



Non Financial Information Report 2021

Liberty International European
Holdings, S.L.U

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Introduction

Directive 2014/95/EU of the European Parliament, regarding the disclosure of non-financial information aims to identify risks to improve sustainability and increase the confidence of investors, consumers, and society in general and for this purpose increases the disclosure of non-financial information, such as social and environmental factors.

In this context, on December 29, Law 11/2018, of December 28, was published, amending the Commercial Code, the revised text of the Capital Companies Act approved by Royal Legislative Decree 1/2010, of July 2, and Law 22/2015, of July 20, on Auditing of Accounts, in matters of non-financial information and diversity. This Law, extends the non-financial information requirements, as well as broadens the scope of application, replacing those established in the previous Royal Decree-Law 18/2017, of November 24, on non-financial information and diversity.

This report aims to comply with said regulatory requirements and to present the information necessary to understand the evolution, results and situation of the Company, and the impact of its activity with respect, at least, to environmental and social issues, respect for human rights and the fight against corruption and bribery, as well as relating to personnel, including the measures that, where appropriate, have been adopted to favour the principle of equal treatment and opportunities between women and men, non-discrimination and inclusion of people with disabilities and universal accessibility.

It is important to highlight that this year the report, and due to the publication of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investments and amending Regulation (EU) 2019/2088 (hereinafter "Taxonomy Regulation"), has to include non-financial statement information on how and to what extent the undertaking's activities are associated with economic activities that qualify as environmentally sustainable.

Specifically:



- The proportion in its total assets of exposures to eligible and non-eligible economic activities according to the Taxonomy.
- The proportion in its total assets of exposures to Public Administrations, Central Banks, Supranational Issuers and Derivatives.
- The proportion in their total assets of exposures to entities not required to publish non-financial information.
- Qualitative information to support the financial undertakings' explanations

Insurance and reinsurance undertakings shall also disclose the proportion of Taxonomy-eligible and Taxonomy non-eligible non-life insurance economic activities.

Finally, a note about methodology in this report, due to restructuring suffered by the Liberty International European Holding, S.L.U. (more information in Section 1.1) all figures presented cannot be compared to 2020's figures reported.

1. About the Company

► 1.1 Company Profile

Profile of LIEH

Liberty International European Holding, S.L.U. (hereinafter "**LIEH**"), is a Spanish-based intermediate insurance holding company of a sub-group of entities: (insurance companies, insurance service companies and other holding companies). **LIEH** and its subsidiary companies form a sub-group as a part of a global insurance group, Liberty Mutual Group.

The parent company of **LIEH** is **Liberty Mutual Holding Company Inc.**, domiciled in Massachusetts, United States of America.



Chart 1: Corporate Structure LMG (Abbreviated for illustrative purposes)

Liberty Mutual Holding Company Inc., the parent company of the Liberty Mutual Insurance group of entities (hereinafter '**LMG**', '**Liberty Mutual Group**', or the "**Company**"), was founded in 1912 in Boston, Massachusetts. **LMG** is a diversified global insurer and fourth largest property and casualty insurer in the U.S. based on 2020 direct written premium. The Company also ranks 71st on the Fortune 100 list of largest corporations in the U.S. based on 2020 revenue. Liberty Mutual Holding Company Inc. employs over 45,000 people in 29 countries and economies around the world.

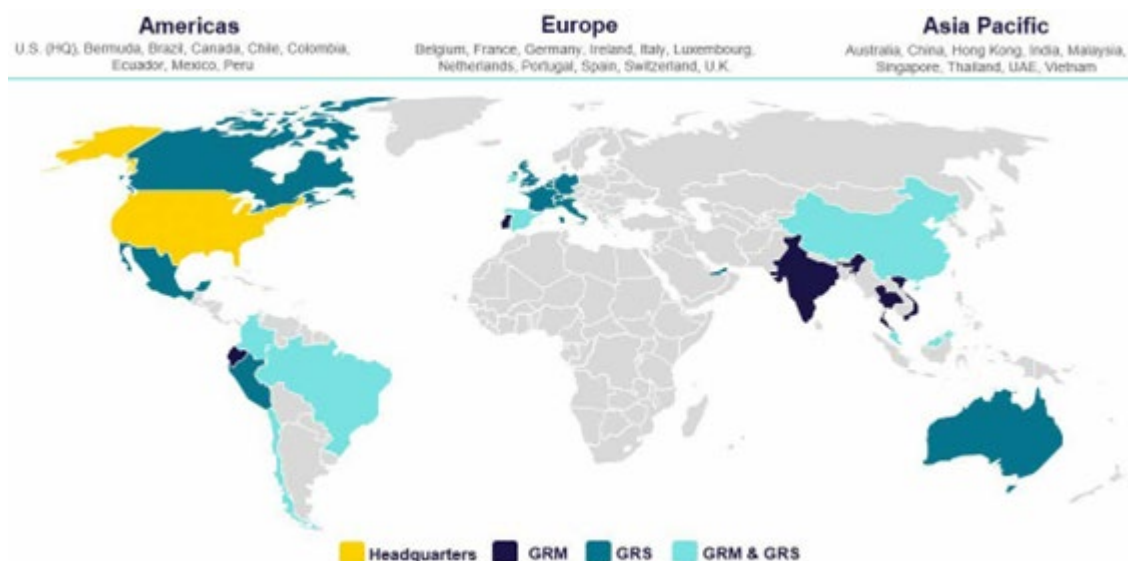


Chart 2: Countries of LMG

During 2020 LIEH went through a restructuring process, resulting in a total change of the Sub-group's structure, with a significant reduction of entities. Such restructuring was adopted to benefit the Sub-group and its controlled entities by both aligning with the European regulatory oversight structure and simplify Sub-group corporate governance.

LIEH is now comprised of several insurance companies, as well as service entities and holding companies with a presence in the following countries: Ireland, Portugal, Luxembourg, Brazil, Spain, UK, France, Germany, Italy, the Netherlands, and Switzerland. Therefore, due to the restructuring suffered by the Company please note that all figures presented cannot be compared to 2020's figures reported.

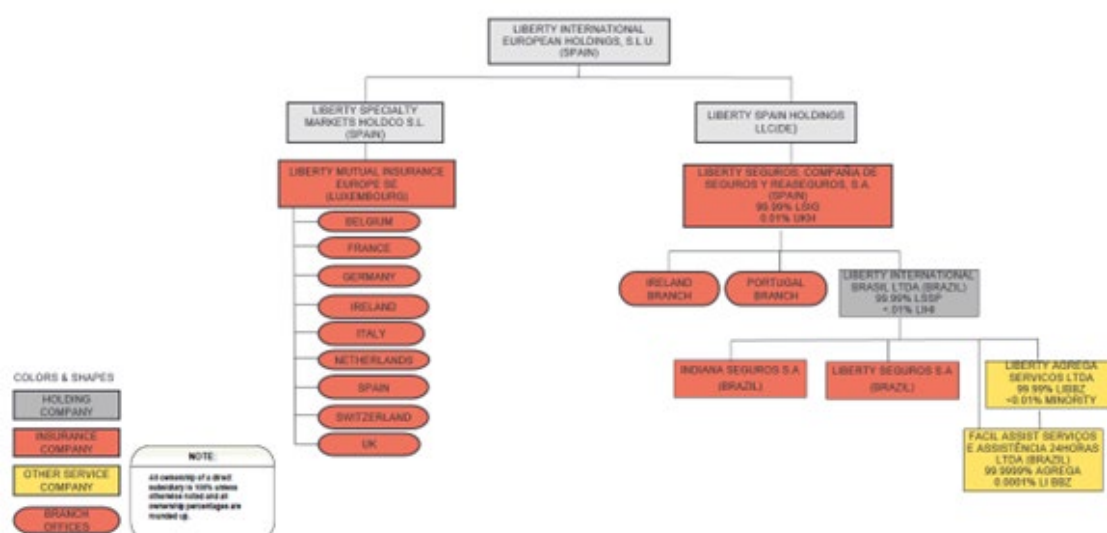


Chart 3: LIEH 2021 after Restructuring Process

From an operating viewpoint, **LIEH** conducts its insurance business through two Strategic Business Units (hereinafter "SBUs") Global Retail Markets and Global Risks Solutions. Each SBU operates independently, due to the different characteristics of the business lines, operations, and customer needs. Both SBUs have dedicated sales, underwriting, claims, financial and certain information technology resources.

- **Global Retail Markets (GRM¹):** Offers a broad array of personal line products and small commercial. The most significant product lines are Auto and Homeowners Insurance. GRM combines the Company's local expertise in growth markets outside the U.S. with strong and scalable U.S. capabilities to take advantage of opportunities to grow its business globally. GRM is organized into the following segments: U.S., West, East, and Reinsurance. Liberty Seguros Compañía de Seguros y Reaseguros in Spain, Liberty Seguros S.A and Indiana Seguros in Brazil are the insurance companies belonging to GRM (West) under the current LIEH structure, with presence in Latin America and Europe, most focus on motor, property, casualty, and other lines of business such as health and life.
- **Global Risk Solutions (GRS):** Offers a wide array of property, casualty, specialty, and reinsurance coverage distributed through brokers and independent agents globally. GRS is organized into the following market segments: Liberty Specialty Markets, North America, Global Surety, and Other Global Risk Solutions. Liberty Mutual Insurance Europe (LMIE) is the insurance company belonging to GRS under the current LIEH structure and it is focus in the mid and large commercial and specialty sectors.

The following lines are a brief description of the corporate structure of the entities comprising each LIEH region:

A. Liberty Seguros (WEM)

Liberty Seguros Compañía de Seguros y Reaseguros (hereinafter "Liberty Seguros") currently operates in the Spanish market and Portuguese and Irish ones through branches in both countries.

B. LMIE

Liberty Mutual Insurance Europe Societas Europaea (hereinafter "LMIE") has been operating from its headquarters in Luxembourg since 1st March 2019. LMIE was incorporated as a subsidiary entity of Liberty Specialty Markets (hereinafter "LSM"). LSM offers specialty and commercial insurance and reinsurance products across the UK, Europe, Middle East, US, and other international locations.

C. BRAZIL

The corporate structure has two insurance companies in Brazil: Liberty Seguros S.A. and Indiana Seguros S.A; two services companies: Facil Assist Serviços e Assistência 24 horas Ltda and Liberty Agrega Serviços de Atendimento LTDA, and one holding company Liberty International Brasil LTDA) Hereinafter those five companies will be referred as Brazil or Brazil Companies unless otherwise stated.

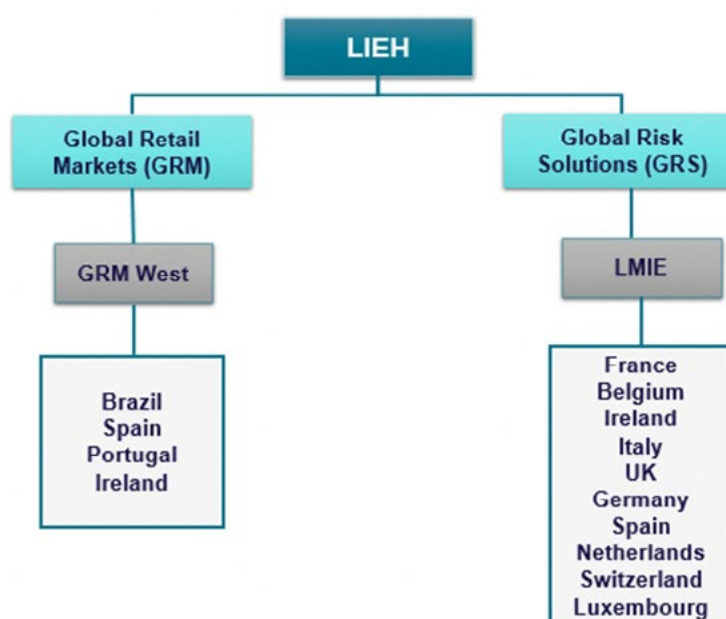


Chart 4: Geographical Structure LIEH 2021

¹ There are entities within GRM and GRS that are not under LIEH operational control.

► 1.2 Business Model and Strategy

In this section there is an analysis of the business environment and trends:

a. Business environment

EUROPE:

The Eurosystem and European Central Bank (ECB) macroeconomic projections March report covers the outlook for the euro area. It sets up that the outlook for euro area activity and inflation has become very uncertain and depends crucially on how the Russian war in Ukraine unfolds, on the impact of current sanctions and on possible further measures.

The baseline established in the report includes an initial assessment of the impact of the war on the euro area economy based on the information available up to 2 March 2022.

Soaring energy prices and negative confidence effects imply significant headwinds to domestic demand in the near term, while the announced sanctions and sharp deterioration in the prospects for the Russian economy will weaken euro area trade growth. The baseline projections are built on the assumptions that current disruptions to energy supplies and negative impacts on confidence linked to the conflict are temporary and that global supply chains are not significantly affected.

Based on these assumptions, the baseline projections foresee a significant negative impact on euro area growth in 2022, from the conflict. Nevertheless, given the starting point for the euro area economy, with a strong labour market and headwinds related to the pandemic and supply bottlenecks assumed to fade, economic activity is still projected to expand at a relatively strong pace in the coming quarters. Over the medium term, growth is projected to converge towards historical average rates, despite a less supportive fiscal stance and an increase in interest rates in line with the technical assumptions based on financial market expectations.

Overall, real GDP growth is projected to average 3.7% in 2022, 2.8% in 2023 and 1.6% in 2024. Compared with the December 2021 Eurosystem staff projections, the outlook for growth has been revised down by 0.5 percentage points for 2022 owing mainly to the impact of the Ukraine crisis on energy prices, confidence and trade. This downward revision is partly offset by a positive carry-over effect from upward data revisions for 2021. Growth in 2023 has been revised down by 0.1 percentage points, while in 2024 it is unchanged.

Following a series of exceptional energy price shocks, the conflict in Ukraine implies that headline inflation in the baseline is projected to remain at very high levels in the coming months, before easing slowly towards target. It is set to average 5.1% in 2022, 2.1% in 2023 and 1.9% in 2024. Near-term price pressures have risen significantly, in particular those related to oil and gas commodities. These pressures are assessed to be more lasting than previously expected and to be only partly offset by dampening effects on growth from lower confidence and by weaker trade growth related to the conflict.

Nevertheless, in the absence of further upward shocks to commodity prices, energy inflation is projected to drop significantly over the projection horizon. In the short term, this decline relates to base effects, while the technical assumptions based on futures prices embed a decline in oil and wholesale gas prices resulting in a negligible contribution from the energy component to headline inflation in 2024.

On account of the significant uncertainty surrounding the impact of the conflict in Ukraine on the euro area economy, in addition to the baseline, two scenarios have been prepared.

Compared with the baseline, an “adverse” scenario assumes that stricter sanctions are imposed on Russia, leading to some disruptions in global value chains. Persistent cuts in Russian gas supplies would lead to higher energy costs and to cuts in euro area production, but this would be only temporary as substitution into other energy sources takes place. In addition, geopolitical tensions would be more sustained than in the baseline, leading to additional financial disruptions and more persistent uncertainty. Under such a scenario, euro area GDP growth would be 1.2 percentage points lower than the baseline in 2022, while inflation would be 0.8 percentage points higher. Differences would be more limited in 2023. In 2024, growth would be somewhat stronger than the baseline as the economy catches up after the larger negative impact on economic activity in 2022 and 2023. As oil and gas markets rebalance, the large spikes in energy prices would gradually unwind, causing inflation to decline below the baseline, especially in 2024.

A more “severe” scenario includes, in addition to the features of the adverse scenario, a stronger reaction of energy prices to more stringent cuts in supply, stronger repricing in financial markets and larger second-round effects from rising energy

prices. This scenario would imply GDP growth in 2022 that is 1.4 percentage points below the baseline, while inflation would be 2.0 percentage points higher. Significantly lower growth and higher inflation, compared with the baseline, would also be seen in 2023. Higher persistence of the disruptions triggered by the war imply that, in 2024, the catch-up effects on growth would be relatively modest whereas stronger second-round effects would offset the negative impact on inflation from declining energy prices.

BRAZIL²

Just when Brazil appeared to have shrugged off the worst of the pandemic through rising vaccinations, policymakers found themselves facing an old nemesis—inflation. And that too at a time when the economy entered a recession again, at the end of Q3 2021. Inflation went up sharply this year due to rising energy prices, drought-related disruptions, supply-chain constraints, and pandemic-induced changes in demand. While the Banco Central do Brasil (BCB) has swiftly changed gears to take inflation head-on, policymakers still have two risks to consider:

- First, the pandemic hasn't ended, and the threat of new variants of COVID-19 with the potential to evade vaccine protection will remain a worry.
- Second, the Brazil Central Bank will be wary of any repercussions on debt and currency markets from potential monetary tightening in the United States over the next year.

High debt and the rising cost of borrowing have added to difficulties in the fiscal math at a time of slow growth in revenues. Any slip-ups in deviating from fiscal gains since 2016 may fuel an unwanted cycle of rising debt, higher borrowing costs, and liquidity outflow, thereby cutting off any hopes of a strong revival in economic growth.

Rising inflationary pressures are arguably one of the biggest worries for policymakers, given the recession, weakness in the labor market, and continued global uncertainty about the trajectory of the COVID-19 pandemic. Rising inflation also serves as a grim reminder of the period between 2014 and 2016, when elevated price pressures combined with a strong contraction in economic activity. Headline consumer prices have been edging up since June 2020 and went up by 10.1% in December 2021, the highest position since 2015. The fight against inflation has prompted a strong monetary policy response with Brazil's Central Bank raising interest rates again in Dec 2021 to 9.25% with further measures expected in 2022 to curb inflation dynamics and to keep inflation expectations anchored. Fiscal reforms can also play an important role in containing inflationary pressures. Strengthened fiscal rules would increase market confidence about the government's commitment to keep sustainable finances. The public sector deficit is at an all-time high at -5.2%, with an unprecedented deterioration in government finances. The FY 2021 was the eight-consecutive year with a deficit. The labour market is recovering with some delay and unemployment remains above pre-pandemic levels. In addition, significant FX deterioration with Brazilian Real deprecating against Euro by ~30% in 2020 and did not recover in 2021.

Regulatory changes continue to boost competition in the country's insurance sector and lower prices for consumers and make the market more transparent.

b. Insurance market trends

The outbreak of war in Ukraine has had a major impact on the economy and financial markets, including insurance. Energy, fuel and commodity prices - including wheat and other grains - have risen sharply, adding to inflationary pressures stemming from supply chain disruptions and the resurgence of the Covid-19 pandemic. Although it is still too early to predict their impact, at macro level, there are significant challenge to which insurance companies has to face over the planning horizon. Besides, there are other challenges around regulation, talent, sustainability, and evolving consumer preferences may present speed bumps. A lot will depend on how effectively insurers manage their investments in people and emerging technologies. Flexible work models, balancing automation with the need to maintain a human touch with customers and being more proactive in bolstering stakeholders' trust should be also among the industry's strategic priorities.

Global Recession

Pace and scale of global economic recovery is uncertain and will be uneven. The impact of Russia-Ukraine crisis and the emergence of new COVID-19 variants could induce renewed economic disruptions.

² Fuentes: Focus economics: <https://www.focus-economics.com/countries/brazil>

Inflation

Increased levels of inflation across all markets from rising fuel and energy prices and supply chain disruptions will have adverse impact on claims and operational costs

Insurance Markets Premium

Decline in premium volumes due to steep economic impacts, inflation, price sensitive customers, increase in price competition as competitors try to maintain market share.

Climate change

Climate change poses a material risk to the economy and the financial sector, including the insurance sector. Changes in climate are already leading to more extreme and frequent weather-related events, thereby increasing the physical risks to which insurers are exposed. Transition risk is also highly relevant for insurers, with the magnitude of the risk dependent on various factors, including the pace of policy action and future changes in technology.

Attracting (and retaining) talent in an evolving hybrid work environment will be key

Future of work considerations have also multiplied as carriers seek to create flexible return-to-office strategies while simultaneously struggling to retain and recruit high-level talent in a very competitive job market—particularly for those with advanced technology and data analytics skills.

Insurers need to find ways to balance technology adoption with maintaining the human touch

Insurers are increasingly dependent on emerging technologies and data sources to drive efficiency, enhance cybersecurity, and expand capabilities across the organization. However, most should also focus on improving the customer experience by both streamlining processes with automation as well as providing customized service where needed and preferred.

With the pandemic have come opportunities to boost stakeholder trust

On a more fundamental level, many carriers can consider taking steps to bolster trust among stakeholders to boost retention and profitability. This might be achieved in part through greater transparency in how insurers collect and utilize personal data.

c. Business Model and Strategy

LIEH's vision, established by its shareholder Liberty Mutual Group, is to build a profitable, growing, customer-focused business to "help people embrace today and face tomorrow with confidence" and consistently deliver on their financial plans. LIEH establishes its strategy and objectives according to its business units (GRM & GRS), considering the goals established by its shareholder.

LIEH's strategy and objectives are defined through the consolidation of the business units' strategies, consistent with the Group's global strategy and that of the different individual controlled entities.

Strategy it's articulated under three overarching pillars for the upcoming years (profitability, capital management and customer/employee experience) while controlling the risk exposures through disciplined Enterprise Risk Management (ERM). Major pillars of the strategy include:

- **Profitability:** Exercising discipline underwriting, controlling the expenses, and developing an action-oriented ROE management.
- **Capital Management:** Managing reserve risk volatility, diversifying sources of profit, and growing where profitable/time horizons indicate strategic growth opportunities.
- **Customer and employee experience:** Creating a customer centric business that meets and exceeds customer expectations, increasing customer loyalty and retention as well as ensuring employee satisfaction and advocacy.

