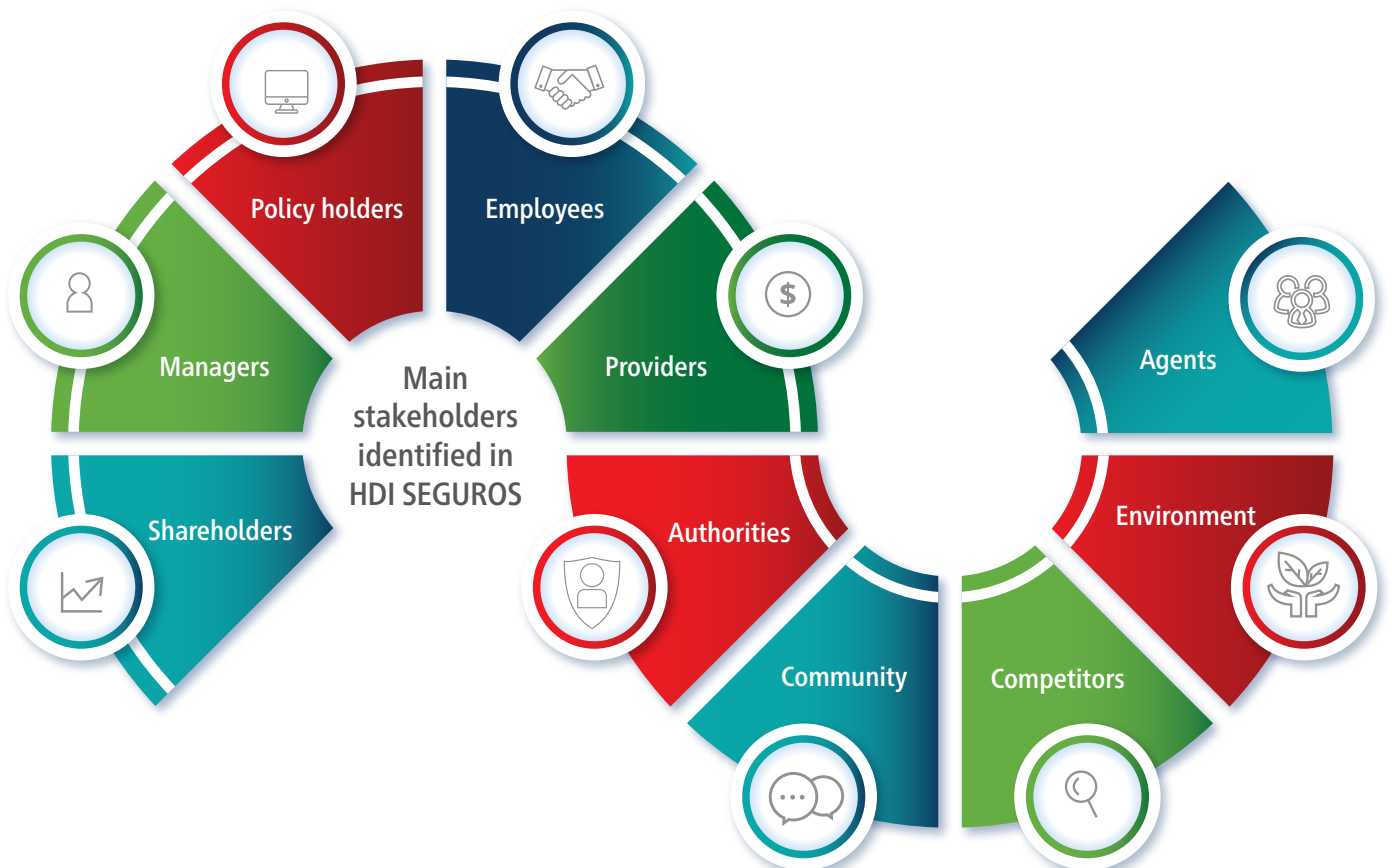
SEGUROS allow us to comply with several of the 10 Principles of the Global Compact, which until now is the biggest sustainability initiative of the companies that are part of this UN program.