Strategic Priorities



Chart 5: LIEH Strategic Priorities

d. COVID impact on LIEH Business Strategy

Covid-19 has brought high levels of uncertainty, however both Liberty Mutual Group and subsequently LIEH business strategies has been adapted to avoid impact.

LIEH business strategy is not expected to substantially change regarding COVID-19. There are no plans for GRM entities to significantly change business strategy regarding discontinuity/scaling down of operations.

Across GRM markets, COVID-19 business plan impacts have highlighted a reduction in net written premium across markets. The main impact is to the motor lines of business which have not grown as anticipated because the timing of the economic recovery was delayed by the 3rd wave across Europe and a slower vaccine rollout in the first quarter of 2021, together with increased market competition and reduction in consumer spending resulting in significant reduction in car sales compared to 2019. However, improved profitability for the first 6 months is favourable to plan which recognized the positive lower frequency impact of 2021Q1 lockdown.

For LMIE, new business wins continue to drive growth on all lines of business. Despite the emerging impact of Covid-19, LMIE's management believes its business model is sustainable. For LMIE, COVID-19 impacts were the increase of the numbers on claims. Most of these claims have been on LMIE's property portfolio. Largest exposures on LMIE lines of business are in pecuniary lines credit, financial risk solutions and contingency which continue to be monitored.

For Brazil and WEM there has been an adverse impact on business volumes in 2020 but a favourable impact on claims frequency. Mobility and claims increasing steadily since March 2021. In both jurisdictions COVID economic impacts clearly impacting growth expectations.

LIEH portfolio management approach remains unchanged: we continue to rely on our conservative underwriting standards and are continuously assessing relative value across asset classes to reposition the portfolio as fundamentals shift. No significant changes in business and reinsurance strategy to date.

► 1.3 Corporate Governance

The governance system of **LIEH** aims at ensuring a sound and prudent management of the subgroup. The system consists of a transparent organizational structure and lines of responsibility, effective processes to identify, manage, monitor, and report on the risks to which the Company is exposed, adequate internal control mechanisms and remuneration policies that promote the effective management of the organization.

The governance system has been designed to provide the Board of Directors of **LIEH** with adequate supervision and control of the material risks derived from the Subgroup. The system of governance in place during 2021 is illustrated below:

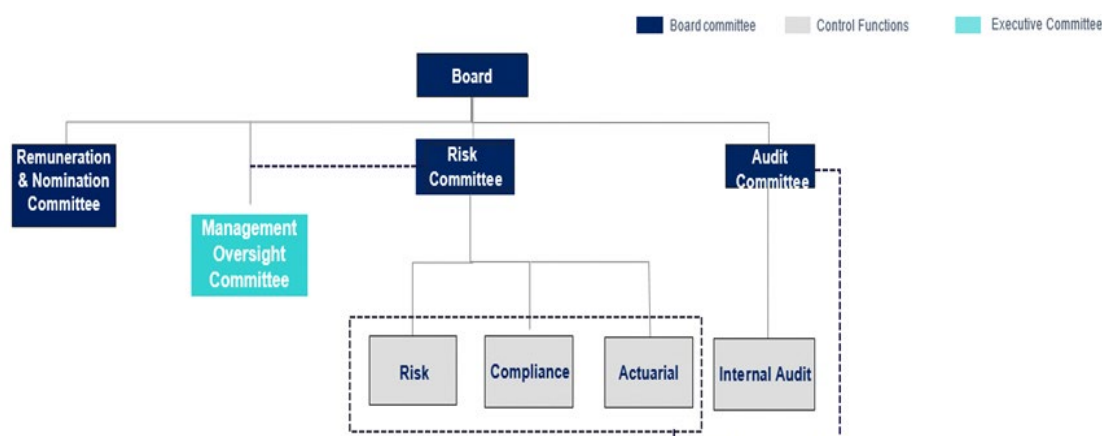


Chart 6: Governance Structure LIEH

The Board of Directors is the backbone of **LIEH**'s governance system and is ultimately responsible for **LIEH**'s compliance with legal and administrative requirements.

The Board performs supervisory functions and plays a key role in ensuring the effective governance of **LIEH**'s operations.

The Board has established and delegated specific rights to various committees. The **Risk Committee** is responsible for oversight of the subgroup's risk management system. Similarly, the **Audit Committee** is responsible for oversight of the subgroup's internal control system and the **Remuneration and Nomination Committee** is dedicated to the development and application of the Subgroup's Remuneration Policy.

The **Management Oversight Committee** has been established with the objective of providing oversight and guidance on governance and risk management at LIEH and controlled entities, overseeing risk aggregation for the Subgroup, assessing risks that are specific to the Subgroup and monitoring and challenging entities as necessary.

The Board recognizes the importance of ensuring that persons running **LIEH** or performing key functions have the appropriate professional qualifications, knowledge, and experience to carry out sound and prudent management of **LIEH** and that they maintain a good reputation and integrity. To this end, all directors, as well as executives with key responsibilities, must comply with the **LIEH Fit and Proper Policy**.

► 1.4 Risk Management

LIEH's Risk Management System aims to ensure that the main risks relevant for LIEH are identified and monitored, which allows for their adequate risk management. Risk management in **LIEH** is articulated through the Risk Management Strategy and Risk Management Policy.

To ensure that the risk and control processes of **LIEH** work satisfactorily, the Risk Management System is based on the three-line of defence model, which provides a simple and effective way to improve communications in risk management and control through a clear definition of responsibilities and tasks.

The Risk Management Function periodically reports on the Company's exposure to the various risks to the Board Risk Committee and the Board Audit Committee

Periodically, the Risk Management Function carries out an evaluation of the Company's risk profile, assessing the capital adequacy and the current and future risk profile of the Group, given the strategic and commercial plans, using a series of measures that include stress tests, sensitivity analyses and capital modelling.

LIEH assesses the group's exposure to relevant current and future risks, including specific group risks and exposures such as group concentration risk, and considers the adequacy of the associated contingency plans and related factors.

The risks identified within the framework of this **LIEH** system are classified into the following categories:

- Underwriting risk
- Market risk
- Liquidity risk
- Credit risk
- Operational risk
- Strategic risk
- Group risk
- Reputational risk

From an aggregate point of view, underwriting and market risks are the most important LIEH risk categories.

Within underwriting risk, catastrophe risk is identified as a significant risk, assessing the likelihood of natural disasters such as earthquakes, floods, and hurricanes, as well as man-made disasters such as acts of terrorism. Catastrophe risk is assessed in conjunction with climate change risk, which is increasing the volatility of weather patterns, making the process of pricing catastrophic risks more difficult. To manage and limit exposure to catastrophes, **LIEH** incorporates a variety of modelling techniques, subsidiary controls, and reinsurance placements.

About market risk, the main driver is spread risk, which is mitigated by a liquid, diversified, and positively rated portfolio.

In addition to the ongoing risk assessment, **LIEH** also studies the impact on future projections according to the business plan to better understand what may go wrong and to maintain appropriate contingency arrangements.

► 1.5 Environmental commitments

LMG fundamental principle is that progress happens when people feel secure. This principle is underpinned by the conviction that insurance is a socially responsible product that provides security for people and businesses.

Liberty's commitment to society, environmentally sound decision-making and upholding the highest standards of corporate governance is an essential part of what has defined us for more than 100 years.

Last year, five climate aspirations were established to guide Liberty Mutual's low-carbon program and energy transition and to give entities a concrete roadmap for adapting and implementing them in their operations. For Liberty Mutual, being value-driven means proactively adopting climate strategies that emanate from Liberty Mutual's purpose helping people to embrace the present and look confidently to tomorrow.

Please note that Liberty Mutual's Aspirations serve as a guide for the entire American group included its subsidiary companies.



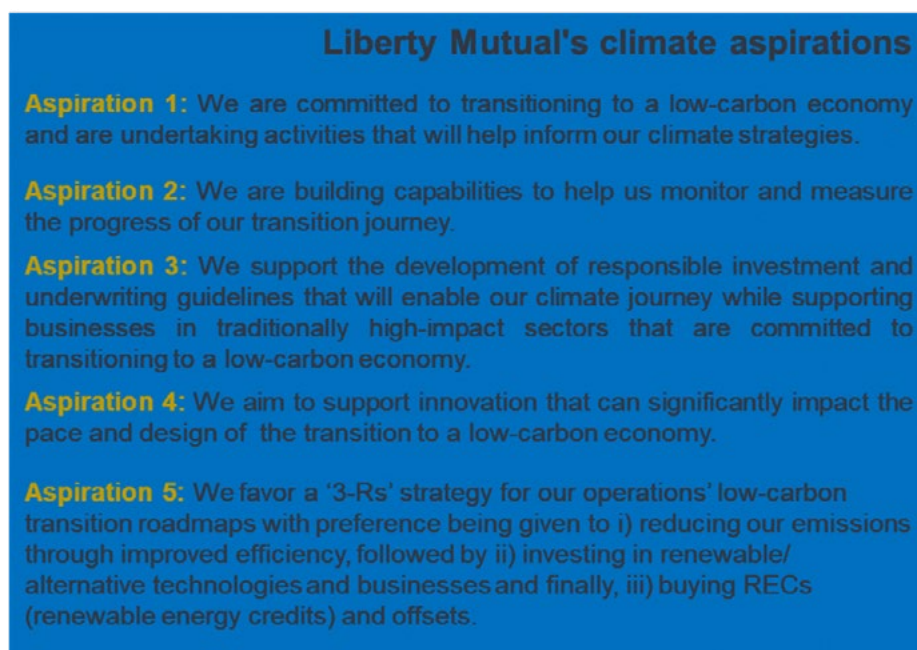


Chart 7: Liberty Mutual's Aspirations

LIEH and Liberty Seguros framework for sustainable investment is based on the incorporation of environmental, social, and corporate governance factors (ESG criteria), in addition to traditional financial criteria, in investment decision-making.

ESG factors can be defined as:

- Environmental: those factors related to the quality and functioning of the environment and natural systems, such as air, water and soil quality, carbon and climate, ecology and biodiversity, CO2 emissions and climate change, energy efficiency, natural resource scarcity and waste management.
- Social: those factors related to the rights, welfare and interests of people and communities.
- Corporate governance: those factors related to the good governance of investee companies and other entities, such as board independence and oversight, best practices and transparency, remuneration of senior management, shareholder rights, management structure, anti-corruption, and insider trading measures.

For Liberty Group, the integration of ESG criteria throughout our entity and its subsidiaries means a sustainable mindset in both our businesses and our employees. To build sustainable business strategies, we imagine the world of tomorrow to assess what we must do today to help make that world a reality by viewing ESG criteria as an opportunity. This allows us to embrace change and seek innovative solutions that will help build a more sustainable world tomorrow.

Building on our identity and values, we articulated five principles that unify our approach to ESG. We are applying these principles as we continue to integrate ESG into our operations, businesses, and investments.



Chart 8: Liberty Mutual's ESG Principles



As part of its ongoing commitment to environmental, social and governance (ESG) progress, Liberty Mutual Insurance has become a signatory to the **Principles for Responsible Investment (PRI)**, endorsed by the United Nations. Liberty Mutual is the first U.S. property and casualty insurer to join the leading

international network of institutional investors committed to including ESG factors in their investment decision-making.

As a global insurer and investor, Liberty Mutual has a broad set of opportunities to address important ESG considerations throughout its business and investment decisions. The company has been committed to ESG principles for decades and its Office of Sustainability was established to deliver an integrated ESG strategy across the company. We are committed to continuing to take steps towards our energy transition goals to achieve a low-carbon future.

In 2021, **LMG** conducted a thorough review of the overall ESG governance approach. As a result of this work, LMG Board has planned to create a new Governance and Sustainability committee to provide strategic oversight and performance evaluation of Liberty Mutual's ESG practices and priorities. As part of its mandate to oversee ESG efforts, this new committee integrates the work previously handled by the former Nomination & Governance and Community Investment committees.

In addition to enhancing Board oversight of ESG efforts, in early 2022 LMG announced the establishment of an ESG Executive Committee, a small group of senior executives collectively responsible for overseeing the implementation of our ESG strategy.

In Liberty Seguros, Sustainability, formerly called corporate social responsibility, has been embedded for many years in the company values, in strategy, in the decision making, in short, in the way we work. We are now evolving towards a broader vision of sustainability, integrating environmental, social and governance aspects under the acronym ESG. We are committed to "Put People First", we are working to always guarantee equality and diversity in all our teams, and we are focused on incorporating transparent reporting and governance mechanisms that guarantee the integrity of our actions.

Employees are the ones who have made it possible for such a disruptive model as Liberty Digital Way to become a reality and who, day after day, make it possible for Liberty to be not only a benchmark in digitization, but also an example of integration, equity, and equality thanks to active participation of the teams. It has been also implemented the DEI Council.

2. Ethics and Corruption

LIEH has established a Compliance Function to support and promote the company's objective of doing the right thing, in accordance with **LMG's** Code of Business Ethics and Conduct.

LIEH Compliance Function is responsible for:

1. Advise the Board of Directors of **LIEH** on compliance with the laws, regulations, and administrative provisions applicable to the Subgroup (in particular the Solvency II Group regulations) and its controlled entities, as well as on compliance with its internal regulations, such as the Code of Ethics.
2. Collaborate with the company in the effective identification and assessment of compliance risks by establishing and maintaining effective compliance risk management and control systems, including monitoring and reporting.
3. Assess the potential impact of any changes in the legal environment on the Subgroup and its controlled entities and ensure that regulatory and legislative requirements are understood throughout the organisation; and

In turn, each **LIEH** entity has a Chief Compliance Officer responsible for overseeing the compliance program in the entity, directing, supervising, and advising the business on all compliance matters.

LIEH adheres to **LMG's** Code of Conduct, which establishes how employees conduct business with customers, policyholders, business partners and each other. Adherence to the Code of Conduct is mandatory for all **LIEH** employees, officers, and Board Members. **LMG's** Code of Conduct embodies policies and guidance for acting with honesty and integrity.

In addition, all **LIEH** entities must comply with **LMG's** Anti-Corruption Policy, which sets forth the responsibility of each employee to abide by all anti-corruption laws and defines prohibited and permissible payments as well as the importance of third-party due diligence.

To complement the Anti-Corruption Policy, **LIEH** entities must comply with the **LMG** Anti-Corruption Due Diligence Procedure, which aims to detect and/or mitigate the risk of corruption and support existing policies on outsourcing of services, assignment of agents and intermediaries and delegation of authority procedures. This procedure also aims to ensure that business activity is conducted in accordance with **LIEH's** values.

To prevent money laundering and any activity that facilitates it or the financing of terrorist activities, a Global Money Laundering Prevention Policy is in place.

In 2020, **LMG** introduced the Compliance and Ethics vision. This sets a clear framework for a range of supporting programs such as the whistle-blower helpline and our Compliance Helpline, which is available 24/7 to connect employees to members of the compliance team.

LMG is also focused on creating a culture of compliance throughout the organization, normalizing practices of speaking up, and creating a responsible "mood in the middle." **LMG** promote peer accountability in the belief that every team member has a role in encouraging ethical and compliant operations. The Company train the managers to be first line responders to compliance issues and to quickly connect employees with questions to the compliance team.

All employees receive extensive training and reminders on compliance, policies, and ethical behaviour. For example, new hires are usually required to take at least three courses and regular anti-corruption, anti-bribery, and anti-money laundering training is provided to relevant employees. Educational materials and policies are available in 12 languages to ensure accessibility across the organization. Also, there is an annual training programmes for all employees on the Code of Ethics, Acting Responsibly and Conflicts of Interest and for key employees on anti-corruption and sanctions. Further detail in in Section 4.6 Training and development.

LMG has a prevention programme through the Compliance Risk Assessment in which each entity, for each area, analyse not only the regulatory risks but especially the criminal risks, including mainly the risk of corruption and bribery. Adequate controls are established, and evidence are required for risks classified as "high".

LMG head office in Boston (GC&E) conducts an annual anti-corruption certification, in which key people are questioned, as well as an annual conflict of interest certification. In this certification all employees must disclose any potential conflicts of interest as soon as they arise, and prior to engaging in the activity. Global Compliance & Ethics works with all the employees to provide guidance and safeguards to follow to ensure the employees and the company are protected from a conflict of interest.

► 2.1 Specific Ethics and corruption programs

WEM, LMIE and Brazil Companies are committed to conducting business in a fair, honest, and open manner and in compliance with all local and international anti-bribery and anti-corruption laws. Employees and associated parties are expected to conduct their day-to-day business with transparency and integrity to avoid any improper advantage or the appearance of questionable conduct.

In this regard all the programs in place are similar in the European jurisdictions. There are Anti-Bribery and Corruption policies in place, and ultimately the Board is responsible for ensuring that risks to the business are identified, assessed, and managed effectively. The Board has delegated responsibility for detailed oversight of financial crime compliance to the Risk Management Committee. The European Compliance Officer / Head of Compliance is responsible for the maintenance of this Policy. Any breaches of this Policy will be referred to the Risk Management Committee. In all the companies across LIEH there are different initiatives to limit risks of bribery and anticorruption such as:

1. Annual Risk Assessment: Companies conduct an annual financial crime risk assessment to identify and assess the risks to which it is exposed. The aim of this is to establish appropriate and risk-based controls and procedures that effectively mitigate risks and equip the business with information and tools to identify and escalate suspicions of wrongdoing.
2. Due Diligence: In instances where third parties perform a service for the Company or for one of its entities, a due diligence exercise needs to take place to ensure that suitable standards and controls are maintained to mitigate bribery risks
3. Monitoring: Entities conduct ongoing transactional monitoring of its business relationships to identify and investigate any transactions that could give rise to suspicions of bribery or other wrongdoing.
4. Staff Training: LIEH employees are made aware of financial crime risks, the relevant legislation, and their obligations.
5. Escalation Routes: Staff are made aware that any suspected breached should be referred to the Compliance position in charge, who will take the appropriate action to investigate and resolve the matter. It is also possible to anonymously report suspicious activity or any suspected wrongdoing or unlawful conduct.

► 2.2 Anti Monetary laundering

For the specific case of anti-monetary laundering in Brazil, an AML policy as well as some know your client procedures and AML periodic communications are in place.

In WEM there is also a specific AML Policy, AML Handbook and AML Committee Terms of Reference in place to fight against the Money Laundering. Specific AML risks are included in the Compliance Risk Assessment Programme and appropriate controls are put in place. The databases of both new and existing customers and payments are checked daily against political exposed persons, UN, and EU lists. Annual AML training is given to all employees, agents and mediators and the Board and an annual evaluation is carried out by an external expert who audits our AML prevention system, and an annual action plan is drawn up to improve the system.

Lastly, LMIE is committed to adhering to requirements under applicable anti-money laundering, terrorist financing and fraud laws and regulations. Staff are trained on what constitutes an offence and the implications of committing an offence on both a corporate and individual level. In conjunction with the associated LSM policies and procedures, employees are equipped with the knowledge to identify and report suspicious activity, ensuring that adequate and proportionate measures can detect, discourage, and disrupt money laundering and terrorist financing. The Board has delegated responsibility for detailed oversight of financial crime compliance to the Risk Management Committee (RMC).

Both the anti-money laundering and anti-bribery and corruption policies are reviewed annually.

► 2.3 Donations

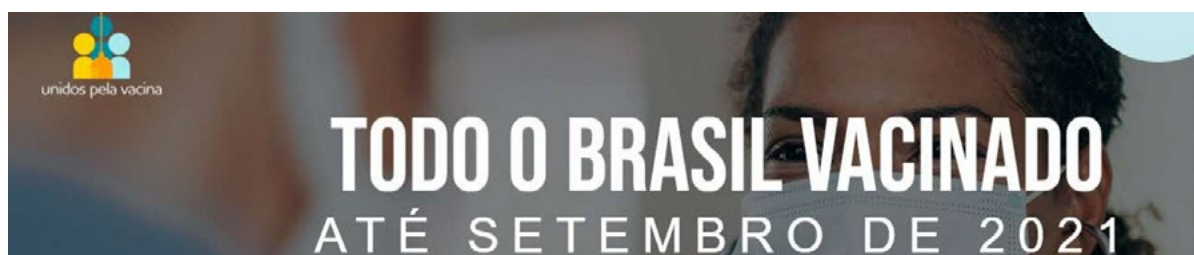
In Liberty Mutual Group the philanthropic response to the pandemic continues to focus on helping their community partners when they need it most. LMG's employees did more than 33,000 hours of volunteering during 2021 and donated nearly \$9 million through Liberty Torchbearers, a robust employee engagement program that recognizes and reinforces Liberty employees' investment of time, talent, and financial donations to the community.

Since 2021 pandemic situation began, **LIEH** entities have made a significant effort to donate to foundations and organizations, carrying out a multitude of initiatives in different countries in which in many cases employees have participated, either by donating directly or through various initiatives that the company rewarded with donations to organizations selected by the employees themselves.

The aim was to protect the neediest and most vulnerable people and to support local initiatives to alleviate the effects of Covid. For example:

During 2021, in Brazil, four campaigns were carried out to donate money to NGOs and fight against the pandemic.

- January: donation of 3,000 m² of oxygen in support of the SOS AM Campaign, a collective formed by eleven NGOs and projects that came together to help patients at health facilities in Manaus with a lack of oxygen.
- May: donation of 157,873€ of which 78,936€³ were donated to "Unidos pela Vacina", a campaign whose goal was the implementation of the Vaccination Plan for the population in four cities, in different regions of Brazil: Bauru (SP), Florianópolis (SC), Fortaleza (CE) and Manaus (AM). The 78,936€ was used to purchase supplies needed for vaccination: 20 vaccine conservation cameras, 146 thermal boxes for vaccine transport and approximately 115,000 procedure gloves. The other 78,936€ was donated to the NGO: "Ação da Cidadania" to fight hunger, which, due to the pandemic, grew dramatically in the country.



- November: donation 789€ to two NGOs dedicated to the **health care of women and men** - APPC (Association for Supporting People with Cancer) and the Associação Mulheres de Peito.
- December: traditional volunteer campaign performed: Solidary Christmas. 3 online volunteering activities and 1 crowdfunding, involving Brazilian employees were performed. With the crowdfunding 568€ were donated for ANDEE - (National Association for Sport and Education Development) for the purchase of sporting materials used to support social development of people with spectrum disorder autistic and down syndrome.

In **WEM**, there were several initiatives to mention.

- During the volunteer week, which takes place during the month of May, WEM invited employees to illuminate different associations that support disadvantaged people or people who can turn out to be inspiring with their story. The most outstanding stories were chosen, and the 3 most inspiring associations received a donation of €500 from the Company on behalf of the 3 people who decided to share their story and make it known to their colleagues. The NGOs we collaborated with under this initiative, for which a total of 1500 euros was donated, were Apadema in Spain, Porta Solidária in Portugal and Remember Us in Ireland.
- At Christmas, WEM relaunched the Christmas campaign inviting employees to make donations to various associations to support the most disadvantaged groups during these special dates. Liberty supplemented the employee donations by donating 2,000 euros to each association with which we collaborated: the Spanish Food Bank, the Portuguese Food Bank, Homestart in Dublin, St Vincent de Paul in Cavan and Fermanagh Women's Aid in Enniskillen. These €10,000 donations were supplemented by an additional donation of €2,000 to the Food Bank in Spain on behalf of

³ No Human Rights audits has been conducted in the field of Human Rights as we do not consider it a risk aspect in the company.

the winner of the Christmas event who also received a solidarity prize in the form of a donation to the charity of their choice.

- Other institutions that have received donations from WEM are: Porta Solidarioa, Homestart (Dublin), St Vincent de Paul en Cavan, Fermanagh Women's Aid en Enniskillen, Fermanagh Women's Aid en Enniskillen, Irish Wheelchair Association.

Here you can find a non exhaustive list of **LMIE** donations, made through LSM:

- 91.000 euros to WaterAid, their current global strategic partner.
- Alzheimer's Society 18.000 euros - care and research charity for people with dementia and their carers
- The Line 18.000 euros - commitment to improving the quality of life for people in urban environments and putting art and culture at the heart of regeneration
- East London Business Association 21.000 euros - create possibilities to bring about positive change in London by channeling the wide-reaching resources and influence of the private sector to address key areas of need
- Rethink Mental Illness 21.000 euros- equality, rights, the fair treatment and maximum quality of life for all those affected by mental illness, their careers, family and friends.
- St Mungo's 21.000 euros - Provide support directly to clients, either to prevent them becoming homeless, or to respond to it and help them recover; build relationships with communities and the wider public, aiming to increase understanding of homelessness and empathy towards the people who experience it; advocate for policy change by combining clients' voices with the experience about what works
- Feed the Need 48.000 euros.
- And as above mentioned, Serve with Liberty that got 66.000 euros in this jurisdiction.

During 2021, LIEH allocated 809.244 euros for donations to foundations and non-profit organizations.

| DONATIONS | 2021 ⁴ | DONATIONS | 2020 |
|---------------------------|-------------------|---------------------------|-------------|
| Foundations | 19,000 € | Foundations | 874,786 € |
| Non- profit organizations | 790.244 € | Non- profit organizations | 2,999,04 € |
| Total | 809.244 € | Total | 3,874,728 € |

Note:

- El perímetro de LIEH ha cambiado debido a la reestructuración. Por lo tanto, los datos de 2021 no son comparables con los de años anteriores.
- Todas las donaciones benéficas de Liberty Special Markets se realizan en la entidad de servicios, LSML. Por lo tanto, las cifras reportadas en LMIE se hacen a través de esa entidad.

3. Human Rights

LIEH is highly committed to the respect of Human Rights and the entities of the Group comply with the fundamental conventions reflected in the International Labour Organization, facilitating respect for free association and the right to collective bargaining.

Moreover, in **LIEH** we fight against any kind of labour discrimination, as well as child exploitation and forced labour, through both the LMG Code of Conduct and the local policies, following the Guidelines defined by the Group.

Despite the challenges posed by COVID-19, we maintained our commitment to developing our people. We continued to focus on leadership and capability growth and transitioned our Leading at Liberty module online.

It is worth mentioning all the recognitions that LMG has been awarded with during 2021:

⁴ Please note that LIEH's perimeter has changed due to the restructuring. Therefore, the data for 2021 are not comparable with previous years.

- Forbes 2021 World's Best Employers
- Corporate Equality Index of 100% for fifth year in a row
- Forbes Best Employers for Diversity and for Women
- PEOPLE Magazine Companies That Care
- The Civic 50 by Points of Light
- US Chamber of Commerce Best Community Improvement Program
- Australia National Insurance Broker Association (NIBA) 2021 General Insurer of the Year

At Liberty Mutual Insurance, we all have a responsibility to raise ethical issues or report possible violations of the Code of Ethics and Business Conduct through the Compliance Helpline. None of the entities that make up **LIEH**⁵ received any complaints or accusations for violation of Human Rights during 2021.

In this regard, it's critical that employees are comfortable raising compliance and ethics concerns. To ensure employees are protected when they report concerns, Liberty does not allow retaliation. You can feel secure knowing that when you raise a concern, you will not be retaliated against. Liberty does not tolerate discrimination, demotion, suspension, or harassment in any form because of an individual's protected status or for raising a compliance concern in good faith or cooperating in a compliance investigation. Likewise, you may not retaliate against any employee you think may have made a report about your conduct. When an investigation indicates that discrimination, harassment or retaliation has occurred, the company will take appropriate disciplinary action, up to and including termination of employment. Appropriate disciplinary action, up to and including termination, will also be taken against managers who knowingly allow such behaviour.

For the purposes just mentioned in **WEM** Companies a Criminal Compliance Policy and a Crime Prevention Manual are in place. In this document the prohibition of any discrimination, forced or compulsory labour, or child labour is included.

In **LMIE** there is freedom of association and collective bargaining agreement: promotion and compliance with the fundamental agreements of the International Labor Organization. In addition, it is forbidden to discriminate in employment and occupation and any kind of child labor or compulsory labor has been abolished.

In **Brazil**, Liberty companies guarantee the human rights and follow de Brazilian Law and International Labor Organization. Freedom of association and collective bargaining agreements are guaranteed by the promotion and compliance with the fundamental agreements of the International Labor Organization. Once a year Brazil companies have a Union Assembly where the employee has opportunity to know and participate to the insurance union decisions. The collective union agreement is published in the intranet. Following LMG Principles, Brazil does not discriminate in employment, occupation, neither force nor compulsory labor. Liberty does not have any employee with age less than 18 years.

4. Human Resources

Human capital is one of **LIEH**'s most important assets, so the ability to continually attract and retain the best talent is a key part of the company's future success.

When the magnitude of COVID-19 became apparent, our priority was the health and well-being of our employees. Guided by our values of **putting people first** and acting responsibly, we took swift and decisive action to transition our global workforce to being fully remote. We also restricted business travel and put in place security protocols, such as health screenings, for employees who needed to enter our offices. In March 2020, a dedicated COVID-19 hub was launched to provide employees with the most up-to-date information, policies and resources to support their physical well-being, mental health and wellbeing which has been in place for the whole 2021 year.

All **LIEH** entities are aligned with a common way of working and with the Group's values, which are as follows:

⁵ No Human Rights audits has been conducted in the field of Human Rights as we do not consider it a risk aspect in the company.

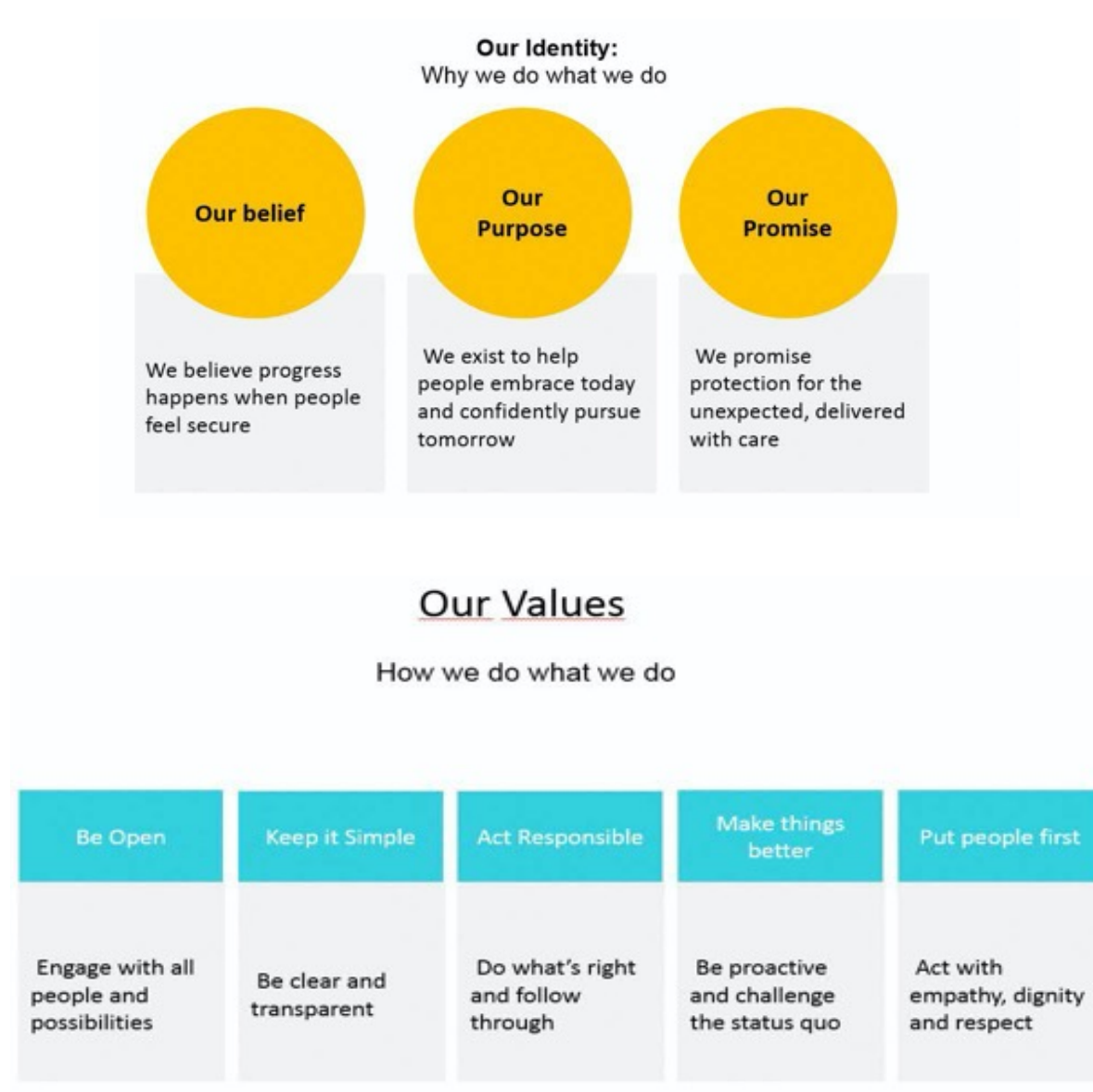


Chart 9: Liberty Identity and Values

At **LIEH**, human resources management is carried out at entity level. Generally depending on the different geographies and companies in the group. At the local level is where policies, standards, protocols, procedures or initiatives are established.

► 4.1 Staff Description

As of December 31, 2021, LIEH had a worldwide workforce of 5,458 employees⁶. The most relevant countries in terms of the volume of employees are Brazil, 57% of the total workforce, WEM 33% of the total workforce and LMIE, which represents 10% of the total workforce.

Approximately 61% are women⁷, 99,6% are permanent employees⁸ and 20% are under the age of 30⁹, 99,5% of contracts are full-time¹⁰.

⁶ Including LMIE figures

⁷ WEM includes Spain, Ireland, and Portugal

⁸ Excluding LMIE figures

⁹ Excluding LMIE figures

¹⁰ Excluding LMIE figures

There is no homogeneous categorization for professional classification at the group level, however, to create this report, 5 large professional groups are differentiated. The categories included in each typology are detailed below:

- Category 1: Executive
- Category 2: Senior Manager
- Category 3: Manager
- Category 4: Individual Contributor
- Category 5: Other:

In relation to **LMIE** it is important to point out that it only has one own employee, and the rest are employed by a secondment agreement or service contract. In this sense, all UK staff are employed by Liberty Specialty Markets Limited (LSML), an affiliated company and the European staff are employed by Liberty Specialty Markets Europe S.A.R.L. (LSME) and Liberty Specialty Markets Europe Two S.A.R.L. (LSME2).

Due to this fact, in 2021 LMIE has only been able to provide information regarding the total number of employees (522) and the breakdown by gender and professional category, but not about all the categories required by the report.

Therefore, where total figures are given, it is indicated whether they include LMIE ones.

More information about these figures is disclosed on the **Annex 2** of this Report.

► 4.2 Remuneration and employee benefits

The salary system applied in the different **LIEH** companies is determined first and foremost by compliance with legal regulations and agreements or pacts reached through collective representation.

The Employees Remuneration Policy is defined by the Liberty Mutual Group and applies to all employees of the company. In addition, each country develops its own remuneration policy in line with **LMG** principles according to its own regulations and collective agreements. The policy sets out the key principles that are applicable to the Subgroup and contains specific provisions about the Company's Board and its management team. As a member of **LMG**, the Subgroup's compensation policy is based on **LMG**'s compensation philosophy which includes the principles detailed below:

- Be competitive in the market.
- Retribute for performance.
- Offer salary growth through promotion opportunities.

Average remuneration within **LIEH**¹¹ companies during 2021 was 25,421 euros. More information about these figures are disclosed on the Annex 2 of this Report.

Remuneration consists of a fixed remuneration (base salary and supplement) and a variable remuneration (short and long term). The remuneration is also made up of additional benefits

The salary gap¹² in **LIEH** during 2021 was 1.53.

Thus, in **WEM** the company grants, for active employees, a group insurance policy, a temporary insurance policy, renewable annually, covering the risks of death and advance payment of capital in cases of total permanent disability, absolute permanent disability or severe disability for a capital sum equivalent to the gross annual salary plus 6,000 euros.

For example, in **Brazil** and **WEM** there are platforms with employee discounts ("Be WEM Discounts"). In WEM employees have at their disposal a flexible remuneration program that allows them to allocate part of their salary to health insurance, nurseries, transport, etc., with a discount and advantages that the employee chooses according to their needs to maximize the value of their salary.

¹¹ LMIE figures are excluded.

¹² Salary gaps have been calculated as the ratio between the average remuneration of men respect to the average remuneration of women, for each considered professional category.

In WEM there is a so-called "Personnel Reference Plan Policy", which rewards any employee who presents the Company with an external candidate who is admitted to a permanent position and successfully completes the probationary period (6 months). Thus, depending on the vacant position, the Company will reward any employee with an amount up to 1,500€.

Other social benefits to be highlighted in WEM are:

- Pension Plan of the employment system, called "Plan de Empleo de Promoción Conjunta de Liberty Seguros" which integrates all employees included in the personal scope of this Collective Bargaining Agreement. The incorporation to the Plan will take place once the employee has two years of seniority in the Liberty Group. The amount of the contribution made is 2.5% of the Gross Annual Salary. And employees who voluntarily contribute 1% will contribute an additional 0.5%.
- For employees who complete 15 years with the company, a recognition award of 500 euros is paid as a lump sum in their paychecks. Employees who complete 25 years with the company in Portugal and Spain are also recognized with an additional bonus.
- Corporate Scholarship Program to promote the personal and professional development of Liberty employees, providing them with financial aid to support their initiatives and interests in training actions that are not included in the Annual Training Plan. Grants are awarded for language courses, updating and development of technical knowledge or skills, masters or postgraduate courses.

In Brazil, there is the "Grow with Liberty" program, which offers a package of shares based on three pillars: efficiency, sales and knowledge. Innovation is one of the pillars of the strategy that drives Liberty Seguros in Brazil and is based on three pillars: Culture, Research and Projects. For each of these aspects, Liberty has developed initiatives aimed at involving the internal public (employees), providing grants so that the teams can work on innovation daily and connecting the company with the external public, such as customers, start-ups, brokers and educational institutions that can add to and strengthen this process.

Remuneration of the Board of Directors

In 2021 LIEH had three independent (2 males, one female) directors on the Board of Directors with an average salary of 63,597 euros. The rest of the members were executives of other companies of Liberty Mutual Group, not receiving any remuneration as members of the Board of Directors, only salaries from their respective employer companies.

►4.3 Work Organization

For LIEH, work-life balance is based on work efficiency and the flexibility that the group provides to its employees.

At a global level, work is being done to standardize the way in which work is carried out based on the Group's own 'the way we work' model. The aim is to share similar team meetings in all companies every week (the so-called huddle meeting) with a similar format to help ensure that information is shared, that there is space to listen to the voice of the teams, that continuous improvement is facilitated, that KPIs are monitored or that space is dedicated for recognition. The standardization of a certain way of working helps the group to facilitate the integration of its employees.

You are
great

At WEM, in March 2020 it was launched a values-linked recognition program, "Be WEM Recognition". It has been a great success as employees have shared more than 7,000 value-linked recognitions and, each month, we have highlighted 5 of them in our WEM News helping people to become familiar with them and see how easy it is to put them into practice. These people have also been given an additional award.

Since 2013, Liberty Seguros España has been recognised with the EFR Certificate (Family Responsible Company), which distinguishes those organisations that strive to create a culture of support for personal and professional development, while at the same time aiming to improve the working environment. This certification is the result of being a company that is proactive in reconciling personal, work and family life and that considers the diversity of employees, ways of working and situations of all of us who are part of Liberty.

In addition, one of the most repeat comments in positive inside the WEM eNPS survey is related to work life balance, and of the most valued aspects inside the employee experience roadmap, as Liberty Seguros is focusing on the flexibility

and conciliation methods. This is reflected in a lot of benefits, above for what is mandatory from legislation, to improve conciliation at a permission and working hours flexibility level.

Each entity also demonstrates this commitment to the organization of working time by adapting it to its own needs and those of its employees through initiatives of a different nature, promoted and managed at company or country level. **LIEH** has an enormous variety of actions and initiatives across all its jurisdictions. Listing all of them would make this section too comprehensive. Therefore, the following is a list of the most relevant topics. Subsequently some of the initiatives are going to be explained in further detail: i) working from home; ii) reduction or reorganization of working time; iii) disconnection from work; iv) improvement of maternity or paternity leave and v) promotion of corporate volunteering:

- i. **Working from home:** At **LIEH**, the safety of employees has always been a priority, with a firm commitment to teleworking. During the pandemic, the working from home was implemented throughout **LIEH** prior to the confinements and declarations of a state of emergency decreed by the various governments. Throughout this time, employees have been encouraged to ensure work-life balance and are encouraged to discuss any concerns with their manager. Crisis Committees have been set up in all **LIEH** companies to monitor cases and analyse the situation in the different countries, and in most **LIEH** countries teleworking remains mandatory for all employees.

To help employees in this transition from the office to their homes, WEM has provided them with the necessary IT equipment and a budget of 460 Euros for the adaptation of the home to telework (purchase of monitor, keyboard, mouse, headset, chair and desk) as well as an extra 200 Euros for office supplies. In Brazil, during COVID'19 Liberty paid R\$ 100 per month for the Internet allowance for all employees. Similar measures have been implemented in the other countries.

In **Brazil**, for example, during the pandemic period working from home it was provided access throughout VPN. Also, during 2021 Brazil entities developed actions to promote digital disconnection:

- Experience Week: A yearly event that unites the Health and the Development Activities. During this week happened meetings, lectures and activities focused emotional and professional health, etc. aiming the development, awareness and improvement of health and well-being.
- Escritório Digital - for Leaders - In 2021, every Friday morning, meetings were held with leaders to talk about mental health, professional, relationships, communication and collaboration, respect for time, well-being. etc.
- Escritório Digital - for Individual Contributor - Twice a month, meetings were held with employees (IC) for conversations about mental, financial and professional health, in addition to topics covered in the Digital office for leaders. We emphasize the importance of disconnection.
- Chat of Conversation - Conversation with family doctor, psychologists and other professional for talk about health.
- Liberty in motion - It is a game app created to encourage physical exercise with all the employees around the world.
- MeQuilibrium - It is a wellbeing platform with emotional content including meditation

- ii. **Reduction or reorganization of working time:** in different companies and countries, such as Ireland, Portugal, or Brazil, a flexible schedule is being implemented, so that the employee can choose according to his or her managers what time to arrive at his or her desk, as well as the time of departure or the distribution of hours.

- In Brazil, the work journey as well as rest hours are inspected by government through the Government's auditors. There are policies to guarantee that the Law is observed in all its locations. The external access is blocked, and only authorized employees grant access under control. There is an initiative in Brazil called "Happy Friday", it's a program that aims to promote the well-being and life quality of Liberty's employees and allows employees to leave at 2 PM on Fridays. The goal is for the employee to stay longer with family and start their weekend beforehand. This program contributed positively to the organizational climate, digital disconnection, productivity, health quality, wellbeing and to the reduction of overtime.