V.IV STAKEHOLDERS AND VALUE CHAIN

At **HDI SEGUROS**, we go far beyond the business concept. We are a company. In that sense, we know that profits are only the consequence of the value delivered to our stakeholders. These are a fundamental part of the business strategy. The relationship we maintain with each of them is focused on generating value, a culture of service and attention to the expectations they have. This relationship is governed by our code of ethics and conduct and other complementary policies that reflect the unique commitment of a relationship that is always ethical and transparent.

Stakeholders are all those that maintain a direct or indirect relationship with our actions. In the same way, we consider key groups those with whom we have commercial or service relationships that are framed in the business model and are fundamental to achieve the company's objectives and goals.



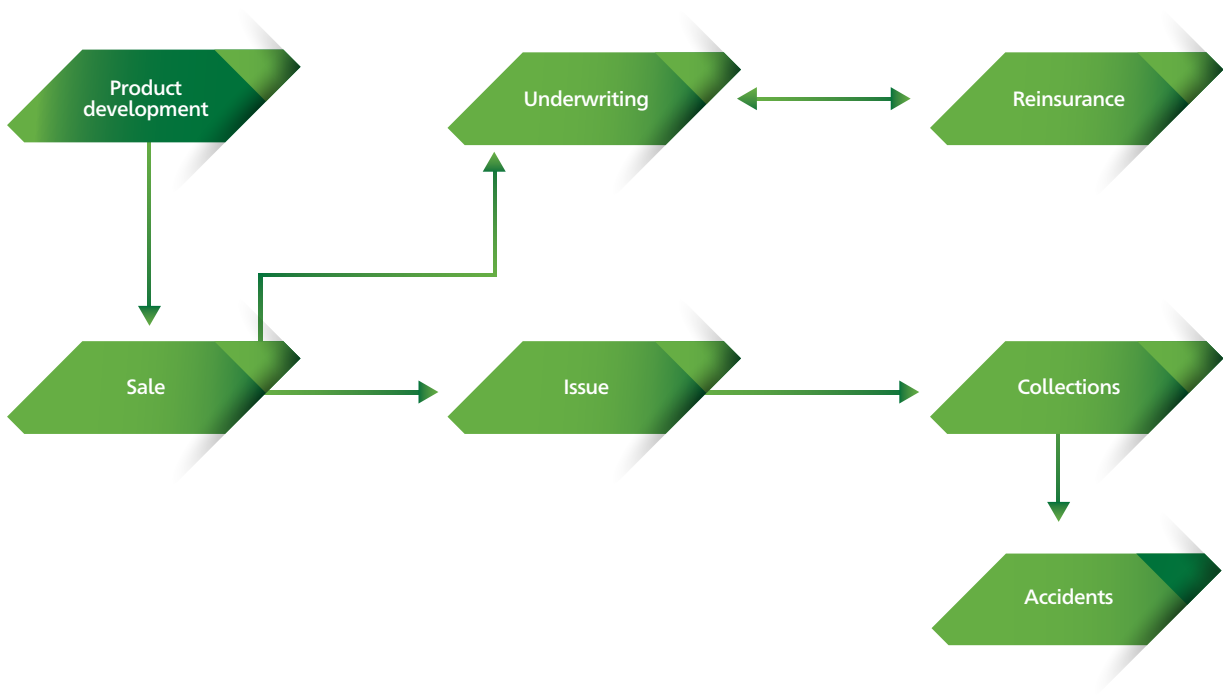
We invite each of the **HDI SEGUROS** stakeholders to join our sustainability actions and initiatives, such as the Sustainable Development Goals and the United Nations Global Compact.

As a leading company in the Mexican automotive insurance sector, we have initiatives that contribute to the Decade of Action for Road Safety 2021-2030, declared by the UN, in addition to actively participating in chambers, associations and organizations in the sector, where we encourage members to contribute to the social, economic, and environmental development of Mexico and the planet. Even though we are a company in the insurance sector, our commitment to sustainability is a characteristic that distinguishes us, because we know the needs that exist in society.

We show below, in a general way, our value chain, in which each of our stakeholders are equally important and play a crucial role for our company.



VALUE CHAIN OF **HDI SEGUROS**



V.V OUR AGENTS

We have modified administrative processes with our agents to reduce document delivery times and resource consumption, through the use of technologies. With these actions, the use of paper was reduced by 100% in the process of registering agents and by 90% in special agreements.

We know that adequate training for our agents is essential for their optimal commercial development. To this end, during 2022 we offered them a wide catalog of courses on existing products, processes, planning, use of technologies, neuromarketing, consumer typologies, emotional intelligence tools, among others, which allow them to develop fully and fully in the personal, family, and commercial spheres. In these sessions we had the assistance of 8,158 participants.

We provide technological and innovative tools to our agents to enhance their results in the commercialization of our products. One of them is the HDInstituto platform, which contains different study tools to always be at the forefront of knowledge in the insurance sector. In addition, we have another platform where our agents have access to preparation material to endorse their insurance agent ID, issued by the *National Insurance and Bonds Commission (CNSF)*. Within the same platform, they can use simulators to properly manage new markets and improve sales skills.

Our Smart Office platform centralizes information in a single place, providing the agent with mobility and updated information to facilitate the administration and monitoring of their client portfolio. In addition, on this platform you can find information about HDI products, download policies, and receive notifications of your claims, pending payments and rejected cards.

Smart Office makes it easy to download a virtual business card to reduce the use of paper on physical cards.

We have been speakers at some events of the *Mexican Association of Insurance and Surety Agents (AMASFAC)*. In addition to this, we have participated in the National Week of Foresight and Responsibility, whose objective is to transmit to children and young people the usefulness of identifying and preventing the risks to which they and their families are exposed in daily life, as well as the measures they can take to protect themselves from them. In this event, 2 bicycles were donated to encourage participation in the activities.



V.VI COMMUNICATION AND FEEDBACK

- **HDI SEGUROS Congresses App:** Designed for congressional agents and officials attending the current year, access is generated with personalized individual links for them and their companions. It features the event program, the AP policy, photos of the event, information about flights, description of the venue and hotel, and more.

We have several communication channels to facilitate the relationship with stakeholders. There are several platforms available to provide customers with specialized service by experts to permanently strengthen the channels of contact.

Externally, the Marketing and Communication area is responsible for providing appropriate and timely information to customers, media, opinion leaders and specialized sectors, also taking advantage of our corporate social media (Facebook, Twitter, Instagram, LinkedIn, YouTube, Vimeo, Google Business Profiles): public online platforms where we publish information about the company, services and/or products to promote the brand.

The communication channel with our agents is possible thanks to:

- **Sending mass communications by email:** A list of agents subscribed receives interesting information that the various areas of the company must communicate, through a mass mailing tool.

Communications are also sent exclusively congressional agents with information about their earned trip such as dates, calendar of sessions of understanding, clarification of doubts, etc. It is the official mail corporate communication medium regarding all aspects related to congresses.

- **Closed Facebook group:** An exclusive group for agents registered with HDI who wish to access valuable content from the company, our products, and the insurance sector so that they can share it on their social media and make it available to their customers.

In the area of internal communication, the Talent and Culture area is responsible for establishing the appropriate communication channels, such as monthly electronic newsletters that are issued, extraordinary communications, among other information that is relevant to our collaborators and suppliers.

There are also appropriate reporting channels, which protect the privacy and confidentiality of complainers. The fact that, to date, no cases of complaints have been filed, does not make us "let our guard down", because we feel that this scenario of tranquility is due to the preventive actions that we have established to adhere to institutional guidelines of ethics and transparency.

As a communication mechanism with our staff, a section has been established in our code of conduct, referring to the fact that the employee can submit a complaint or complaint anonymously or personally to an institutional email, which is available to all collaborators in this same code. Once the complaint has been filed, the legal area determines, depending on the origin of the complaint, which area should follow up and resolve the case.

There is also a section in our website for complaints from our workers in the case they have suffered labor irregularities or for reporting fraud or acts of corruption.

HDI SEGUROS has a collective negotiation mechanism for employees through an external law firm.