- iii. **Disconnection from work:** work is also beginning on initiatives to encourage disconnection from work. In 2021, in line with Liberty Digital Way, **WEM** have launched the Right to Disconnect policy that support us to create a culture in which employees feel they can disconnect from work and work-related devices outside of their normal working hours and during your leave or holidays, and where employees' personal time is respected. The implementation of this Right to Disconnect Policy is a key step in creating and developing this culture. Employees, including those remote working arrangements, are reminded to switch off from work, monitor their working hours, take breaks away from

independent donations generally linked to support frontline associations or those that are helping groups particularly disadvantaged by the pandemic (See section 2.3 with more detail on donations) At WEM, through these initiatives, in addition to retaining and motivating workers, the aim is to increase their involvement, improve the overall efficiency of the company and at the same time bring value to society.

Other initiatives that LIEH Companies are setting in place are working hours flexibility, depending on the jurisdiction there are different possible schedules and possibility of adaptation in case of serious illness of one's own or of the spouse or unmarried partner, of first degree relatives of consanguinity or care of the children during the process of separating the employee, leave for the care of a child under the age of three as well as 40 hours per year of the employee's own medical visits or of accompanying first or second degree relatives.

Lastly, there are some other initiatives related to ergonomics, wellbeing and health that will be disclosed in the next section.

► 4.4 Employee Health and Wellness

One of the main concerns at Liberty Mutual is being there for people when they need it most. During this uncertain time, the health and well-being of their employees, customers, partners and the communities where they live, and work continue to be their primary concern during the global coronavirus (COVID-19) pandemic.

Liberty is committed to living its Value of putting people first by providing their employees the flexibility they need to balance their work, family, health, and well-being during this time. The Company continues to be thoughtful and flexible in all its decisions, guided by its own employees' sentiment, local risk, government guidance and other factors.

We are actively hiring, and the Liberty Mutual team will be conducting most candidate interviews virtually until further notice. Pursuant to Liberty Mutual policy and applicable law, US employees who work in a Liberty Mutual office; work outside of an office interacting in person with customers, clients, or vendors; or work outside of their home in a physical location where Liberty Mutual work is performed must, as a condition of employment, provide proof of full vaccination against COVID-19 or regularly provide a negative COVID-19 test result before reporting to work. Further, some Liberty Mutual employees may be required to be fully vaccinated against COVID-19 as a condition of employment based on the requirements of their role. All employees must also comply with all other applicable company policies, including masking and screening requirements. The health and well-being of our employees, candidates, customers, partners and the communities where we live, and work are our primary concern as the pandemic continues to evolve globally.

Employee Health and Safety management is carried out at a local level, based on specific policies, management systems, rules and procedures that guarantee compliance with current regulations. At **LIEH** we aspire to be a company where everyone feels included and that they belong to a company that values diversity, not only in our words but also in our actions, and that brings our Values to life every day.

This year, the International Day of Persons with Disabilities has been celebrated, and an Accessibility Committee has been created at **LMG** level, with a team of senior business leaders. This Committee will continue to guide decisions with the goal of improving workplace accessibility and inclusion at Liberty. We are also collaborating with Disability N, a non-profit organisation for disability inclusion in business, through this partnership we are learning new ways to help our employees around the world and create better products and services for our customers.

In **Spain**, the company has had an Employee Health and Safety Management System certified under OSHAS 18001 since 2013 at its main offices in Madrid, Bilbao and Barcelona.

In 2021, ISO 45001:2018 certification has been achieved. According to international standards in which the migration from OSHAS 18001:2007 to ISO 45001:2018 is specified.

In the case of **Ireland**, there is a specific health and safety policy, while in Brazil there is an occupational health standard.

In the case of **LMIE** there is a strong commitment to a safe and healthy workplace is outlined in several policies and has a dedicated section on the intranet. Ergonomic assessments are provided and a guide for employees to follow. A formal process for the reporting of injuries that occur in the workplace is in place and a comprehensive Employee Assistance Program explained below, as well as medical, accident, life and disability benefits insurances.

In **Brazil**, the Brazilian Law establishes Occupational Safety and Health Regulatory Norms which are mandatory. Liberty Companies based in Brazil fully observe the Law. It is worth mentioning the Occupational Health and Medical Control Program (PCMSO) specialized in Employee Health and Safety a technical nurse that evaluates the employees during the

work devices and ensure that they take annual leave for the purposes of rest and recreation, thus avoiding the risk of computer fatigue. Like WEM and following LMG principles LMIE implemented in 2021 a Right to disconnect policy, called LSM-Work-life balance.

Employees are also encouraged to schedule post-work leisure activities to create separation between the end of your workday and the beginning of your personal time.

Directors and Managers play a central role in the successful implementation of this Policy. Managers should respect their team members' right to disconnect and should demonstrate a clear commitment to the Policy through leadership and being active role models, being an example to be followed in complying with this policy.

The Company expects that as a rule employees will disconnect from their work devices, refrain from checking work emails or messages and be unavailable to take work-related phone calls or attend meetings outside of their normal working hours and during any periods of annual leave

As an international organisation operating on a global scale, we work across many time zones. As a result, there may be some employees receiving work emails, messages, meeting invites, calls, etc. at times outside of their normal working hours. This does not mean that the recipient needs to respond at the same time, unless agreed or where necessary for business or operational reasons which we consider to be the exception to normal practice.

Where an email is issued within one employee's working hours which is outside the recipient's working hours, the email should specifically state that an immediate response is not expected (unless business or operational needs require otherwise). Similarly, the recipient should understand that they will not be expected to respond until their working time recommences, unless a response is necessitated by legitimate business and operational reasons. The Company respects people's time and we expect our employees to respect each other's time. When arranging meetings, employees must consider who should attend and only invite those whose presence is required for reasons including, that they will play an active role in the meeting, have something to contribute, is required to perform their role, will benefit from attending as part of their training etc.

In **Brazil**, a message system has been established that informs employees and the direct manager about the hours worked during the working day when the maximum limit of overtime per day is about to be reached. They receive two messages: the first one, when the limit is about to reach 30 minutes, and the second one, 15 minutes later. External access is allowed only for authorized employees with management approval and authorization from the VPN system. In WEM there is a time control system (adapted to the needs and legislation of each country) to record the hours worked avoiding overtime.

- iv. **Improvement of Paternity and maternity leave:** most of the group enjoys more advantageous paternity and maternity leave than required by law. In Spain, it is allowed to work from 8:00 to 15:00 from the 30th week of pregnancy, the mandatory maternity leave lasts 16 weeks plus 15 days of paid breastfeeding leave, there is a reduction of working day for the care of a child under 13 years of age. In Ireland, there is a specific policy that formalizes and frames this type of leave, allowing up to 16 weeks of maternity leave in addition to the officially approved maternity leave.

In LMIE there is an Employee Assistance Program, family friendly policies covering various leave types to support working parents and through our D&I initiatives and learning programmes. Attached is our Learning catalogue which includes a range of training to support employee wellbeing, including additional support in response to Covid-19. Remote working is supported across the regions. Statutory country laws apply in terms of current parental, maternity, paternity etc. entitlements for pay and leave, we do not have separate policies. We have an interactive wellbeing toolkit which provides tips and techniques on the four aspects of human wellbeing: Mental, Physical, Emotional and Spiritual.

In Brazil companies it is considered that the family bond of father and mother with their child is essential for the health and well-being of the family, so Brazil companies join the Citizen Company Program (government program), which allows the extension of the maternity leave for another 60 days and paternity leave for another 15 days. This way the Maternity leave at Liberty Seguros can be extended from 120 to 180 days and paternity leave is granted for an additional 15 days, in addition to the 5 days already guaranteed by law.

- v. **Promotion of corporate volunteering:** in line with ESG Strategy, LIEH promotes and facilitates volunteering initiatives among its employees by giving part of their working time. At the group level, there is a volunteer week, called "Serve with Liberty". This year the global Serve with Liberty action was cancelled, so each market has made

hiring process and periodically according to the Law. Examinations are also done when the employee has health problems and when the work contract ends. Liberty Health Centre makes it easier for employees to access and follow up on some therapies, such as speech therapy, physiotherapy, nutritionist, family doctor, family nurse, etc.

In addition, there is an Internal Committee for Accident Prevention (CIPA) composed by employer's members appointed by the employer itself, and employees' members elected by the other employees by secret ballot. All CIPA's activities are coordinated by Safety Technician at Work.

Lastly, in Brazil companies there are an Environmental Risks Prevention Program (PPRA) to map the risks and guarantee the adequate physical work environment to the employees and an Ergonomic Program in which an ergonomics specialist is responsible for transmitting guidelines and information on various subjects related to the work environment, but also on daily living activities.

In Brazil there several initiatives around employee's health and wellness. Initiatives about ergonomic, voice, therapeutic relaxation practices, clarification and guidelines for gestation, delivery and postpartum for the pregnant woman and family which ultimately increase motivation and productivity on the part of mothers returning to work. Following you can find listed some of them:

- Labour Gymnastic: Online activities for all employees and their families. Company offers Labour Gym sessions transmitted via the Zoom platform twice a week. The classes last 10 minutes.
- EAP Program - Employee Assistance Program, as mentioned above. The Program offers confidential and specialized assistance for: stress, anxiety and/or depression and we have the coverage in the health plan the psychological and psychiatric for the employee and your dependents.
- The Program "Nossos Filhos" - "Our Children". Through the guidance of a specialized professional, themes are discussed for the parent's preparation for the baby's arrival and about care and tips for parent's with children up to two years old.
- Liberty Health Centre: We have the Liberty Health Centre, and we have the doctor and nurse family, and occupational nurse technician the employees and your family are monitored, especially at this time of the pandemic.
- Health Plan: - Offer telehealth by app and telephone, and virtual doctor's appointment and psychotherapy.

As well proved, the effort for the welfare of all employees is a priority for LIEH. For example, in the United Kingdom, France, Germany, Spain, Italy, Ireland, the Netherlands, Germany, Luxembourg, Switzerland, there are people specifically dedicated to mental health and first aid, there are specific programmes and benefits for employees, such as health insurance, and there is specific training in health and safety. In Brazil, talks and workshops are held on occupational health and safety, and a nutritionist is available free of charge to employees. Also, talks with nutritionists are now available in a virtual format.

In **WEM**, the Be WEM Wellness program focuses on emotional wellbeing, designed to help resolve personal difficulties and protect the most emotional aspects (unlimited psychological assistance, exclusive web portal with updated information to help improve wellbeing, wellbeing programs and personal advisor). As part of the welfare plan that is accessible to all employees, Liberty has always had different options for realised activities by professionals who have favoured many people to join in sports by caring for their well-being, in a global way, together with their peers.

As an example, every week, Liberty employees in Europe can participate in different weekly activities to care for their physical well-being with other colleagues in Portugal, Ireland, or Northern Ireland. Different thematic activities (fitness, core, yoga, Pilates, etc.) that are rotating, based on the employees' feedback, and can also be enjoyed flexibly by accessing class videos through the platform available to all employees. Classes that can even be transformed into summers with all-family gymnastics sessions in case we want to take care of ourselves with the little ones in the house. These sessions, previously held physically in our buildings, have now been transformed into virtual sessions with many more employees. We encourage people to activate through different challenges that sometimes have a dual goal of solidarity.

WEM have incorporated nutrition into our Welfare Programs, recognizing that it is a basic pillar in our health, both physical and emotional, as well as an ally in the time of preventing disease. In that sense, we have always had a nutritionist available to employees who, now, has become a virtual nutritional adviser available all year round to attend any consultation that people working at Liberty may have.

Moreover, the Prevention team has been key to anticipating and ensuring that we all work at home under the best

conditions as one of Liberty's principals' engagements with its employees. This was evident when, for example, all people working in Liberty were offered the first days they started teleworking €460 to employees to adjust their workspaces at home, ensuring that they met all the ergonomic criteria. Following this, the Health & Safety team has made an individualized assessment of each person to equip them with the necessary furniture to telework in optimal conditions. They are also the people who coordinate the medical services available to all employees throughout the year as well as the improved medical revisions offered to employees every year.

In WEM and LMIE there is a 7-year Employee Assistance Program that offers all employees and family members unlimited personalized psychological support 24/7 to help them cope with special situations from the hand of professionals. In addition, these specialists can also accompany our employees in different special programs with different objectives: help improve sleep, stop smoking, face stress, etc. The Employee Assistance Program is complemented by other professionals who offer personalized advice in legal or financial matters to help people solve any inquiries in this field, also favouring their emotional well-being in the end. Employee Assistance Programs are promoted throughout the year, not only through direct news or with specific access on the Liberty Welfare Platform, also through talks with Program specialists and special communications dedicated to Talent team, Managers or Employee Ambassadors. These ambassadors form a group of 140 people who represent their colleagues and who are key to advancing the Experience in Liberty.

We also rely on technology to facilitate the positive management of telework and, this, access through the Mequilibrium platform, another additional tool available to employees to support their emotional well-being. MeQuilibrium is an app and website that allows us to positively generate our emotions by helping us incorporate small routines that make it easier for us to pause at certain times of the day, incorporate healthy habits or practice meditation by helping us to regain calm and enhance our resilience based on a personalized program.

Although Liberty has bet on a teleworking model, the company still considers contact and ratio between employees to be key physically, something that it wants to favour in buildings. If offices have always made a special sense, from now on they will be much more so. As a result, these physical spaces are being renovated to multiply the collaborative spaces of learning or encounter between teams. In short, multiple stocks with which remains patents Liberty's commitment to emotional well-being that is experienced at all levels of the organization with real examples that allow these compromises to be implemented.

In general, **LIEH** outsources its health and safety management to external prevention services (in the case of Spain, however, it does have its own prevention service, with a medical service one day a week with a doctor and another with a nurse who work in the medical room available at each of the work centres). Therefore, at present, quantitative information on health and safety is not generally available. However, some countries do keep track of these health and safety metrics.

In 2021, in the **LIEH** group, there have been 1 accident¹³ suffered by a woman. The frequency and severity rates by gender are shown in the following table:

| 2021 ¹⁴ | | 2020 | |
|--------------------|------|-----------------|------|
| Frequency Index | | Frequency Index | |
| Women | 0,52 | Women | 2,50 |
| Men | 0 | Men | 0,85 |
| Severity Index | | Severity Index | |
| Women | 0,01 | Women | 0,26 |
| Men | 0 | Men | 0,01 |

Note: the indices have been calculated as follows:

- Frequency Index: Number of accidents * 106 / Number of scheduled hours per year.
- Severity Rate: Number of days lost * 103 / Number of scheduled hours per year.

¹³ Currently, most LIEH entities do not keep accident registers.

¹⁴ These results are not including LMIE. .

One occupational disease occurred in **LIEH** during 2021 suffered by a woman.

In general, the applicable collective agreements include aspects related to Health and Safety. The content of the collective agreements in this area includes everything related to policies on the prevention of occupational risks and aimed at improving working conditions.

In **WEM**, there are works committees in the work centres of Barcelona, Madrid and Bilbao in accordance with the law. The information regulated in art. 64 of the Workers' Statute is reported to the legal representation of the workers.

Through the Health and Safety committees, as bodies of collegiate participation, regular and periodic consultation is carried out on actions in risk prevention. There are topics discuss such as:

- Prevention Plans, Risk Assessments and technical-preventive action.
- General conditions of the work centres, Procedures, Safety Instructions, Specific preventive measures, Personal protection equipment.
- Emergency Plans and Drills.
- Health surveillance, medical examinations, protocols, epidemiological studies, and health campaigns.
- Training and information to workers in the field of Health and Safety.
- Investigation of accidents in the workplace, statistics.
- Welfare programmes, good practices for healthy companies.
- Specific actions for sensitive personnel, pregnant women, disabled people.
- Health and safety measures against COVID,
- Health and safety guidelines for teleworking.

In Spain, the collective agreement refers to the application of an occupational risk prevention policy, under which a health and safety committee has been set up. The agreement establishes an annual medical check-up for employees, a series of measures for the protection of maternity, and a clear prevention against harassment, whether moral, sexual or for reasons of sex.

► 4.5 Social Relations

For **LIEH**, the management of its talent begins by listening to the people who are part of the Group. This is achieved through different channels of relationship with them.

Likewise, **LIEH** has begun to apply analytical tools and customer experience through the eNPS methodology (Employee Net Promoter Score) to its employees which, since 2019, has gone from being measured quarterly to monthly. Now, managers have access to the Qualtrics tool to access their teams' results (both quantitative and qualitative) every month, and to analyse their evolution. The detailed information from the EOS allows the teams to build annual plans based on the results. The monthly eNPS results help the teams to assess whether they are on the right track or to adapt the plans.

In **WEM**, culture is based on putting people first and the focus of the Employee Experience especially encourages ratios among colleagues with various stocks during the year.

One clear example would be Recognition Program, which, beyond promoting the recognition of large projects, above all, favours ratios with partners by providing them with a platform to be in touch with them and to recognize the small things of the day to day and their continued support. Under this Program, employees have 3 recognition that they can share through a platform with other partners based on values. Thanks to this program, since its launch, Liberty's 2,000 employees in Europe share a mean of 900 monthly exams, which colleagues are eager to receive, and which are also public so that the rest of us can celebrate.

The celebrations are another important moment in WEM to encourage people to recognize, to continue to enhance ratios among colleagues and to enhance the culture of employee experience. That is why WEM celebrations are lived as special moments in which we all participate and that we always want to comment on our friends and family. It's where our special

way of making things reflects. And, beyond the many celebrations we do throughout the year, there are two important events for us in the calendar, our Welcome Summer and the Christmas Party. Events we have held during the pandemic being pioneers in celebrating virtually these holidays. And we've done it Liberty-style, designing it ourselves with the involvement of employees, creating experiences that have passed through the screens.

The Ambassadors' Program is also key to fostering ratios with people and social health among employees. Today, we have 140 people, representing all the teams of the company, who are developing this role.

As part of the empowerment of employees, they also have meetings with their managers and managers to support them in implementing the team's experience plans. In addition, WEM CEO and the Director of Talent also meet with them to share the things that matter to teams and make decisions with their feedback. This role is now key in this new teleworking context to maintain connections and communication with teams as well as company culture.

As part of their role, the Ambassadors are helping us create new experiences, we reviewed the programs with them, we improved them together.

In **LMIE**, companies utilise the Liberty Intranet, myConnections (internal social platform) and digital InTouch newsletter, to actively share information with employees across Europe in a timely manner providing, news stories, access to events, podcasts, training, policies and procedures. LMIE run a bi-annual all-employee event which is live across all our regions. Teams is used as a daily communication tool allowing our people to remain in constant contact with one another regardless of location, a useful feature of this software is the visibility it provides in knowing if an individual is online and available. We hold regular Town Hall meetings organised by function or region. Social Network events are held in person and/or via video conferencing, on a range of social matters, and include external speakers, LSM Executives and Business Heads.

In **Brazil**, there are different communication Channels: E-mail, Leadership Communication, CEO's Town Hall, Intranet, Newsletter, Internal Campaigns and CEO's breakfast with employees. The purpose of the channels is to communicate news, internal opportunities, rules, etc. The collective Union agreements are available in the Intranet's channel. In addition to the local relationship, there is a My connection link where employees of all operations can interact, as well as a social network. During the pandemic period we transformed all face-to-face meetings in a virtual meeting.

Furthermore, as an additional communication channel, at Liberty Mutual Group level there is a helpline to escalate possible violations of the Code of Ethics, and a Talent Support Centre (parallel to the support that may be given by the Talent departments at the company or geographic level) to make queries or raise possible problems that employees may have, on aspects such as flexibility and vacations, performance evaluation and management, compensation, disciplinary actions, alleged acts of harassment, discrimination or other employment policies.

In **LIEH**, worker representation is promoted as a resource to facilitate labour relations and continuously improve the conditions of its employees, being in 2021, 89% of the employees subject to agreement.

| Collective Agreement Coverage ¹⁵ | |
|---|------|
| 2021 | 2020 |
| 89% | 50% |

Please, note that more information about these figures is disclosed on the Annex 2 of this Report.

► 4.6 Training and development

LIEH, every year, makes sure to train and develop its professionals with a robust training plan that ensures the fulfilment of the professional strategy, betting also on the personal development and growth of its employees. As in the case of health and safety, training management is carried out at a local level, based on specific policies and procedures for each company or geography.

The different **LIEH** companies offer an extensive training catalogue to their employees, both online and in person, on interpersonal skills, technical and management aspects, so that their talent can be developed according to their specific

¹⁵ Please note that LIEH's perimeter has changed due to the restructuring. Therefore, the data for 2021 are not comparable with previous years.

needs (detected in their evaluation and development process). The training offered includes, depending on the country, help with onboarding, specific training for each job, language training, mentoring, coaching or training related to succession planning, among others. This year, platforms such as LinkedIn Learning have been added in all **LIEH** countries.

WEM have a global training plan that includes all the roles, collectives and locations of the company, and the mix a methodology with internal training and knowledge transfer, with the support of our partners that bring us the new practices of the market which programs that includes 6 areas: technical training, capacity, ofimatic, languages, compliance and Liberty programs.

In 2021 WEM have launched our open training offer as every year, together with a specific training linked with the strategy of the company and the expected behaviours. Also, aligned with the Liberty Digital Way, we launched trainings more linked with working in digital environments specific for managers and individual contributors

The development programs related with the Manager role; development plans, succession programs to key business positions, mentoring, support the areas with coaching and feedback methodology, leadership programs and diversity and inclusion programs.

In **LMIE**, there is an offer of an extensive range of leadership, management, behavioural and technical training options which includes Mentoring, Coaching, Succession Planning, Career Development, Leadership Development including even a Performance and appraisal Policy.

This initiative responds, on the one hand, to the request from employees to be able to choose part of the training for personal or professional growth, beyond what is needed for the job, thus enhancing with this initiative, in addition to development, also the employee's experience.