COMMUNICATION CAMPAIGN

At **HDI SEGUROS** we have an internal communication campaign on sustainability issues, which is mainly aimed at our employees.

Our campaign includes informative material, either in the form of infographics or audiovisual content, as well as different dynamics of participation, which not only facilitate a greater understanding of information, but also encourage the participation, creativity, and expression of our employees, and also provide us with monitoring metrics on the understanding of it.

The main topics included in the campaign are:

- **Understanding the concept of sustainability**
- **Protection and efficient use of natural resources**
- **Recycling and responsible consumption**
- **Alternative means of transport that produce low greenhouse gas emissions**
- **Efficient use of energy**
- **Reforestation campaign**
- **Responsible investments**
- **Sustainable Development Goals**

The communication campaign is permanent, focusing on the promotion of the SDGs and the 10 Principles of the Global Compact.



V.VII OUR PEOPLE

As part of the principles of **HDI SEGUROS**, we are committed to creating a work environment and a corporate culture where everyone feels comfortable and valued regardless of their age, abilities, gender and gender identity, ethnicity, religion, worldview, or sexual orientation. We believe in the relevance of inclusive behaviors and skills that contribute to the development of the maximum potential of each employee.

Currently, our workforce is made up of 1,677 people. As stated above, this number represents an additional 6% compared to the previous year.





TOTAL EMPLOYEES BY AGE



AGE RANGES	NUMBER OF EMPLOYEES	PERCENTAGE OF THE STAFF
18-24	70	4.2%
25-29	252	15%
30-34	404	24.1%
35-39	348	20.8%
40-44	256	15.3%
45-49	175	10.4%
50-54	110	6.6%
55-59	46	2.7%
60-65	16	1%
Totales	1,677	100%

Our staff is made up of people from different generations, different genders, and all kinds of beliefs, respecting the individual dignity of each of employee.

SALARY INCREASE FOR THE STAFF



EMPLOYEES BENEFITED IN 2021	EMPLOYEES BENEFITED IN	VARIATION % 2021 VS 2022
1,268	1,526	20.3%

We are a company aware of the value of our people. Proof of this is that, in 2022, 91% of **HDI SEGUROS** employees received a salary increase, which represents 11% more than the previous year.

BENEFITS FOR EMPLOYEES



Benefits for Employees	2021	2022
Days of bonus	Greater than et by law	Greater than et by law
Food vouchers	Yes	Yes
Savings Fund	Yes	Yes
Life insurance for employees with leadership, management, and coordination positions.	Yes	Yes
Major Medical Expenses insurance for employees.	Yes	Yes
Annual bonus for meeting objectives	Yes	Yes
Transportation, food and lodging	Yes	Yes
Funeral Expenses	Yes	Yes
Paternity leave	Yes	Yes

This commitment translates to some additional benefits that the Law sets out, and the following table includes some of the most important:

In our salary and compensation policy, which is reviewed by the CEO and the Executive Director of Finance and Administration, together with the Director of Human Talent, the strategy of wage equity and the percentage of variable compensation per band are described. This is reviewed biennially, so we know that our current tabulators are aligned with the insurance market.

Every year, we send our salary and benefits tabulator to the *Mexican Institutions of Insurance Association* to participate in the survey process that allows us to keep wage tabulators aligned in the insurance sector.


Wage increases are carried out in accordance with the salary planning that is established annually and that is aligned with the individual performance of each employee and in accordance with the increase matrix approved by General Management.



The development of our staff is a relevant topic for **HDI SEGUROS**. Every year, an analysis is carried out to identify the training needs considered in the annual plan, which includes the development of key positions for business continuity, the best

international practices, and our objectives to provide the best service to our policyholders.

Thus, in 2022, we focus our efforts on the following way:



INVESTMENT IN TRAINING		
ITEM	2021	2022
Economic investment	\$8,159,761	\$10,085,058
Training hours per employee	27.46	18.54
Number of Courses/Workshops	670	628
Percentage of employees in the administrative area who were trained	100%	100%
Percentage of employees in the operational area who were trained	100%	100%
Percentage of employees whose performance was evaluated	100%	100%
Employees who participated in Courses/Training Workshops	100%	100%
Total hours of training per year	43,418	36,202



Personal and professional development is also a very relevant topic for us. The company is committed to the human talent it has and seeks; from the first day they join our company, employees have a plan for growth within the organization.

When a job position opens, the first filter we have is to be able to find the best candidate within the company, always supporting him or her to be able to validate their professional qualities, regardless of age, gender, religious beliefs, etc.

In 2022, we promoted 105 horizontal movements.



TRAINING BY POSITIONS




LEVEL WITHIN THE ORGANIZATION	2021	2022	Variation % 2021 vs 2022
Leadership	72	83	15%
General Management	209	214	2%
Supervision and Coordination	336	335	0%
Management	423	1,023	142%
Operations	776	396	-49%
Total participants	1,816	2,051	13%

In terms of accidents, we had a very low rate during 2022, since we are very committed to safety at work, especially with our adjusters, who, due to the nature of their activities, are the ones who are most exposed.

During 2022, we reduced the number of annual accidents by 13% compared to 2021.

Fortunately, we have not experienced significant work accidents, as shown in the table below:



ACCIDENT RATE		2021	2022	TOTAL % VARIATION 2021 VS 2022
WORK ACCIDENTS				
Administrative		15	7	-13%
Operational		-	6	

The well-being of our employees is paramount, which is why we have our EquilibrarThe program, in which we promote a state of physical and mental well-being for all. In 2022, we provided our employees with 1,158 medical consultations and 300 nutrition consultations.

Mechanisms for measuring work environment

- Great Place to Work:** It is carried out on an annual basis, starting the process with the collection of evidence of projects that have an impact on the working climate and culture within the company. We proceed by launching the survey to all employees, where they can evaluate aspects such as leadership, culture, climate, performance, innovation, etc. These results and the amount of evidence sent are weighted and a place in the national ranking is obtained.

- Top Companies:** This evaluation is also carried out on an annual basis and involves collecting and sending evidence of the initiatives implemented throughout the year, in addition to providing information about the company such as benefits, data on the company's general population, etc. This process is complemented by a survey in which all employees evaluate various aspects such as climate and culture, mainly. The companies that participate in the process are ranked nationally.
- Great Culture to Innovate:** This evaluation specializes in obtaining the opinion of employees on the innovation environment that is experienced in the company. The process is the same in terms of sending evidence and applying the survey. The results are nationally ranked.



V.VIII SHARED VALUE

We know that the path of sustainability cannot be traveled without extraordinary colleagues and support networks.

At **HDI SEGUROS**, we are members of the following organizations:

- **Red Business Coordinating Council (CCE) for Early Childhood:** In June, we joined the Business Network of the CCE for Early Childhood, through which campaigns and awareness-raising programs are implemented within companies on the importance of Early Childhood: co-responsible fatherhood, breastfeeding, accessible child care and promotion of early education in the community.
- **Exceptional Companies:** This badge was awarded to us for contributing to improving the quality of life of Mexicans through practices with a social dimension to meet the economic, social, and environmental priorities set out in the Sustainable Development Goals.
- **Socially Responsible Enterprise (ESR):** We have been recognized as an ESR for 11 consecutive years nationwide based on compliance with evidence that supports our good practices in quality of life, community liaison, business ethics and protection, preservation of the environment.
- **Great Place to Work (GPTW):** We have been a national GPTW for 10 years in a row. In 2022, we ranked 51st place.

We are also part of:

- **The investment working groups of Mexican Institutions of Insurance Association (AMIS):** a union body that represents the general interest of insurance companies, promoting the healthy and sustainable development of insurance through best practices.

- **The Green Finance Advisory Council (CCFV):** an organization representing the Mexican financial sector that promotes best practices in green and sustainable finance, capacity building among market players, and the mobilization of capital to allow the transition to a greener, more equitable, and resilient economy.

- **Principles for Responsible Investment (PRI):** Talanx Group in the money, capital and real estate markets, and which governs us on these issues, follows the 6 Principles for Responsible Investment, whose mission is to establish this global and sustainable financial system by encouraging the adoption of the principles and collaboration for their application, promoting good Corporate Governance, integrity and accountability, and overcoming obstacles to establish it as the basis for market practices, structures and regulation.