And on the other hand, the training offer also responds to the need to reinforce the Skills and Knowledge necessary for a common goal that is our new GROW2025 strategy for WEM, a common goal that will only be possible with the collaboration of all.

In addition to this training offer, it is available the self-consumption tools: LinkedIn Learning and Get Abstract to improve our knowledge, thanks to the partnership made from the GLLT (LM) team with LinkedIn Learning and GetAbstract to offer these tools to all LM employees and which are ideal complements to the other training and development formats, which we already have in place in WEM.

LinkedIn Learning provides access to more than 13,000 online courses taught by industry experts and grouped into small capsules, covering a wide range of technical and business management topics. GetAbstract consists of a tool that provides summaries of the best business books, articles, podcasts and video talks, and has an extensive catalog consisting of more than 20,000 text and audio summaries in areas such as leadership, finance and innovation. Each document is designed using GetAbstract's special template, tested to maximize knowledge retention. Thus, each summary includes a rating, a recommendation, the best images, a full summary, relevant quotes, an author biography and a link to the original source content. All of this is intended to be internalized in less than ten minutes.

Normally, access to LinkedIn Learning and getAbstract would only be available while logged into Liberty Mutual Network. However, due to COVID-19, this restriction was lifted to allow free access for all employees.

The goal of this initiative is to provide employees with access to tools to strengthen the skills needed for today and for the future. In this regard, these new tools will help our employees continue to grow by furthering their development and career at Liberty. They will also be of great help in identifying and building the skills to be pursued in development plans or in their own interests, opening up opportunities and contributing to a learning environment and a culture of innovation.

Total training hours in 2021 was 164,958 hours¹⁶. More information about these figures are disclosed on the Annex 2 of this Report.

LIEH's support for professional and personal development goes beyond the training programmed by the company itself, and therefore, with study support policies and examination guidelines for certain technical profiles - mainly actuarial, pricing and finance - and also with the Training Scholarship program.

In **Brazil**, regarding training there is a policy where the criteria and procedures for requesting internal and external trainings are defined and communicated to all employees. All employees are eligible to participate in the training programs. There

¹⁶ Please note that LMIE data is not available and therefore the aggregate data does not include any figure from LMIE.

are face-to-face, online, virtual training by skype, on the job. Every year the companies align the corporate training grid offered by Campus Group Liberty with the company's strategic plans, including onboarding for new employee and global programs. In this unusual year, we redesigned 100% of the content and offer in a virtual format.

It is worth mentioning Life Week which is one week of lectures and workshops about the theme with virtual participations for employees located outside of Home Office, as well as some other initiatives as:

- Development actions through participation in strategic projects, formal training, way we work's program etc.
- Campus Group Liberty - Facing a competitive market, a challenging scenario and increasingly demanding customers, through this need, the Companies connect all actions to the company's values: be open, keep it simple, make things better, put people first and act responsibly.
- DEI (Diversity Equity and Inclusion): Global Fundamental and Leading at Liberty training, created ERG and DEI council. In 2021 we had leadership trainings that addressed DEI (issues, including gender equity: Leading @ liberty training 1744 hours with 112 participants, and Global Fundamentals trainings 728 hours with 91 participants.
- And Security Trainings are also available.

► 4.7 Diversity and equal opportunities

LIEH is committed to developing high-performing leaders capable of creating inclusive environments and inspiring their teams. Committed to diversity and equal opportunity among its employees, and actively defends the equal treatment of all workers and the elimination of any type of discrimination, regardless of race, colour, ethnicity, culture, nationality, religion, sexual orientation/identity, family or marital status, gender, ability or age.

Putting people first is one of Liberty's core values, this is linked to our firm commitment to being a Diverse, Equitable and Inclusive company. Most LIEH entities are covered by a Diversity and Equal Opportunities policy of LMG

For Liberty Mutual, 2021 was a year of opportunity to further embed a DEI focus across our business and with our supply partners. Building on our multi-year DEI plan announced in 2020, we further expanded our understanding of the many dimensions of diversity and unveiled several internal initiatives to enhance inclusive leadership at Liberty Mutual. Advancing DEI is critical to the success of our business. It ensures that all employees feel that they belong, drives innovation, and helps position Liberty Mutual as an employer of choice.

In 2020, we announced a multi-year plan for advancing Diversity, Equity & Inclusion globally. The plan includes many actions regarding inclusion and equity and a commitment to increasing representation of women and people of colour in the US by setting goals for 2025. In the past year, we've seen progress across our representation goals — and growth across all the dimensions of diversity we are tracking.

When we released our 2025 representation goals, we also acknowledged that gender and race are not the only dimensions of diversity. People are multidimensional, and we're committed to gaining a better understanding of other facets of diversity — such as Veterans, LGBTQ+ and those with disabilities. That's why we launched our first ever self-ID campaign in the US in 2021, enabling employees to self-identify across these dimensions.

Making a meaningful impact across DEI involves all employees cultivating an environment of inclusion where everyone can be successful and feel they belong. In response to the Great Place to Work survey, we learned that 88% of employees globally say that they can be themselves at work and 84% of US employees feel like they belong at Liberty. To support this environment in 2021, we focused on:

- Launching an inclusive leader objective — At Liberty Mutual, we know our managers play a role in advancing our DEI goals. To drive accountability, every manager globally now has a mandatory annual performance goal to take action to strengthen their own Diversity, Equity & Inclusion skills and foster an inclusive and equitable workplace.
- Launching a new global DEI award — We launched a first-ever DEI award to recognize employees whose actions exemplify and advance DEI. We received more than 200 submissions and look forward to announcing winners.
- Expanding learning opportunities for employees and managers — We introduced a new e-learning series to supplement the existing Global Fundamentals training which focused on how Liberty defines DEI and how to disrupt unconscious bias. This program helps all employees build the foundational skills required for inclusive leadership, while also developing the ability to collaborate across cultural and personal differences. We also introduced a new Microaggressions eLearning.

- Supporting growth across our ERGs — Our ERGs grew consistently with more than 14,000 employees engaging in over 600 programs and events globally. The addition of our seventh ERG, Able@Liberty, is already making a difference in building awareness for people with disabilities, caregivers and family members.
- Enhancing talent acquisition practices — We amplified our Liberty recruitment initiative, which requires managers to consider a diverse slate of candidates when hiring and recommend that our interview panels include people of different backgrounds. A DEI digital marketing campaign was also launched to help attract more women and people of colour. This multi-channel approach leveraged sponsorships and programs, advertising and social media to increase brand consideration and talent attraction for open positions.
- Augmenting offerings for employee development and advancement — We created opportunities for employee development through executive sponsorship, mentorship and leadership programs that include opportunities for Latinx, Black, Asian and LGBTQ+ employees, women and employees with other dimensions of diversity.
- Establishing 13 DEI councils across our international markets — DEI councils were launched in every global market to provide the foundation for each market's DEI plan.
- Partnering to advance neurodiversity understanding — LSM focused on educating our community about neurodiversity by working with an external partner, Exceptional Individuals, to host seven informational lunch-and-learns which received high attendance. In 2022, LSM plans to hold focus groups to understand how we can support our people within the business and consider how we can improve our policies and processes to make LSM more inclusive.
- Hiring senior level DEI business advisors — We have aligned DEI business advisors, a new role, to each major line of business and corporate function at Liberty Mutual. They ensure decisions are considered through a DEI lens and that teams define measurable objectives to support their plans. The DEI advisors also act as advocates on DEI issues and concerns raised by employees within their business units.

Acting on our Diversity, Equity & Inclusion plans is one powerful way we build a high-performing and innovative workforce where people of all backgrounds can thrive in their careers, foster stronger relationships with colleagues and deliver a superior customer experience.

In **WEM**, a Diversity, Equity and Inclusion Council was created, a new body formed by the employees themselves in which the CEO is a member among the 20 people who compose it, which seeks to ensure diversity and equal opportunities for all employees by involving the entire organization. They are also promoting actions with which we are not only more connected and enjoy together, but through which we increase our awareness of unconscious biases, learn more about diversity and inclusion and eliminate barriers together to make Liberty an inclusive company taking advantage of our diversity.

On the other hand, training and the special involvement of the People Managers team have been other key levers for us. As an example, 100% of the Managers have received training in Diversity, Equity and Inclusion through the Global Fundamentals training, where specific aspects are trained to increase awareness of unconscious biases with actions to break them down by promoting equity and inclusion in the teams they lead. After these trainings, they participate in periodic sessions, with the rest of the managers, to continue sharing experiences related to this area and learning from them together. In addition, as part of the guarantee of its implementation, all managers have a specific DEI (Diversity, Equity and Inclusion) objective that is assessed as part of the Performance Evaluation Process on an annual basis, which is also part of the quarterly check-in conversations they have with their managers, a process that we support with specific training and guidelines.

In parallel, it has also been shared with the entire organization in the DEI Guidelines to share 9 common rules in our daily relationships as a way to ensure that it is part of our culture. Some of those examples are very simple things to do, such as giving space in our weekly team meetings to gather everyone's opinion without judgment; stepping back in our observations so that others can step forward and all voices are heard and valued; or practicing "and" instead of "but" in our conversations.

Disability is one of WEM priorities to work during 2021 and it will be for the coming years. We are working in different team groups to identify key actions to put in place in relation with disability. Right now, our practices include the recruitment of employees with disability, something that WEM does internally, with 12 employees in Spain, but also externally, with companies that provide special employment centres. As an example, WEM is adapting the webpage to people with disabilities or if the company has agreements with specific entities to allow integration of people with disabilities.

In **LMIE**, there is a Diversity and Inclusion Policy in place that encourage an Equal Employment Opportunity ethos. Both operations are also committed to being a non-discriminatory employer. In interviewing processes, LMIE ensures that employees and candidates are encouraged to advise us, if there are any reasonable adjustments that are required for disabilities. Whilst LMIE asks candidates to complete an equal opportunity form, it is not mandatory and would be considered personal sensitive data and therefore this information is retained separately from any application. For new employees LMIE also asks them to complete an equal opportunity form, it is not mandatory to declare however if reasonable adjustments are needed this is requested. Again, we would be considered this personal sensitive data, and this would be recorded on the employee file.

At LMIE diversity and inclusion is considered as integral to the achievement of our strategic goals. LMIE companies pretend to create a working environment that allows us to attract, recruit, develop and retain the very best people at all levels and to ensure that the unique perspectives of our employees are recognised and utilised an integral part of Talent Strategy. To strengthen our commitment to building a truly inclusive environment, we have established 7 employee-led Networks that each represent different dimensions of diversity and are intended to provide colleagues with a space to come together to connect, learn and engage.

In LMIE a selection of senior woman (across all legal entities) has attended woman specific development programmes over the last 2-3 years with more candidates planned to attend these programmes. During 2021 LMIE ran virtual Springboard sessions – our woman's development programme for individual contributors across all teams, aimed at growing a more gender diverse talent pipeline across LSML. The programme will be expanded to other legal entities in 2022 (subject to local Covid restrictions). In addition, adhere where required to any local country legal or regulatory requirements, for example published gender pay gap reporting in the UK.

In **Brazil**, all companies are addressing DEI matters. However due to the size of Liberty Seguros Brazil we are going to focus on the initiatives lead by this company. Under the Brazilian Laws, Liberty Seguros has to guarantee access into its headcount at least 5% of employees with handicap. The company invests to prepare and hire people with disability and also provides trainings to develop them. The resources, softwares, hardwares and furniture are adapted to the handicap needs.

In 2021 Liberty Seguros launched ERG Able in Brazil, as part of DEI (Diversity, Equal and Inclusion), we have also launched our institutional website with "Deaf Translator" in order to provide accessibility to our customers, business partners and employees. In order to bring more democratic opportunities, all the vacancies in Liberty group allow the application of people with disabilities, without any restrictions. In addition, throughout 2022, there will be actions focused on accessibility and improvements.

At Liberty Seguros, we treat all employees with equal conditions. Our drive for hiring is based on our values, core capabilities and technical skills. As stated in the previous section, Liberty Seguros provide training for all leaders about moral, sexual harassment and Diversity Equity Inclusion.

Also, in 2021, we launched the Gender Equity ERG (Mulheres Seguras) addressing issues related to the importance of equity as: Health and well-being actions, female leadership, entrepreneurship, hire a mother program.

During 2021 at **LIEH** there were 78 employees¹⁷ with some type of disability on staff. According to the legislation of each country, and in some cases going further, the offices are adapted to facilitate access to people with disabilities and their work in them.

In Brazil, Liberty invests in preparing and hiring people with disabilities and also provides training to enable them to develop. Resources, software, hardware and furniture are adapted to the needs of the person/handicap. Some of the adaptations for people with disabilities carried out in Brazil include:

- There is a special system for visually impaired employees.
- Accessible bathrooms
- Access ramp
- Wheelchair Accessibility of Buildings (Matrix Building)
- Elevator with accessibility (voice message)

¹⁷ This figure does not include LMIE data.

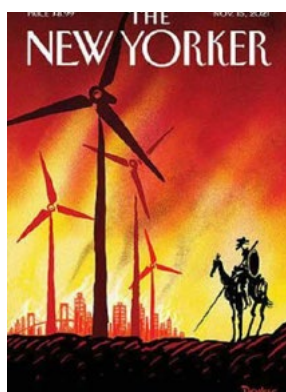
- Touch floor
- Parking for the disabled

With regard to the promotion of non-discrimination on the basis of gender and the encouragement of female talent, specific initiatives are carried out at the level of society.

In Brazil, training is provided to all leaders in Diversity and Inclusion and there is a local and global hotline for employees to report any incidents.

5. Enviroment

► 5.1 Climate Change: a sectorial challenge



Climate change is one of the greatest challenges facing humanity, and the insurance sector is well aware of it.

Climate change is an overarching global threat. It affects human, societal, environmental and economic systems through rising temperatures, rising sea levels, and an increasing frequency and severity of natural catastrophes and extreme weather-related events. Climate change, as well as the global response to the threats posed by climate change (e.g., the reduction of greenhouse gas (GHG) emissions and adaptation programmes), may have wide-ranging impacts on the structure and functioning of the global economy and financial system.

As such, climate change is a source of financial risk. It may have an impact on the resilience of individual financial institutions, including insurers, as well as on financial stability through physical risks and transition risks. Physical risk refers to increased damage and losses from physical phenomena associated with climate-related trends (e.g., changing weather patterns or rising sea levels) and events (e.g., natural disasters or extreme weather). Transition risk refers to disruptions and shifts associated with the transition to a low carbon economy, which may affect the value of assets or the costs of doing business.

The insurance industry bears the impact of climate change first-hand, as extreme weather events affect policyholders in many parts of the world. Through our stakeholder materiality assessment, our stakeholders - from employees to investors - made it clear that they also care about climate change and expect **Liberty** to take a strong role in accelerating the transition to the low-carbon economy. We are committed to serving as a force for progress in the fight against climate change and recognise that climate adaptation is critical to the success of our business and our policyholders.

Despite the increasing attention of the insurance sector (including policymakers and supervisors) to the financial risks posed by climate change, to date there is still little evidence on the magnitude of these risks - in particular at a cross-jurisdictional level. In terms of new regulation, the Taxonomy Regulation was published in the Official Journal of the European Union on 22 June 2020 and entered into force on 12 July 2020. It establishes the basis for the EU taxonomy by setting out overarching conditions that an economic activity has to meet in order to qualify as environmentally sustainable.

The Taxonomy Regulation establishes six environmental objectives:

1. Climate change mitigation
2. Climate change adaptation
3. The sustainable use and protection of water and marine resources
4. The transition to a circular economy
5. Pollution prevention and control
6. The protection and restoration of biodiversity and ecosystems

Under the Taxonomy Regulation, the Commission had to come up with the actual list of environmentally sustainable activities by defining technical screening criteria for each environmental objective through delegated acts.

On July 6th 2021, the Delegated Act supplementing Article 8 of the Taxonomy Regulation was adopted by the Commission for scrutiny by the legislators. This delegated act specifies the content, methodology and presentation of information to be disclosed by financial and non-financial undertakings concerning the proportion of environmentally sustainable economic activities in their business, investments or lending activities. This first set of information about Taxonomy disclosures will be reported in Section 5.3 of this Report

Regarding Law 7/2021 on climate change and energy transition, the purpose of this law is 1) to ensure compliance by Spain with the objectives of the Paris Agreement, 2) facilitate the decarbonisation of the Spanish economy, its transition to a circular model, so as to guarantee the rational and supportive use of resources, and 3) promoting adaptation to the impacts of climate change and the implementation of a sustainable development model that generates decent employment and contributes to the reduction of inequalities. This law notably ends new licensing for the exploration and extraction of oil and gas in the country.

LIEH belongs to the service sector and given its activity, does not generate a major impact on the environment. Furthermore, no significant environmental aspects have been detected in the materiality analysis. Nevertheless, it is a concern of the Group and measures are taken to reduce the main environmental impacts, thus applying the precautionary principle.

As for environmental certifications, LIEH does not have any environmental certification.

► 5.2 Sustainable use of resources

Liberty Mutual is promoting climate resilience and supporting a global energy transition, while putting people first: our customers and policyholders, our employees, our investors and our communities. We recognise that the energy transition is a journey. We have made this transition a business priority and are making steady progress. We will continue to engage and work with partners and stakeholders to find effective ways to address climate risks and opportunities across our global businesses and operations in the dynamic energy transition landscape.

LMG Commitment to a Responsible Transition

Liberty Mutual is committed to a responsible energy transition – decreasing our exposure to fossil fuels over time, while repositioning our portfolio and increasing our exposure to and investment in more sustainable alternatives. Addressing climate change, promoting an equitable transition to a low-carbon future and innovating to enhance cybersecurity are main priorities.

LMG approach to climate change

Liberty Mutual approach to climate starts at the Board of Directors and extends throughout the organisation, including every line of business. This year, a company-wide Climate Council was created at LMG to ensure that climate-related risks and opportunities are fully integrated into strategy, financial planning, underwriting and investment decisions and product development.

Liberty Mutual Corporate climate strategy¹⁸ is comprised of four strategic elements:

1. Understanding the impacts that climate change is having on our customers, employees, and society
2. Adapting our business and operations to meet the challenges posed by climate change
3. Developing innovative solutions to help our customers meet the challenges posed by climate change and supporting customers on their own transition journey
4. Making investments that support a transition to a low-carbon economy

Liberty Mutual continues to do extensive work evaluating available climate data sources and modelling as part of our efforts to thoughtfully incorporate climate change into our risk management. We have also partnered with peers, cross-industry experts, federal and state government partners and leading academic institutions to better understand the needs of our time.

¹⁸ This strategy entered into force in 2021.

Liberty Mutual Footprint

Innovating and accelerating our own work to reduce Liberty Mutual's operational footprint is ongoing. As LMG further evaluate in-office return to work, LMG is taking into consideration how to reduce travel and associated emissions as well as the impacts of our overall operational footprint.

Through 2022 it is expected to have a list of local strategies to reduce energy consumption.

LIEH jurisdiction initiatives'

Specifically, in each LIEH jurisdiction is worth mentioning their own climate change related initiatives:

In **Brazil**, within the Liberty More Sustainable Plan, in line with the 17 goals of United Nations, initiatives such as the eco-efficiency actions at the head office in São Paulo (i.e., automatic faucets, eWelink for lighting fixtures, OXYN G5 system, water storage, selective collection, among others) and, the digitization of processes, which contributes to saving paper and renewable energy had been put into practice. Also, there are some initiatives that are directly linked to environmental management:

In Brazil, the "Liberty More Sustainable Plan" was defined in 2019 considering the UN Sustainability Development Goals established in 2015. It is based on 10 themes that will contribute to the sustainable growth of the company and the business by 2030. In 2020, announced its new sustainability initiative, focused on offsetting greenhouse gas (GHG) emissions emitted by cranes in 2019 and expands the Plan's actions. In one year of work we implemented 20 eco-efficiency actions, such as: automatic faucets; intelligent system for paper printers; automation system aimed at saving energy; Vertical Garden; water storage tank.

- Sustainable Products: Brazil companies continue to review their current product portfolio considering ESGs criteria and we established guidelines for creating new products.
- Environmental and waste management: Brazil companies continue the offset the carbon footprint issued by their towing operation. In 2021, Brazil identified that they needed to offset more than 16,000 tons of CO2 through carbon credits and that will be done in 2022.

Brazil has also invested each day more on initiatives aiming the society through its Sustainability Plan: For three years, Liberty Seguros has reinforced its commitment to the environment and the community, through Liberty Mais Sustentável 2023 - the company's sustainability plan in line with the 17 goals of the UN (United Nations).

In terms of emissions from operations, Brazil companies continue the offset the carbon footprint issued by our towing operation. Also, Brazil initiatives: self-service pre-inspection and claims appraisal by image prevented the release of CO2 from 14 million kilometers' worth of driving for in-person calls.

In 2021, **LMIE** hired a Head of Responsible Business (reporting into LSM's General Counsel, the Executive sponsor of Responsible Business) to oversee all aspects of responsible business, ESG and sustainability. In terms of environmental management, he works closely with colleagues in operations and facilities to manage LMIE impact and improve the performance.

Over 2021, LSM has been developing ESG training material to be delivered in the first half of 2022. LSM hosted a climate change education event in June 2021 which was attended by staff from across the globe. The event was also recorded, and the broadcast provided to those who could not attend, and it was held in partnership with the British Antarctic Survey and Volans.

LMIE acknowledges the important role of biodiversity, especially oceanic biodiversity, in helping to both combat the global temperature increases as well as offset some of the physical impacts of climate change. For this reason, LSM embarked on a company-wide partnership with Ocean Bottles - reusable and fully recyclable bottles, made from stainless steel and recycled ocean-bound plastic. During the course of this partnership staff were encouraged to submit videos of themselves passing bottles on camera in an aim to break a Guinness World Record and were subsequently provided with a free Ocean Bottles bottle. Each bottle funds the collection of 11.4 kgs of ocean-bound plastic, and in total the bottles purchased by LSM funded the collection of over 11,000 kgs of ocean plastic, the equivalent of one million plastic bottles.