- **Principles for Sustainable Insurance:** We are part of this initiative since May 2020, it intends to work together with customers and business partners to raise awareness of sustainability, manage risks and develop appropriate solutions.





V.IX EMISSIONS TO THE ATMOSPHERE



With the construction of our Leon Corporate Campus in 2019, with an investment of 22.5 million dollars, we illustrated the company's commitment to Mexico and the environment. Today, 13 of **HDI SEGUROS** 64 locations are powered by solar energy, which helped to avoid the emission of 87 tons of CO2 into the atmosphere during the period to which this report corresponds.

The total electricity consumption of all our locations is subject to the reporting period is shown below:

CONSUMPTION OF ELECTRIC ENERGY IN 2022 (kWh)

ENERGY SOURCE	2021	2022
 FROM THE FEDERAL NETWORK	2,038,860	2,954,955
 GENERATED BY SOLAR PANELS	114,875	135,895
TOTAL CONSUMPTION OF ENERGY (kWh)	2,153,735	3,090,850

We strive to reduce our electricity consumption from non-renewable sources, since we are aware of the environmental impacts they have. The transition to zero neutrality in the medium and long term is a fundamental part of our ESG strategy, and we know that it is essential to migrate to renewable electricity supply in all our locations.

Since 2020, we have been carrying out our annual greenhouse gas inventory using the WeSustain

platform. In addition, since 2022, we have been constantly monitoring our energy and material consumption, which we report internally monthly. The consumption of electricity, diesel, gasoline, paper, water, car trips and flights is monitored.

Below are the results of the greenhouse gas inventory for the year 2022, which was done with the WeSustain platform.

EMISSIONS TO THE ATMOSPHERE IN 2022

SCOPE OF EMISSIONS	DESCRIPTION	TONS OF CARBON DIOXIDE EQUIVALENT (tCO ₂ e)
Scope 1: Gross direct greenhouse gas emissions	Direct emissions from company-owned or controlled sources.	1,010.78
Scope 2: Gross indirect greenhouse gas emissions based on the location	Indirect emissions from the generation of electricity purchased by the company.	1,180.94
Scope 3: Other indirect gross emissions of Greenhouse Gases based on the location	Indirect emissions emitted by the company's value chain.	1,005.88
TOTAL		3,197.6

It is important to mention that 2020 and 2021 were atypical years for our operations, so our electricity consumption decreased considerably, since we worked on a remote and hybrid mode during the COVID-19 pandemic. For these reasons, GHG generation in 2022 was higher than in the immediate previous year, being 2,588.21 tons of carbon dioxide equivalent in 2021 and in 2022, as can be seen in the table of emissions to the atmosphere, of 3,197.6 tons of carbon dioxide.

To measure the emissions produced by our operations, we use the *Greenhouse Gas (GHG)* emission factor, which is an environmental indicator that is used to compare the generation of emissions from one year to the next against their performance. In the case of companies in the insurance sector, this is measured by the revenue in millions of pesos MXN of annual premiums issued. For this comparison, only GHGs of scope 1 and 2 are considered. In 2021 our GHG emission factor was 0.22, and in 2022, it was 0.23.

A large part of our GHG emissions is generated by the operation of our offices, so we have prioritized that the construction and remodeling of these offices consider sustainable aspects, such as energy savings, water consumption and the origin of materials.

By building our Corporate Campus, the buildings that comprise it achieved the following savings, in accordance with their EDGE certificate.





In our Leon Corporate Campus, 5,259.49 cubic meters of water could be saved per year, which is equivalent to 1.5 Olympic swimming pools; regarding emissions, 119.09 tons of carbon dioxide were avoided per year, which is equivalent to the absorption of almost 54 hectares of forest.

LEON CORPORATE CAMPUS

info@leonbuilding.com | +52 55 5233 2043 | +52 225 8839 7000

Environmental Savings



5,259.49
m³/year

Equivalent to
1.5 Olympic
swimming
pools/year



119.09
tons of CO₂/year

The CO₂ that
53.41 hectares of
forest absorbs/year

<https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator>





Among the actions considered for the comprehensive management of waste, we have agreements with its technology suppliers to properly dispose of technological waste.

In June 2022, 1,300 obsolete and discontinued analog backup tapes were provided for recycling. This quantity corresponds to the batch corresponding to the entire year 2021 and the first half of 2022.

The company Reciclados Electronico Industrial Masada oversaw disposing waste, with an internal P/SEDEMA number: PM-GAAG-01-00-01-2021.

The material collected, received, and transported will be separated and selected to be destroyed in its primary components, some being used for the prefabrication of other products, while others responsibly destroyed by an authorized specialist.

In addition, at the beginning of 2022, we started an internal campaign to collect plastic caps and donate them to the Asociacion Banco de Tapitas A.C. At the end of 2022, we have collected around 100 kilograms of plastic caps, which will be donated in 2023.

We seek to make the circular economy a way of life at **HDI SEGUROS**. If a company's office is closed, remodeled, or moved, if the equipment is still in good condition and can be used elsewhere in the company, it will be moved to another office.

If it's useless to the company, but can still be used by someone else, it will most likely be put up for auction among employees at a public sale. What is considered completely useless and cannot serve anyone else will be eliminated with the municipal waste collection service.



We have a transition plan to supply our operations with greener inputs. Within it, we are considering the use of recycled paper in our offices starting in the third quarter of 2022. In this way we can reduce our greenhouse gas emissions from the use of paper by 60%.

For reasons of information security and the confidentiality of our processes, we have guidelines that establish that all the paper that is used in **HDI SEGUROS** is subjected to a shredding process and then arranged so that it can be sent to a recycling process and recovered in the production of other papers.

V.X RESPONSIBLE UNDERWRITING



We are also committed to the environment. We know that accidents can occur, and that some of their consequences can be ecological, that it is essential that environmental effects be remedied and that those who provoke them assume their responsibility. For this reason, in our damage business, we offer the following products to deal with accidents with environmental consequences:

Coverages	Description
 Environmental Civil Liability Insurance	Mandatory insurance for companies that sell fuels or petroleum derivatives such as gasoline, diesel, and gas. It covers damage to the environment within the territory of Mexico due to the emission of pollutants that are above the limits accepted by regulations.
 Business Insurance (Pollution)	The Pollution Civil Liability covers damage to third parties due to pollution caused by harmful variations in water, the atmosphere, soil, subsoil, or noise, as a result of an event that occurs inside buildings suddenly, accidentally or unexpectedly.
 Business Insurance	Inside its facilities, the company can insure charging sites for electric cars as long as they belong to the company and are not leased.
 Electronics insurance	Through this insurance, solar panels can be protected from damage or loss of property, for example: Fire, installation defects, violent theft, robbery with violence, among others.
 Home insurance	Through the declaration of assets under express agreement, eco-technologies such as heaters and solar panels.
 Boat Insurance	Through Civil Liability caused by the boat to third parties, damage to natural or artificial reefs and damage to corals are covered, direct material damage caused by the insured vessel's hull to any natural or artificial reef, as well as live or dead coral, is protected.
 Tractor and Truck Insurance	The coverage of Ecological Civil Liability includes the result of a collision or rollover of transport, or that causes damage to goods of third parties and/or to the environment due to pollution caused by the cargo being transported. This coverage includes expenses made in preventive actions to reduce the impact caused, and/or those of cleaning and/or removal that are necessary due to pollution.
 Vitamedica	Through our commercial partner Vitamedica, we bring together private medical health services through a health membership at preferential costs, aimed at markets that require medical care, treatments, clinical studies, among other services, at a more affordable price.



We are continuously developing and expanding our approach to sustainability in the field of underwriting. The environmental and social impact of all insurance solutions is reviewed, as well as their relevance to sustainable development.





V.XI COMMITMENTS

We remain committed to a more sustainable business so that together we can ensure a better world.