LMIE also engage externally on ESG/environmental topics, predominantly related to climate change.

In addition, LMIE has a Responsible Business Policy that covers environmental impact focused on creating and implementing a climate change approach that thoughtfully addresses both the risks and opportunities presented by

climate change, while supporting our customers, investors and employees in their efforts to advance and adapt to a low-carbon future.

In terms of emissions from operations, one foundational component of LMIE's sustainability program is the measurement of our annual global carbon footprint. This process began in 2020 with the collection of fuel consumption data and utility invoices as an on-going monthly activity. We have focused on a number of initiatives aimed at reducing our operational impact on the environment, other than those focused on supporting a low-carbon economy through our underwriting and investments.

While working toward a lower-carbon economy through our underwriting and investments, we are also working to reduce our own operational impacts.

A number of business-as-usual measures help us manage our footprint and emissions:

- Office lease (re)location selection considers relevant building standards and efficiency rating (e.g., BREEAM, LEED, Energy Star, or other relevant local certifications or markers).
- LMIE companies follow a smart working strategy, which considers office growth/contraction and enables us to reasonably reduce the number of desks available and subsequent power use (e.g., through hotdesking/shared desks), thereby improving energy efficiency per head.
- Since 2014, we have implemented a number of energy-efficient measures in our office fit-outs where practical. These may include: installing energy-efficient (e.g., LED) lighting, sensor-controlled lighting, and cooling (limited air conditioning and light-blocking blinds)
- Where possible, LMIE companies seek to adjust the timing of the operation of heating, ventilation and air conditioning system in line with evening, weekend, and public holiday use of offices. This has been crucial during times of mandated homeworking due to Covid19.
- All company cars throughout Europe are to be fully electric or hybrid drive. We are supporting this move with the installation of charging points in relevant offices.

In **WEM**, 2021 was the starting point in our journey in sustainability, building our environmental approach. Over 2021, WEM developed ESG workshops with the Executive Team and working closely with the Sustainability Office to start building a Sustainability Plan for WEM, aligned with the overall LMG Strategy but also with the UN Sustainability Development Goals.

Although 2021 was a starting point, we were able to leverage some initiatives worth mentioning:

- The Liberty Digital Way initiative, launched in 2020 but that continued through 2021, contributed significantly to reducing facilities footprint, as 2000 employees shifted to work-from-home.
- During 2021 we have digitalized 80% of our communications in WEM, moving to a paper-less model which has generated significant savings of paper.
- Also, WEM new working model built along with employees as a flexible, efficient, and sustainable system has also been key in reducing our carbon footprint by elimination long distance travel, daily commuting and reducing the energy consumption necessary for the maintenance of buildings. This will trigger a significant reduction in energy consumption in 2022 versus 2019 baseline.
- As part of our commitment to reducing facilities footprint, WEM established a working group, that in 2021 was responsible for collecting and documenting energy consumption. The output of the work from this group will be a list of local strategies to reduce energy consumption and contribute to Liberty Mutual commitments to global emissions reduction.

LIEH's activity does not generate a significant direct environmental impact, as it is concentrated in offices located in urban areas. The materiality analysis carried out concludes that aspects related to waste and materials management, biodiversity and water catchment sources around its facilities are not material for the organisation, nor are the noise and light pollution that its facilities may generate, or emissions of ozone-depleting substances (ODS), nitrogen oxides (NOX), sulphur oxides (SOX) and other emissions¹⁹.

¹⁹ Due to the low environmental impact of the activity, LIEH has no provisions or guarantees for environmental incidents.

The consumption and significant elements of the carbon footprint for 2021 are detailed below, although they are not comparable to 2020 as LIEH has been restructured.

For the sake of clarity, the information follows the GHG Protocol Corporate Standard classifies a company's GHG emissions into three 'scopes':

- Scope 1 emissions are direct emissions from owned or controlled sources.
- Scope 2 emissions are indirect emissions from the generation of purchased energy.
- Scope 3 emissions are all indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions.

Please, bear in mind that when referring to "decreasing emissions", LIEH and LMG only refers to Scope 1 and 2.

During 2021, Scope 3 emissions have been included in the report.

| Significant consumptions ²⁰ Of the Carbon Footprint | 2021 | | 2020 | |
|---|---------------|--------------------|---------------|--------------------|
| | Consumption | Emissions (MTCO2e) | Consumption | Emissions (MTCO2e) |
| Consumption Scope 1 (MWh) | 2,937 | 559 | 23,532 | 4,792 |
| Electric Consumption Scope 2 (MWh) | 9,569 | 1,731 | 16,109 | 5,963 |
| Scope 3 | 1,578* | 5,343 | - | - |
| Total | 14,084 | 7,633 | 39,641 | 10,755 |

Note:

- During 2021, Scope 3 emissions have been included.
- The data provided follows a location-based method that reflects the average emissions intensity of grids on which energy consumption occurs using mostly grid-average emission factor data.
- (*) Scope 3 has been calculated with the data available for countries only considering Spain and Portugal.

► 5.3 Taxonomy report

Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020, (hereinafter "the Taxonomy Regulation")²¹ aims to allow investors and key stakeholders to know whether an economic activity is environmentally sustainable by setting common EU-wide criteria.

The Article 8 of the Taxonomy Regulation requires insurance and reinsurance undertakings subject to the Non-Financial Reporting Directive (hereinafter "NFRD")²² to disclose in its non-financial statement or consolidated non-financial statement information on how and to what extent the undertaking's activities are associated with economic activities that qualify as environmentally sustainable.

The Taxonomy Regulation qualifies an activity as environmentally sustainable when an activity contributes substantially to one or more of the 6 environmental objectives defined by the regulation. To date, the Taxonomy Regulation has developed 2 of the 6 environmental objectives (climate change mitigation and climate change adaptation) under the Delegated Regulation (EU) 2021/2139 of 4 June 2021²³, which has established the technical screening criteria for determining the

²⁰ The calculation has been carried out by the matrix, with a more reliable and robust methodology, with documented processes and external and internal verifications. LIEH has adopted this new model as it is more accurate and all LIEH entities have been included in the calculation. During 2020 there is no record of renewable energy consumption at LIEH.

²¹ Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial sector.

²² NFRD refers to the Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU regarding the disclosure of non-financial and diversity information by certain large companies and certain groups.

²³ Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives.

conditions under which an economic activity qualifies as contributing substantially to these two environmental objectives. The criteria for the rest of the environmental objectives remain to be defined.

The specific disclosure requirements have been established in the Delegated Regulation (EU) 2021/2178 of 6 July 2021²⁴, that from 1st January 2022 until 31 December 2022, requires insurance and reinsurance undertakings to disclose the exposure of their total assets to Taxonomy non-eligible and Taxonomy-eligible economic activities, as well as the proportion of Taxonomy-eligible and Taxonomy non-eligible non-life insurance economic activities, among other ratios. For this purpose, eligibility is not an indicator of the environmental performance or sustainability of an activity. Eligibility only indicates that they are activities included within the Taxonomy Regulation and that they have the potential to contribute to the defined environmental objectives of climate change mitigation or climate change adaptation.

From 1 January 2024, the Taxonomy Regulation will require financial undertakings to disclosure Taxonomy-alignment, as an indicator of activities that contribute substantially to the environmental objectives of the Taxonomy, if at the same time they do not significantly harm any of the environmental objectives, are carried out in compliance with the minimum safeguards and comply with technical screening criteria that have been established by the Commission.

On this basis, Liberty International European Holdings, as a parent company of the group of insurances undertakings, includes in its consolidated non-financial statement, information on the exposure of its investments and activities to taxonomy-eligible activities.

KPI related to investments

The key performance indicators related to investments of insurance and reinsurance undertakings represents the proportion of investments that are directed at funding, or are associated with Taxonomy-eligible economic activities:

| As of December 31, 2021 | Proportion (%) | Description |
|--|----------------|--|
| A. Percentage (%) of total assets exposed to Central Governments, Central Banks, Supranational Issuers | 16% | Exposures to Central Governments, Central Banks and Supranational Issuers, divided by "total assets on the balance sheet"1 |
| B. Percentage (%) of assets covered by the KPI relative to total investments, excluding investments in sovereign entities. | 84% | Exposures to "total assets covered"2 by the Taxonomy divided by "total assets on the balance sheet"1 |
| Total Assets (A+B) | 100% | |
| i. Proportion (%) of investments directed at funding or associated with Taxonomy-eligible economic activities | 4% | Investments in financial and non-financial undertakings subject to the NFRD3 and other assets exposed to economic activities included as eligible in the Taxonomy Regulation, divided by "total assets covered by the KPI"2 |
| ii. Proportion (%) of investments directed at funding or associated with Taxonomy non-eligible economic activities | 66% | Investments in financial and non-financial undertakings subject to the NFRD and other assets exposed to economic activities not included as eligible in the Taxonomy Regulation, divided by "total assets covered by the KPI"2 |
| iii. Proportion (%) of exposures to financial and non-financial undertakings not subject to publish non-financial information | 30% | Exposures to financial and non-financial undertakings not subject to the NFRD, divided by "total assets covered by the KPI"2 |
| iv. Proportion (%) of exposures to derivatives | - | Exposures to derivatives relative to "total assets covered by the KPI"2 |

²⁴ Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation.

| Total Assets Covered (i+ii+iii+iv) | 100% | |
|--|------|--|
| <p>(1): "Total Assets on the Balance Sheet" is the total amount of consolidated assets of Liberty International European Holdings.</p> <p>(2): "Total assets covered" includes the total amount of Assets on the balance sheet excluding exposure to: Central Governments, Central Banks and Supranational Issuers.</p> <p>(3): Liberty group has considered undertakings subject to NFRD those undertakings from the European Union with more than 500 employees that meets at least one of the following criteria: (1) Net revenue > 2.000 million euros and >4.000 employees in the last financial year; (2) listed companies, credit institutions, or insurance companies.</p> <p>The analysis has been carried out based on information published by the counterparties and databases to which LIEH has access.</p> | | |

The taxonomy eligibility ratio of LIEH's assets comprises the investments aimed at funding or associated with the activities listed in Annexes I and II of Commission Delegated Regulation (EU) 2021/2139.

For the calculation of investment eligibility, under Article 8 (4) of the Commission Delegated Regulation (EU) 2021/2178, financial undertakings should use the most recent available information, disclosed by the investees. As undertakings within the European Union subject to report non-financial information under the NFRD are required to publish the eligibility of their investments from 2022, their eligibility information for 2021 is not publicly available at the date of preparation of this report. On this account, an estimate of their eligibility has been carried out based on the NACE codes associated with the activity of the counterparty.

LIEH has gathered the information on the exposures of assets from its own information systems, public information disclosed by counterparties and databases that LIEH has access to. Most of the exposure to activities categorised as eligible according to the Taxonomy corresponds to investments in private debt and assets held for index-linked and unit-linked contracts.

Furthermore, for the time being, the Taxonomy Regulation does not contemplate the investments in undertakings not subject to the Non-Financial Reporting Directive. Therefore, exposures to companies within the European Union not subject to the NFRD and exposures to companies from a country outside the European Union are excluded from the eligibility ratio set out above. However, it is important to highlight that LIEH group has a strong exposure to these entities, as they represent 30% of the total assets covered by the eligibility KPI, of which 84% are entities outside the European Union and 16% entities not subject to NFRD within the European Union.

Considering exposure to non-NFRD counterparties and the nature of their activity according to the NACE codes, the eligibility ratio would amount to 11% of the total assets covered.

KPI relacionados con las actividades de aseguramiento

Los indicadores clave de rendimiento relacionados con las actividades de suscripción representan la proporción de las actividades de seguro y reaseguro no de vida elegibles:

| As of December 31, 2021 | In % | Description |
|---|------|--|
| Proportion (%) of gross premiums written of Taxonomy-eligible economic activities | 33% | Gross premiums written for non-life insurance and reinsurance included as eligible in 10.1 and 10.2 of Annex II, with coverage of climate perils indicated in the Appendix A to Annex II, Commission Delegated Regulation (EU) 2021/2139 divided by the "total gross premiums written for non-life insurance and reinsurance" ¹ |
| Proportion (%) of gross premiums written of Taxonomy non-eligible economic activities | 67% | Gross premiums written for non-life insurance and reinsurance either not included as eligible in the 10.1 and 10.2 of Annex II, or without coverage of climate perils indicated in the Delegated Regulation Annex II, Appendix A, Commission Delegated Regulation (EU) 2021/2139 divided by the "total gross premiums written for non-life insurance and reinsurance" ¹ |

(1): "Total gross premiums written for non-life insurance and reinsurance" includes gross premiums written on all non-life products of Liberty International European Holdings. It does not include gross premiums written related to life insurance and reinsurance products.

The eligibility ratio of LIEH's activities has been calculated on the consolidated gross premiums written for non-life insurance and reinsurance of Liberty International European Holdings, S.L.U. as of December 31, 2021.

The non-life insurance and reinsurance lines of business that might be eligible under the Taxonomy Regulation are indicated in paragraphs 10.1 and 10.2 of Annex II to Delegated Regulation:

- A) Medical expense insurance
- B) Income protection insurance
- C) Workers' compensation insurance
- D) Motor vehicle liability insurance
- E) Other motor insurance
- F) Marine, aviation and transport insurance
- G) Fire and other damage to property insurance
- H) Assistance insurance

LIEH has conducted an analysis of its entire non-life portfolio within the lines of business presented above. LIEH has analysed the coverage of climate related perils set out in Appendix A of Annex I of the referred regulation, related to temperature, water, wind or solid mass. Therefore, LIEH has defined as eligible all lines of business that contain explicit terms on the policy regarding the coverage of, at least, one of the climate related perils.

Due to the limitations of extracting the part of the premium allocated to the coverage of climate related hazards, LIEH has considered the total gross premium written of the product in the eligibility ratio.

Based on this assessment, 33% of LIEH's non-life insurance and reinsurance products are eligible under the Taxonomy. The most material eligible lines of business for LIEH are "other motor vehicle insurance" and "fire and other property damage insurance". In addition to the explicit coverage of climate related hazards, there are lines of business in Spain that include explicit coverage of extraordinary risks by the Consorcio de Compensación de Seguros.

Strategy

As part of Liberty Mutual Group, LIEH and all controlled entities are aligned with Liberty Mutual strategy on Environmental, Social and Governance (ESG). Liberty Mutual's core belief is that progress happens when people feel secure. That belief is underpinned by the conviction that insurance is a socially responsible product, delivering security to people and businesses. Our commitment to social good, making environmentally conscious decisions and upholding the highest standards in corporate governance has been a part of who we are for over 100 years.

At Liberty group issues such as employee engagement, responsible business practices and climate change are considered not only deeply connected to the organizational purpose, but also critically relevant to the success of the business and a greater focus on ESG efforts is one of the critical priorities to enable the future success.

Liberty Mutual approach to climate starts at the Board of Directors and extends throughout the organisation, including every line of business. This year, a company-wide Climate Council was created at Liberty Mutual Group to ensure that climate-related risks and opportunities are fully integrated into strategy, financial planning, underwriting and investment decisions and product development.

Investment

Liberty Mutual group's ESG strategy is cascaded to all entities in the group, including LIEH and all controlled entities across LIEH.

Liberty Mutual group's ESG strategy is grounded in the belief that holistic integration of material ESG factors into the investment process can enhance Liberty Mutual Investment's (LMI's) ability to meet Liberty Mutual's long-term investment objectives. At the centre of the LMI ESG strategy is the LMI ESG Framework, which outlines how LMI considers material ESG factors as part of its investment process and day-to-day operations.

ESG assessment matters to Liberty Mutual Investments (LMI) because ESG performance is often a reflection of broader business practices and can provide valuable insights for strategic investors who take advantage of this information. By making more information available to LMI professionals in their daily investment decision-making, ESG research and analysis provides an opportunity to get smarter and refine our investment insights.

As part of our overall investment research and analysis, we use ESG materiality to identify key ESG factors by industry for proposed investments, informed by Sustainability Accounting Standards Board (SASB) materiality guidelines.

Along with these core ESG integration principles and Liberty's growing commitment to ESG, we developed the LMI ESG Framework in 2020 to drive overall ESG integration across the LMI portfolio.

Underwriting

Liberty Mutual group's ESG strategy underwriting strategy, for both commercial and consumer insurances, focuses on key considerations to maintain a sustainable underwriting portfolio. This thoughtful, journey-based approach includes:

- Identifying new and evolving ESG risks – including climate-related risks
- Embedding ESG considerations into our process and decisions and developing methods to measure our progress
- Empowering policyholders, brokers, and underwriters to advance ESG and energy transition journeys through partnership and collaboration
- Building even more solutions and innovative product offerings

It is more important than ever that we leverage responsible and accountable internal risk management that aligns with our ESG priorities to inform business decision-making.

In 2021, we enriched our research and understanding of flood and wildfire risk through our partnerships with leading academic institutions. This culminated in a progressive approach to flood risk modelling that brings more consistency to rapidly changing climate peril – and an updated wildfire framework, that will help us better support customers going forward. We are also working with leading global risk and engineering advisors to further our expertise in the identification, assessment and treatment of risks arising from emerging renewable technologies, such as offshore wind.

Like other insurers, Liberty Mutual relies on catastrophe models to evaluate severe weather-related risks. While current industry catastrophe models are a critical part of managing emerging climate-related risks, they are insufficient alone for managing forward-looking risks associated with climate change. We are working on cross-industry collaboration to improve and refine ESG data and risk management for the insurance industry and beyond.

Concerning the use of modelling techniques that adequately reflect the risks of climate change, in WEM during 2021 the Pricing Team (in collaboration with GRM) has been working on new catastrophe models for household in Spain. For this purpose, different external databases have been used, finally using 14 variables that best predict climate risk. These models will be updated periodically to ensure that they adequately consider changes in climate impact.

These models are already starting to be applied in the renewal of household portfolios as of June of 2022.

In Ireland there are already models based on external data built in 2017. In particular, variables are used to model flood and landslide risks.

In Portugal, risk models were built in 2017 and are planned to be revised in 2023.

6. Society

► 6.1 Commitment to sustainable development

LIEH is committed to the development of local communities and society around its activities. This commitment is materialized in different projects aimed at contributing to their progress, promoting programs both through the participation of its employees in various initiatives and at a corporate level.

Within the first group, **"Serve with Liberty"** stands out as the largest corporate volunteering initiative, promoted by the Liberty Mutual Group, in which employees from all countries participate in projects with different entities²⁵. This initiative could not be carried out in 2020 due to the situation created by the pandemic, however, the 772 non-profit organizations registered to participate received 1,000 dollars each and in each of the entities have continued with the work of donating and helping the community.

Likewise, as a company, **LIEH** seeks to generate a positive impact on society, carrying out actions related to its business or that respond to the concerns of its customers and other stakeholders, collaborating with other agents to achieve this positive impact. Through its Corporate Social Responsibility Policy (CSR), each country integrates this commitment based on different aspects.

In the different entities of **LIEH** we have been socially committed for many years, working on different projects such as our corporate volunteer program Serve with Liberty, the Liberty Race, #SeSalen or Liberty Seguros Team of Paralympic Athletics Promises.

We know what a company can do to help, and now more than ever, as a socially responsible company, Liberty needs to try to support the people who are helping to stop this crisis, so a series of donations to NGOs were made that are protecting people from Covid 19 in the countries where we operate²⁶.

LIEH develops initiatives, especially related to the following areas:

Training: Educational inequalities remain a crucial issue, and school closures resulting from COVID-19 have caused significant setbacks, especially for students with fewer resources. In 2020 LIEH supported non-profit organizations working to close the education gap as they took on new ways to learn. There are several collaboration agreements of LIEH with Universities and Training Centres to give training and employability opportunities to young people with few resources.

Integration of people with disabilities: **LIEH** maintains a great commitment to sport and the integration of people with disabilities.

In **Spain**, there is a social commitment defined in the "Libro Blanco" since 2006, linked to our activity and based on 3 pillars: road safety, environment and disability. This commitment is directly associated with our business.

Since 2007, WEM has supported the ADOP plan (Apoyo al Deporte Objetivo Paralímpico) and are sponsors of the Spanish Paralympic Committee (CPE). And since 2013 and in collaboration with the CPE, we support the Liberty Seguros Team of Young Athletics Promises, formed by young athletes who have not yet accessed the ADOP Plan, but who in the future will represent us in the Paralympic Games. WEM also held for the first time our Liberty Race, which in 2020 celebrated its XIII Edition (in virtual format). One euro from each entry in the Liberty Race is donated in its entirety to the Young Athletics Promises Team, so that the athletes can train and compete, both nationally and internationally, and thus acquire the necessary experience so that one day they can represent us in a Paralympic Games, World Championships or European Championships.

In 2016 and on the occasion of the celebration of the Paralympic Games in Rio de Janeiro, WEM launched the #SeSalen project. It arises as an opportunity to try to make the Paralympic world known to our society. WEM currently has 6 athletes who act as ambassadors for Liberty Seguros. The main objective of the project is to highlight the values of Paralympic sport in our society and thus contribute to the integration of disability in our society through sport to take the weight it deserves.

²⁵ These data include all LIEH companies as well as other companies not dependent on LIEH.

²⁶ See section 2 for details of contributions

Derived from our new teleworking model, we donated to the FDI foundation, more than 1000 computers and our office equipment after the remodelling of our buildings in Spain in order to support the professional development and training of people with difficulties in accessing these resources, schools and associations.