We are taking a series of measures to reduce our greenhouse gas emissions, mainly those generated using fossil fuels and electricity from non-renewable sources. Our main initiatives are:

- We plan to gradually transition our fleet to hybrid and electric vehicles a plan for 2030, after which we will move on to a replacement process so that all our vehicles are electric.
- We have an initiative to replace bond and sanitary paper with only recycled paper. This was implemented in the last quarter of 2022

- We are a successful green company. In Mexico City we have eco-adjusters that use environmentally friendly methods of transport, such as electric bicycles. This program not only reduces CO2 generation, but it also speeds up response times and makes cities cleaner. It also benefits the health of our adjusters.
- We also have a digital adjustment service that allows our adjusters to report a minor accident directly from their phone, preventing an adjuster from having to move to the site. In this way, we also reduce CO2 emissions. In 2021, we had an average of 1,192 monthly effective digital adjustments. In 2022, we have been able to increase to 1,296.

- In the medium term, we will continue to install solar cells in our branches across the country and thus contribute to the generation of renewable energy.
- We monitor our ecological footprint monthly, which allows us to anticipate peaks in consumption that could remain constant throughout the year and correct them in time.
- Regarding water consumption, 2022 represents an increase compared to 2021. This is mainly due to the return to the new normal. It is important to mention that, although our consumption increased, we are not a company that is highly demanding of water resources, due to the nature of our operations and activities. This does not exempt us from the responsibility that our consumption entails, so we have devised strategies to reduce it and so that, in areas where possible, we are supplied with water from treatment plants for the use of toilets and irrigation of green areas.

98% of the urinals at **HDI SEGUROS** are dry, which has achieved savings of 4,492,800 liters per year, equivalent to 450 water tank trucks and 1.5 tons of CO2 not emitted into the atmosphere.

- 2023 will be an important year for implementing measures that strengthen our circular economy. The comprehensive management of our waste is a fundamental part of our ESG strategy for the short, medium, and long term. We see waste as re-valuable materials that can generate economic and social benefits for our stakeholders.
- We know that not only the services offered by **HDI SEGUROS** to its customers are the most important thing, but also the entire value chain that exists behind them, which must be balanced, focused on human rights, anti-corruption, environmental care, and social benefit. That is why we have a comprehensive, transparent, and ethical purchasing policy within our ERP system, which indicates that any service that is required by **HDI SEGUROS** must go through a bidding process, in which all suppliers, if they meet the requirements, they can participate and compete to offer the service.
- At **HDI SEGUROS**, we are concerned with generating benefits to the community in which we operate, which is why 99% of our suppliers are national.
- Regarding our investments, we expect that at least 4% will be allocated to social, environmental, and corporate governance projects. We have a whole specialized team to achieve this goal.
- In February 2022, we committed ourselves to the adoption of the *Principles for Responsible Investment (PRI)*, which are an initiative of investors in partnership with the *United Nations Environment Programme (UNEP)* financial initiative and the UN Global Compact, with the objective of achieving the establishment of a global and sustainable financial system and responsible investment as a strategy and practice to incorporate *Environmental, Social and Corporate Governance (ESG)* factors into investment decisions and the active exercise of ownership of **HDI SEGUROS**.



The six premises to which **HDI SEGUROS** is committed are:



- Responsible underwriting is one of our main priorities in the ESG strategy. We are constantly working on the generation of products that promote the use of renewable energies, the responsible use of resources, and a culture of environmental protection that allows us all to achieve carbon neutrality, and that at the same time are accessible and can reach all our stakeholders, in a diverse and inclusive way.

At **HDI SEGUROS**, we recognize the enormous challenge that this represents, which is why we work hard to meet the 17 Sustainable Development Goals, to move to a fairer and more responsible society, leaving no one behind, through the implementation of our ESG strategy, which contemplates the short, medium, and long term. We are committed to our policyholders, collaborators, suppliers and to the community in general. We know that the road is difficult, but we are very excited about the implementation of our ESG strategy and the transition of **HDI SEGUROS** to comprehensive and sustainable responsibility.

VI. GRI CONTENT INDEX

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VII. CONTACT

Alejandra Louvet
alejandra.louvet@hdi.com.mx





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Visit: hdi.com.mx