The Liberty Run was held again in 2021. Under the slogan #MovedbyValues", this sporting and solidarity event had a special character since, for the first time, the rest of the European markets in which it operates also participated: Portugal, Ireland and Northern Ireland. All of them had from December 3 to Sunday, December 5 to run the chosen distance (1.5 or 10 kilometres) and join in the fundraising. As a result, the race raised a total of 2,000 euros in donations from participants. Liberty donated more than 30,000 euros to 3 social projects. In Spain, the donation went to the Liberty Seguros Paralympic Athletics Promises Team, an initiative launched in partnership with the Spanish Paralympic Committee to support young people with great sporting abilities. In Portugal, the donation went to Associação Pais em Rede and in Ireland to the Irish Wheelchair Association.

It should be noted that the annual amount contributed by Liberty Seguros to these projects exceeds 300.000 euros. Liberty Seguros has become a benchmark as a socially responsible company that supports disability through sports.

In **Portugal**, WEM donated to CASA for the delivery of food to needy people in quarantine areas. Also, thanks to another donation, APAMETAL has produced and delivered 500 protective masks for health personnel at the Sao José Hospital in Lisbon.

In **Brazil** we promote a strong culture of volunteering and actions that generate value for the community. In 2021 we carried out four volunteering and philanthropy campaigns to support local NGOs.

Since 2015, "Mulheres Seguras", our program that supports female empowerment and the entrepreneurship attitude. In 2021, we expanded our activities and migrated the "Mulheres Seguras" project to a internal working group focused on gender issues. We reinforced our support for the women workforce and inclusion in our company. We launched the "Hire a Mother Program". Today, 59% of our staff are women and 38% of our leaders are women.

Brazil also launched a project focused on our auto body shop partners, in which our female leaders were invited to share stories and engage other women to develop in this area and participate of the Project "Women of Colour": project carried out to offer colourist courses for women to enter in this professional market. The web series with the influencers of Mulheres Seguras talking about female entrepreneurship had more than 1 million views on social media. Our youth empowerment program, in 2021 benefited 292 young people with "Liberty Professional Education Program for the Insurance Market".

In addition, according to the Brazilian law, the percentage of the amount that would be used to pay taxes was allocated to support: cultural projects; projects which support youth education; projects that encourage sports, protects focused on the elderly and to support program for disabled people.

The following Culture Incentive Law events will take place in 2022²⁷:

- Virada Sustentável Festival: Largest sustainability festival in Latin America. The festival generates jobs, recycle waste, stimulates new talents and helps to make society aware about sustainable development.
- HACKTUDO 2021 Digital Culture Festival in Rio de Janeiro. The main attraction: MEGA HACKATHON aims to develop solutions to solve existing problems in society.
- Presença Festival: Project aimed to strengthening the debate on gender representation, diversity and inclusion policies, and to give voice to artistic minorities.
- Big Heart Parade: Cultural exhibition in São Paulo.
- Child and Adolescent Fund
- CEAP: An Educational Assistance Center that offers professional qualification to students in Cidade Ademar neighborhood in São Paulo. In 2021, we benefited 292 young people.
- Instituto Techmail: The institution main objective is to combat social inequality through education and employment through courses that help prepare and train students to get their first job.

²⁷ Sponsored projects via the Tax Incentive Law

Sport Incentive Law

- Project: Tennis and Citizenship SP, NGO that teaches tennis and citizenship to underprivileged children in cities in Rio Grande do Sul and São Paulo states. In 2021, we benefited 176 children and adolescents and this action continues in 2022.
- Gol Nota 10 project: Social project that teaches soccer and citizenship to young people in the city of Brumadinho, a region affected by a severe environmental disaster in Minas Gerais. In 2021, we benefited 50 children and this action continues in 2022.

Elderly Fund:

- SPAAN: Founded in 1931 by the Rotary Club, SPAAN is dedicated to providing a dignified old age, with comfort, attention and quality of life to the elderly people residing in the Institution. In 2021, we benefited 152 people.
- IPPE (Institute for Research and Entrepreneurial Projects): Liberty is sponsoring ""Entrepreneurship at the best age"" an intergenerational project.

PRONAS (National Health Support Program for People with Disabilities)

- ANDEE (National Association for Sport and Education Development). Liberty is sponsoring ""Stimulation of cognitive and motor skills with therapy and recreational activity"" project. In 2021, we benefited 80 people with spectrum disorder autistic and down syndrome. This action continues in 2022.

For 4 years, we have been supporting AMMS, the Association for Women in the Insurance Market ("Associação das Mulheres do Mercado de Seguros"), which seeks to balance leadership positions in the market by contributing to a fairer and more harmonious world," reducing gender differences.

Brazil also sponsor initiatives that promote female and youth empowerment, such as the Women Entrepreneur Network Forum and FECEAP.

In **LMIE**, there are several initiatives:

- WaterAid, a global charity partner, whose aim is to make water, toilets and hygiene standard for everyone, everywhere. Following the success of the Madagascar project, it was launched a new three-year project in Rwanda focusing on schools and school children, especially girls. The purpose was to build toilets, establish hygiene clubs and much more to ultimately improve access to clean water, decent toilets and good hygiene.
- LSM Art Award, in partnership with The Slade School of Fine Art and The Art Academy, we are supporting 7 artists in this inaugural year. Graduates are paid to display their work in our London office at 20 Fenchurch Street for one year, and works are available to purchase via an online auction.
- 'Serve with Liberty' is our annual Liberty Mutual initiative, encouraging all staff globally to take part in volunteering projects and get involved in a range of practical tasks and skills-based opportunities. However, in 2020 and 2021, Serve with Liberty was not held due to the COVID-19 pandemic.

Details of community projects for LMIE can be found here:

<https://www.libertyspecialtymarkets.com/es-en/our-communities>

LIEH entities also participate in various associations, technical training and local forums, such as the International Insurance Forum and the "Innovation & Fintech Forum" in Spain, which aims to promote digitalisation in the insurance sector. Also in most countries, **LIEH**, through its entities, belongs to the national sectorial association.

Another example of a partnership is **International Finance Corporation**, insurance has a significant role to play in helping small and mid-enterprises (SME's) and women-led businesses around the world through the sphere of international development finance. Working in partnership with the International Finance Corporation (IFC), Liberty's Financial Risk Solutions (FRS) division is helping reduce the financing gap that is hampering these organizations through an unfunded risk sharing program for long-term lending.

Since the partnership began in 2017, credit insurance for IFC loans has been provided to 30 banks in 17 countries, including a loan to a bank in Mexico that will be used to support SMEs and women-owned businesses, and another in Brazil to support a climate-smart car loan.

Among the associations in which the different entities of **LIEH** are involved, we find, among others:

- HACKTUDO (Brasil)
- Fundación Konecta (España)
- National Senior Citizen Fund (Brasil).
- “Gol Nota 10” Project (Brasil)
- SPAAN (Brasil)
- IPPE (Institute for Research and Entrepreneurial Projects)
- Kids out (Londres)
- Associação das Mulheres do Mercado de Seguros (AMMS) (Brasil)
- Woodland Trust (North Ireland)
- Action Medical Research for Children (Londres)
- Towers Hamlets (Londres)
- The 20 Fenchurch Street legacy fund
- Lord ‘s Tavenrners (Londres)
- St. Mungo ‘s Action Medical Research for Children (Londres)
- Action Medical Research for Children

► 6.2 Outsourcing and Suppliers

LIEH outsources certain services to suppliers, which may be internal or external. To provide guidance on outsourcing activities, the Board has adopted an **Outsourcing Policy**.

The **Outsourcing Policy** sets out the roles and responsibilities required to carry out the outsourcing of the company in question and is supervised by the Legal Function. Each **LIEH** entity is required to adopt an outsourcing policy consistent with the Policy defined in **LIEH**.

At the local level, the companies that make up **LIEH** have, in some cases, their own Procurement Policy that defines and establishes the process for contracting external suppliers and subcontractors that will carry out outsourced services within the entity. In some entities (such as in WEM) this policy includes requirements for suppliers on social, environmental and gender equality issues as well as aspects of regulatory compliance, data protection and compliance. In order to work with Liberty, all suppliers must be approved through a questionnaire to collect information on the structure, activity, financial capacity and professional background of the persons and entities that will carry out outsourced services within **LIEH**. These collection questionnaires usually take the form of the “Due Diligence process”, and the information requested includes confirmation by the supplier or subcontractor of compliance with the Fitness and Honour of each of its directors, or regarding the implementation of a Code of Ethics or regulatory compliance programmes. In addition, it is requested to include information on measures taken by the supplier in the area of Corporate Social Responsibility, and more specifically, on initiatives and activities related to the environment, disability or road safety. A section also includes a request for measures relating to the fight against the prevention and detection of financial crimes such as corruption, bribery or money laundering.

In relation to the above, and depending on the type of service contracted, the team in charge of the supplier contracting process carries out an evaluation exercise²⁸, requesting, where applicable, the respective quality certifications, material disposal procedures, ecological footprint, etc.

In addition, the Code of Ethics, Anti-Corruption Policies, CSR Policies, Risk Policies and Compliance Policies are also requested.

There are other entities with their own policies related to these issues. In Brazil, only suppliers of graphic material holding

²⁸ There is no information on the volume of audits carried out.

the FSC certificate (<https://br.fsc.org/en/faq>), which guarantees the sustainable use/exploitation of forests, will be accepted.

In line with the purchasing policies, supplier procurement procedures have been defined in certain geographies, which aim to guarantee and ensure a transparent, efficient and homogeneous process for the procurement of goods and services, and to monitor current suppliers as in Brazil entities and Liberty Seguros, Spain. In LMIE there is a procurement policy in place.

In **WEM**, specifically, it is in force the WEM purchasing policy on sustainability, diversity and environment. In 2021, it was implemented the sourcing module in Liberty Seguros WEM for the launch of official tenders to suppliers. This tool is the extension of Liberty Mutual Group's global solution so that we use the same module and the same structure in all Procurement departments:

- This tool has meant incorporating in the mandatory documentation to be requested from suppliers participating in a tender, the Diversity and Environmental questionnaire (I include excel with examples of the mandatory templates that are included in the tenders in Ariba Sourcing Tool). This means, that in our Sourcing Tool, we comply with the Sustainability and Diversity requirements in the image of our parent company and Procurement in Boston.
- The supplier has to fill in the data in the templates and they are reviewed and evaluated in the bidding or supplier selection process according to the WEM Procurement Policy.
- The supplier has to answer to some questions through a "vendor questionnaire" in order to be approved or to work with Liberty.
- This questionnaire is filled in for all new suppliers in order to be approved and for those we work with in order to be renewed.
- The forms are in all 3 WEM languages.
- It is a mandatory requirement to be able to work at Liberty WEM.
- In addition, the following are required: Code of Ethics, Anti-Corruption Policy, Corporate Social Responsibility Policy, Corporate Social Responsibility Actions, Risk Policy, Compliance Policy, Social Security Certification, Tax Certification, Security Certifications, Anti-Money Laundering Policy, Official Certifications.
- In our Policy, this does not mean an audit, it is a requirement included in our WEM Procurement Policy and is mandatory in order to be selected, participating in a tender, and thus be able to work with Liberty.

In **Brazil** it was launched in 2019, the Sustainability Plan which covered the following topics: Environmental and waste management / care for people and diversity. Since 2020 we formed working groups with employees from different areas, to develop these issues: to determine policy and actions and involve the leadership, employees and the community.

In 2021, it was identified 400 auto body shop partners that are sustainable and created a quality label for them and we carry out environmental education actions and communications for employees, customers and partners.

► 6.3 Customers

The claims management process is a process closely related to the business of **LIEH** entities and very much linked to the achievement of its strategy and objectives as a company. For this reason, the different entities of the organization work constantly on their relationship with the client, which includes the correct reception, management and response of their complaints and claims. To this end, it includes several channels that facilitate the reception of complaints (e-mail, call centre, regulator, etc), as well as their management, which in most cases is referred to each of the departments related to the claim or complaint.

In some countries a flow of complaints and claims management has been defined, with the aim of offering a more efficient customer service. The different companies inside LIEH Group encourage their own initiatives to give an increasingly better response to the customer, as well as to adapt to changes in customer preferences, directly involving the employees (in direct contact with the customer).

Liberty Seguros Brazil received an award among the best insurance companies for auto, rent guarantee, serious diseases, educational services on prêmio segurador brasil award. Focused on achieving ever higher levels of excellence in customer

service, Liberty Seguros winning the top 3 of the "Reclame Aqui Award" for six consecutive years, whose popular vote has elected the insurance company as the best in its relationship with customers.

Liberty Seguros Brazil also constantly invests in increasing self-service capabilities so its customers can resolve their issues autonomously and at the most convenient time for them. By accessing Liberty Seguros digital tools, they can request assistance, notify a claim by voice message, track the location of the requested winch truck in real time and make payments via direct credit card in the app. In 2021, Liberty Seguros won the 5th place as the most innovative insurance company in Brazil on Prêmio Valor de Inovação Brasil 2021 Award, 3rd most innovative insurance company in the use of IT on 100+ Inovadoras Award, and 65th position among the 100 most innovative's companies on 100+ Inovadoras Award. To offer benefits that go beyond the insurance, Liberty Seguros offers + Liberty, a benefits platform that offers exclusive experiences and special discounts. The digital platform was designed with the purpose of bringing more proximity and offering a quality experience to clients and brokers even when they do not need the insurance company's assistance and claim services.

Innovation is one of the pillars of the strategy that moves Liberty Seguros Brazil and is based on three pillars: Culture, Research and Projects.

Another example of a response to our customers is Aliro, which means "accessible" in Portuguese. Aliro is helping to close the protection gap in Brazil by providing affordable vehicle coverage for many Brazilians who might otherwise be uninsured (63% of Aliro customers were previously uninsured). In 2020, it was launched part of our Aliro product, Aliro P, to better meet the needs of our customers, reaching even more Brazilians.

In terms of complaints, **Liberty Seguros Brazil** out of a liberality has an Ombudsman Channel implemented since 2005 but since 2013 Superintendence of Private Insurance (SUSEP) established the RESOLUTION Nº. 279/2013 for all insurance market. This resolution regulates the Ombudsman role in insurance companies, open private pension entities and capitalization companies. Nowadays, Ombudsman's offices are compulsory within Insurance Companies. The ombudsman area is responsible to defend consumer rights, clarifying, preventing and solving conflicts. It is the main communication channel between company and consumers.

In **WEM** jurisdiction there are different channels depending on each country. In Ireland, all complaints received through any channel are logged on the system, Q-Pulse. In Portugal, complaints received via ASF, DECO, Portal da Queixa, as well as those directly address to the Complaints Management are registered on Q-Pulse. The Q-Pulse system is hosted by Ideagen. In Spain, the formal complaints & claims are logged on the SGDAC system, while first line complaints are logged via the Salesforce system in accordance with the Complaints Handling procedure in line with relevant regulation.

The Q-Pulse system, in Ireland, contains a wizard designed specifically for the logging of complaints to allow the collation of all the essential information, which is available on receipt of the complaint, and in compliance with Section 10.10 of the Consumer Protection Code.

The logging process for Portugal, follows the same method, and a few additional fields to be completed to address ASF specific requirements.

Within Spain there are two teams responsible for the management of complaints: (i) DAC team that handles complaints/claims addressed specifically to the DAC and complaints arising from Consumer Associations, Municipal consumer information offices (OMIC), town halls or autonomous communities and Insured Ombudsman and (ii) Complaints team that handles customer and mediator complaints that are unhappy with the resolution or management of service centers. The content of the complaint does not have to keep any specific format, simply by expressing the reason for its nonconformity it will be managed by the team.

It is also worth noting that teams based in Ireland (Enniskillen and Hughes) have both been recognised as UK's Best Workplaces™ for Wellbeing by Great Place to Work® UK! . This 'Best Workplace for Wellbeing' is special category exclusive to GPTW UK a that recognise organisations for putting wellbeing at the forefront of workplace culture. Hughes was ranked 31 and Liberty was ranked 65 but just to be included in that list is a great accomplishment for us.

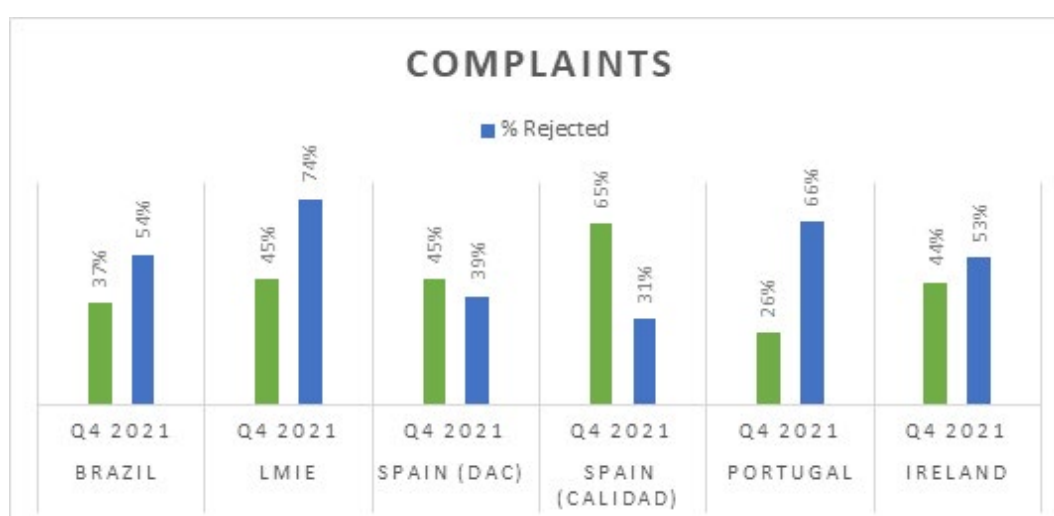
In **LSM**, correct handling and management of complaints is central to LSM's commitment to correct oversight and management of Conduct Risk. This is in accordance with the FCA's Principle 6: "A firm must pay due regard to the interests of its customers and treat them fairly"; ICOBs 2.5.-1: "A firm must act honestly, fairly and professionally in accordance with the best interests of its customer"; and consumer outcome: "Consumers do not face unreasonable post-sale barriers imposed by firms to change product, switch provider, submit a claim or make a complaint".

Any complaint received is taken seriously and the following overview is to ensure the business is able to recognise a complaint. LSM is committed to meeting its regulatory obligations and investigating complaints in a competent, impartial and timely manner and with integrity.

The LSM Complaints Team will consider all complaints raised to the department directly from any LSM customer or a third-party representative, via a staff member, from an LSM Agent, any overseas office or from a non-regulated third party.

The LSM Complaints Team aim to resolve all complaints raised by a customer fairly and quickly and believe that in following the below promises will achieve this aim.

In 2021, the total amount of complaints received in LIEH jurisdiction was 24,011. In the following graph you can find information about the percentage of complaints accepted and rejected by jurisdiction.



► Tax Information

In tax matters, **LIEH** complies with the obligation to pay taxes, in accordance with local regulations. Below are the data on profits, taxes paid, and subsidies received by country in 2021:

| Profit by country 2021 (m€) ²⁹ | | Profit by country 2020 (m€) | |
|---|--------------------|-----------------------------|----------------|
| Brazil | -4,278 | Brazil | 41,627 |
| Spain | 63,080 | Spain | 12,585 |
| United States | -31,051 | United States | 569 |
| Luxembourg | 61,950 | Luxembourg | 8,769 |
| | | Consolidation Adjustments | -34,460 |
| TOTAL | 120,721,418 | TOTAL ³⁰ | 192,053 |

²⁹ We included the country where the entities are domiciled. Each entity can have different branches with different regulations.

³⁰ The 2020 results of the remaining entities are excluded because they were outside the scope of LIEH at the reporting date. The Total results are not comparable between 2020-2021.

| Taxes on profits paid by country 2021 (m€) | |
|--|-------------------|
| Brazil | -2.992.409 |
| WEM | 10.832.889 |
| United States | 4.223 |
| Luxembourg | 14.031.483 |
| | |
| TOTAL | 21.876.186 |

| Taxes on profits paid by country 2020 (€) | |
|---|----------------|
| Bermuda | -730 |
| Brazil | - 21,019 |
| Chile | 4,614 |
| Colombia | -11,695 |
| Ecuador | -429 |
| United States | 17 |
| United Arab Emirates | 0 |
| Great Britain | 7,667 |
| Hong Kong | -2,682 |
| India | -113 |
| Luxembourg | 310 |
| Malaysia | -4,177 |
| Russia | -5,505 |
| Singapore | -8.489 |
| Spain | -3.254 |
| Thailand | -1,110 |
| Vietnam | 0 |
| Netherland | -64 |
| Consolidation Adjustments | 19,396 |
| TOTAL | -27,264 |

| Grants received by country 2021 (m€) | |
|--------------------------------------|----------|
| Brazil | 0 |
| (WEM) | 0 |
| Spain | |
| Ireland | |
| Portugal | |
| TOTAL | 0 |

| Grants received by country 2020 (m€) | |
|--------------------------------------|--------------|
| Brazil | 0 |
| Spain | 0 |
| Ireland | 11 |
| Portugal | 0 |
| TOTAL³¹ | 2,007 |

Note: Due to the restructuring suffered by the Company all figures presented cannot be compared to 2020's figures reported.

³¹ Please note that this total sums all 2020 jurisdictions. Currently not showed because the perimeter has changed.

Annex 1. Scope and methodology used in the development of this report

This report responds to the obligation contained in Spanish Law 11/2018 of 28 December on non-financial information and diversity to prepare a statement of non-financial information including the information necessary to understand the evolution, results and situation of the group, and the impact of its activity with regard to, at least, environmental and social issues, respect for human rights and the fight against corruption and bribery, as well as personnel.

This report includes the most relevant non-financial information in accordance with the corresponding materiality analysis carried out, and covers the period from 1 January to 31 December 2021, coinciding with the company's fiscal year.

Although the statement of non-financial information is issued in a separate report, this report forms part of **LIEH's** consolidated management report, and will be subject to the same criteria for formulation, approval, deposit and publication as the management report, being published as determined by Law 11/2018, of 28 December, on non-financial information and diversity.

Scope of Information

Information on the economic, environmental and social performance of **LIEH** in 2021 has been included in this EINF.

The scope of the companies considered by the group for the purposes of this non-financial report coincides with the definition of the Group for the purposes of the consolidated financial statements, although in these, the companies that no longer belong to the group are in the discontinued operations line, there are other particularities, which, where applicable, are stated in each of the sections of the report.

Standards used and principles of preparation

The development of the EINF has been carried out in accordance with the GRI Standards. The "GRI Sustainability Reporting Guidelines" set out a number of principles that have been considered in the development of the EINF, as follows:

- **Stakeholder participation.** The EINF has been developed considering the expectations and concerns of stakeholders (GdI) in relation to the operation and performance of the Company. These expectations have been considered through the LIEH managers who maintain contact with them.
- **Context.** An assessment has been made of how the activities and services provided by the Company interact with the social, economic and environmental context in which it operates.
- **Materiality.** A materiality analysis has been carried out with the aim of defining the most relevant aspects for the company.
- **Completeness.** Based on the identification of material aspects, the contents of the EINF have been designed in order to include sufficient information about them so that stakeholders can evaluate and understand the economic, environmental and social performance of **LIEH**.

For the elaboration of the EINF, the principles established by GRI have been followed in order to guarantee the quality of the information:

- **Balance.** This principle indicates that the EINF must be able to reflect both positive and negative aspects in relation to the Company's performance. The application of this principle has resulted in a broad and objective view of **LIEH's** overall performance.
- **Comparability.** The Company has compiled information that has been included in the contents in order for stakeholders to be able to analyse how the Company's performance has evolved in recent years, facilitating its contrast with that of other organizations.
- **Accuracy.** It has been sought that the information reflected in this EINF includes sufficient detail to satisfy the expectations expressed by the Company's stakeholders.
- **Punctuality.** **LIEH's** objective is to annually update the contents included in this EINF, providing its stakeholders with periodic access to information on the Company's performance.

- **Clarity.** LIEH works to make information about its performance accessible and clear to all its stakeholders.
- **Reliability.** LIEH has detailed in the present EINF the process followed for its elaboration, guaranteeing that the reflected content can be submitted to an external evaluation that allows to evaluate the quality and the degree of materiality of the information included.

Materiality Analysis

Following the recommendations of the GRI guide, this document includes information on the indicators associated with those aspects that have been determined to be material.

In 2020, LMG conducted the first multi-stakeholder materiality assessment exercise to better understand how our stakeholders prioritize the environmental, social, and governance topics that underpin our ESG approach.

The purpose of materiality assessments has evolved significantly since they were popularized by the Global Reporting Initiative nearly a decade ago. Then, the purpose of conducting a materiality assessment was to understand which ESG topics were material to a company's business or industry. In the past five year, there has been a growing understanding of which ESG topics are material to a business and its stakeholders. Standards setters and ESG scoring agencies are now converging on materiality topics by industry and are focusing companies to build programs around those topics through disclosure and reporting requirements. Given this evolution, we felt that we needed to adapt our materiality assessment process as described below.

Material Topic Identification

As we began our materiality assessment exercise, we set out to identify the materiality topics that are considered important to the P&C insurance industry. We reviewed:

- Multiple ESG reporting frameworks and guidelines such as the United Nations' Sustainable Development Goals, Global Reporting Initiative, Sustainability Accounting Standards Board, the Task Force on Climate-related Financial Disclosures, and CDP.
- Regulatory requirements/expectations.
- ESG rating and ranking methodologies; and
- Insights from benchmarking the materiality assessments of five financial industry peers.

| Topic | Description | UN Sustainable Development Goals Alignment* | Corresponding GRI Standards Material Topic |
|---------------------------------|--|--|--|
| ENVIRONMENTAL TOPICS | | | |
| Climate Change | Liberty identifies and mitigates the risks that climate change presents to its business and pursues opportunities for improvements | 7 Affordable and Clean Energy 11 Sustainable cities and communities 12 Responsible production and consumption 13 Climate Action | Energy; Emissions |
| Environmental Management | Liberty reduces the impact it has on the environment through its operations and activities (e.g., reducing energy consumption and recycling at its facilities or providing paperless option for customers) | 7 Affordable and Clean Energy 12 Produccion y consumo responsable 13 Climate Action | Energy; Emissions |

| Topic | Description | UN Sustainable Development Goals Alignment* | Corresponding GRI Standards Material Topic |
|---|--|--|--|
| SOCIAL TOPICS | | | |
| Diversity & Inclusion | Liberty develops and maintains a diverse and inclusive workforce where different perspectives are valued in the company's decision-making | 5 Gender Equality 10 Reduced Inequalities 17 Partnership for the Goals | Diversity and Equal Opportunity |
| Human Capital Management | Liberty attracts top talent and creates an atmosphere that both encourages and helps employees develop for long-term success and retention | 3 Good Health and Well-Being | Employment |
| Employee Engagement | Liberty creates an exceptional employee experience that motivates and inspires employees to do their best work | 3 Good Health and Well-Being | Employment; Training and Education |
| Health & Wellness | Liberty offers resources and programs to support employees' overall health and well-being | 3 Good Health and Well-Being | Occupational Health and Safety |
| Corporate Citizenship & Philanthropy | Liberty gives back to the communities in which it operates through corporate giving and support for employee community engagement | 10 Reduced Inequalities 11 Sustainable cities and communities | Local Communities |
| GOVERNANCE TOPICS | | | |
| Corporate Purpose and Culture | Liberty has, and lives up to, a clearly defined company mission that is guided by a values-based corporate culture | 3 Good Health and Well-Being 10 Reduced Inequalities | General Disclosures |
| Global Compliance & Ethics | Liberty ensures adherence to laws, rules and regulations in all jurisdictions where it conducts business | 3 Good Health and Well-Being 17 Partnership for the Goals | Anti-Corruption |
| Responsible Insurance & Investment | Liberty aligns insurance & investment processes with globally responsible principles and practices (e.g., comparing and incorporating industry-developed best practices) | 3 Good Health and Well-Being 10 Reduced Inequalities | This topic does not map directly to a GRI Standards Topic. Elements of the GRI Standard on Economic Performance are incorporated and additional information is available throughout the report to discuss this material topic. |

| Topic | Description | UN Sustainable Development Goals Alignment* | Corresponding GRI Standards Material Topic |
|-------------------------------------|---|--|--|
| Reporting & Disclosure | Liberty provides information about its business practices in its disclosure to its stakeholders (e.g., how it considers the environmental & social impacts of its business practices) | 17 Partnership for the Goals | General Disclosures |
| Risk & Crisis Management | Liberty ensures operations and enterprise value are protected from and prepared for risks and potential disruptions | 3 Good Health and Well-Being 17 Partnership for the Goals | General Disclosures |
| Cyber Security | Liberty protects its IT infrastructure along with the privacy and security of employee and customer data | 17 Partnership for the Goals | Customer Privacy |
| Customer Satisfaction | Liberty delivers high-level customer value, satisfaction and achieves high-level customer engagement | 3 Good Health and Well-Being 10 Reduced Inequalities | Marketing & Labelling |
| Innovation | Liberty fosters innovation to continuously improve product development and customer experience | 3 Good Health and Well-Being 10 Reduced Inequalities | This topic does not map directly to a GRI Standards Topic. Information on this topic is discussed throughout the report. |

Stakeholder Insights

To better understand how each group prioritized the 15 topics we had identified, we implemented the following process.

Step 1 – Adopt a conjoint survey methodology to get differentiated results

Unlike most materiality stakeholder surveys that use either a forced ranking or numerical scale, we opted for a conjoint survey methodology. We felt that this methodology, which asks respondents to make choices between competing priorities, would allow for survey respondents to make finer distinctions between the 15 material topics. The design team's hypothesis was that this methodology would yield more useful information, showing a richer, more sophisticated view of how stakeholders think about each topic.

Step 2 – Conduct multi-stakeholder materiality survey providing descriptors to establish an understanding of ESG topics

We conducted the survey with multiple stakeholder groups, inclusive of global employees, executives, consumers, brokers, investors, NGOs, and academic groups. Survey participants were given descriptions for each of the material topics to ensure a common understanding of the topics.

In addition to the conjoint survey, some stakeholder groups additionally received the opportunity to expand on their views via open-ended questions, providing deeper rationale and insights.

Step 3 – Analyze responses & prioritize topics' materiality

Following the exercise, we conducted an analysis of both the overall results and the results by stakeholder group to gain an understanding of their respective priorities and how we could better engage with each group in the future.

Materiality Stakeholder Assessment Findings

The conjoint survey, as hypothesized, yielded more sophisticated findings and decision-useful information. Key takeaways included the following:

Three groupings of topics emerged.

- **High Importance & Top Priority (top right of matrix):** Nearly all stakeholders agreed these topics were important – signifying their centrality to our ESG approach.
- **Moderate Importance & Priority (centre middle of matrix):** These topics had higher variance between the relative importance of topics, but this variance was often explained by the direct relevance topics had to stakeholder groups (e.g., customer satisfaction more important to customers; employee experience more important to employees).
- **Lower Importance & Priority (bottom left of matrix):** Nearly all stakeholders agreed on the lower priority of these topics, although we know from data provided from other sources, that this does not signal stakeholders' desire for Liberty Mutual to scale back efforts in these areas. For example, although Philanthropy scored lower, it is consistently identified as a top source of employee pride in employee surveys.

Climate change is a top-of-mind priority.

While climate change appeared in the middle priority grouping in the matrix, stakeholder interest in this area came through strongly in open-ended responses, signalling both a need to continue our work in this area and to increase our engagement with and communication to stakeholders on the subject.

Our ESG topics are interconnected.

Topics such as philanthropy and health and wellness, both of which were identified as being low in importance and priority, are integral to our employee experience and our culture, both of which ranked higher in priority. We interpret the results to mean that we need to continue building those programs while effectively communicating the interdependencies and their contributions to other priority areas to stakeholders.

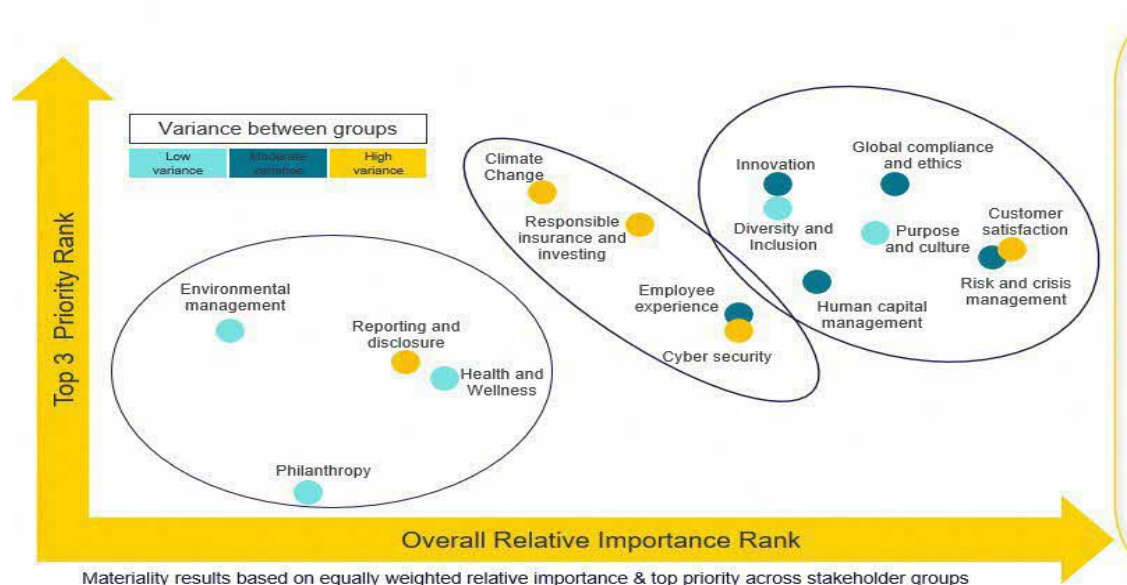


Chart 10: Materiality results

In the table of contents included in the following section, readers are shown in which sections they can find the information relating to each of the indicators required by Law 11/2018.

For those cases in which it has not been possible to cover all the requirements of the GRI guide at the time of reporting a specific indicator, this fact has been highlighted in the aforementioned table. **LIEH** is committed to improving its information systems in order to include the data demanded in future editions of the EINF.

Contact details

For any clarification on the information reflected in this Non-Financial Report or on any aspect of the Company's performance, please contact LIEH at: EINF@libertyseguros.es

Annex 2. Detailed Employment Information

Total number and distribution of employees by gender, age, country and occupational classification (12/31/21)

Note that information from LMIE has only been included in total figures and the breakdown by gender and professional category, but not all the categories required by the report:

| 2021 ³² | | 2020 | |
|----------------------|---------------------|----------------------|--------|
| Breakdown by gender | | Breakdown by gender | |
| Women | 3,321 | Women | 6,127 |
| Men | 2,137 | Men | 5,373 |
| TOTAL | 5,458 ³³ | TOTAL | 11,500 |
| Breakdown by age | | Breakdown by age | |
| <30 | 967 | <30 | 2,177 |
| 30-50 | 3,185 | 30-50 | 7,349 |
| >50 | 784 | >50 | 1,974 |
| TOTAL | 4,936 | TOTAL | 11,500 |
| Breakdown by country | | Breakdown by country | |
| Ireland | 392 | Spain | 1,003 |
| Spain | 883 | Luxemburgo | 20 |
| Portugal | 367 | UK | 1,076 |
| Northern Ireland | 156 | Netherlands | 101 |
| Brazil | 3,138 | France | 100 |
| Ireland | 392 | Chile | 754 |
| | | Ecuador | 140 |
| | | Colombia | 806 |
| | | Hong Kong | 178 |
| | | Singapore | 335 |
| | | Vietnam | 317 |
| | | Thailand | 898 |

³² Please note that LIEH's perimeter has changed due to the restructuring. Therefore the data for 2021 are not comparable with previous years.

³³ Data includes LMIE figures

| 2021 ³² |
|---------------------|
| Desglose por países |

| TOTAL | 4,936 |
|-----------------------------------|---------------------------|
| Breakdown by profesional category | |
| Category 1 | 51 |
| Category 2 | 151 |
| Category 3 | 1,002 |
| Category 4 | 4,254 |
| Category 5 | 0 |
| TOTAL | 5,458³⁴ |

| 2020 |
|---------------------|
| Desglose por países |

| Emiratos Arabes Unidos | 33 |
|-----------------------------------|---------------|
| Germany | 91 |
| Ireland | 604 |
| Italy | 42 |
| Switzerland | 19 |
| Portugal | 391 |
| Peru | 14 |
| Malaysia | 449 |
| India | 1,143 |
| Brazil | 2,986 |
| TOTAL | 11,500 |
| Breakdown by profesional category | |
| Category 1 | 56 |
| Category 2 | 107 |
| Category 3 | 1,503 |
| Category 4 | 8,565 |
| Category 5 | 1,269 |
| TOTAL | 11,500 |

Total number and distribution of employment contract modalities (12/31/2021)

| 2021 | |
|----------------------------|----------------------------|
| Permanent contracts | |
| <i>Part-time contracts</i> | <i>Full-time contracts</i> |
| 20 | 4,897 |
| Temporary contracts | |
| <i>Part-time contracts</i> | <i>Full-time contracts</i> |
| 0 | 19 |

| 2020 | |
|----------------------------|----------------------------|
| Permanent contracts | |
| <i>Part-time contracts</i> | <i>Full-time contracts</i> |
| 134 | 10,967 |
| Temporary contracts | |
| <i>Part-time contracts</i> | <i>Full-time contracts</i> |
| 15 | 384 |

³⁴ Data includes LMIE figures.

Average³⁵ annual number of permanent, temporary and part-time contracts by gender, age and professional classification

| 2021 | | 2020 | |
|-----------------------------------|--------------|-----------------------|---------------|
| Breakdown by gender ³⁶ | | Breakdown by gender | |
| Permanent contracts | | Permanent contracts | |
| Women | 3,102 | Women | 5,902 |
| Men | 1,815 | Men | 5,199 |
| TOTAL | 4,917 | TOTAL | 11,101 |
| Tempory contract | | Tempory contract | |
| Women | 11 | Women | 231 |
| Men | 8 | Men | 167 |
| TOTAL | 19 | TOTAL | 399 |
| Breakdown by age | | Breakdown by age | |
| Permanent contracts | | Permanent contracts | |
| <30 | 957 | <30 | 2001 |
| 30-50 | 3,176 | 30-50 | 7,280 |
| >50 | 784 | >50 | 1,886 |
| TOTAL | 4,917 | TOTAL | 11,167 |
| Temporary contract | | Temporary contract | |
| <30 | 10 | <30 | 176 |
| 30-50 | 9 | 30-50 | 129 |
| >50 | 0 | >50 | 28 |
| TOTAL | 19 | TOTAL | 333 |
| Breakdown by category | | Breakdown by category | |
| Permanent contracts | | Permanent contracts | |
| Category 1 | 5 | Category 1 | 56 |
| Category 2 | 19 | Category 2 | 433 |
| Category 3 | 658 | Category 3 | 2,081 |
| Category 4 | 4,235 | Category 4 | 7,264 |
| Category 5 | 0 | Category 5 | 1,268 |
| TOTAL | 4,917 | TOTAL | 11,102 |

³⁵ The data on the number of contracts is that corresponding to the end of the financial year, since at present information is not available for all entities and as there is no seasonality in the sector it is considered representative.

³⁶ Please note that LIEH's perimeter has changed due to the restructuring. Therefore the data for 2021 are not comparable with previous years. (i) LIEH's perimeter has changed due to the restructuring. Therefore the data for 2021 are not comparable with previous years; (ii) LMIE data is not available and therefore the aggregate data does not include any figure from LMIE

| 2021 | |
|---------------------|-----------|
| Temporary contracts | |
| Category 1 | 0 |
| Category 2 | 0 |
| Category 3 | 0 |
| Category 4 | 19 |
| Category 5 | 0 |
| TOTAL | 19 |

| 2020 | |
|---------------------|------------|
| Temporary contracts | |
| Category 1 | 0 |
| Category 2 | 4 |
| Category 3 | 71 |
| Category 4 | 322 |
| Category 5 | 1 |
| TOTAL | 398 |

Number of redundancies by gender, age and occupational category (12/31/2021)

| 2021 ³⁷ | |
|-----------------------------------|------------|
| Breakdown by gender | |
| Women | 359 |
| Men | 245 |
| TOTAL | 604 |
| Breakdown by age | |
| <30 | 191 |
| 30-50 | 348 |
| >50 | 65 |
| TOTAL | 604 |
| Breakdown by profesional category | |
| Category 1 | 0 |
| Category 2 | 1 |
| Category 3 | 50 |
| Category 4 | 553 |
| Category 5 | 0 |
| TOTAL | 604 |

| 2020 | |
|-----------------------------------|--------------|
| Breakdown by gender | |
| Women | 427 |
| Men | 643 |
| TOTAL | 1,070 |
| Breakdown by age | |
| <30 | 316 |
| 30-50 | 662 |
| >50 | 92 |
| TOTAL | 1,070 |
| Breakdown by profesional category | |
| Category 1 | 4 |
| Category 2 | 6 |
| Category 3 | 61 |
| Category 4 | 725 |
| Category 5 | 274 |
| TOTAL | 1,070 |

³⁷ (i) El perímetro de LIEH ha cambiado debido a la reestructuración. Por tanto, los datos de 2021 no son comparables con los de años anteriores; (ii) los datos de LMIE no están disponibles y, por tanto, los datos agregados no incluyen ninguna cifra de LMIE

As a reference, the total number of hours of absenteeism for all **LIEH** in 2021 was, including sick leave, 366,095 hours³⁸. The number has significantly raised due to COVID cases.

| Absenteeism | 2021 | 2020 |
|-------------|-----------|----------|
| Total | 366,095 h | 250,476h |

Average remuneration by gender, age & professional category (€)

| 2021 | | 2020 | |
|------------------------------------|---------|------------------------------------|---------|
| Breakdown by gender ³⁹ | | Breakdown by gender | |
| Women | 22.213 | Women | 28,114 |
| Men | 36.011 | Men | 43,466 |
| Breakdown by Age | | Breakdown by Age | |
| <30 | 9.566 | <30 | 14,942 |
| 30-50 | 27.055 | 30-50 | 36,062 |
| >50 | 47.239 | >50 | 52,796 |
| Breakdown by Professional Category | | Breakdown by Professional Category | |
| Category 1 | 584.568 | Category 1 | 358,460 |
| Category 2 | 249.214 | Category 2 | 157,412 |
| Category 3 | 61.812 | Category 3 | 81,571 |
| Category 4 | 19.779 | Category 4 | 26,062 |
| Category 5 | 0 | Category 5 | 9,046 |

Average remuneration by gender Top Management⁴⁰ (€)

| | Average Salary 2021 ⁴¹ | |
|---|-----------------------------------|---------|
| | Women | Men |
| Board, Top Management and Senior Management | 222.072 | 447.357 |

³⁸ Not all **LIEH** entities have mechanisms for measuring absenteeism. LMIE data is not available and therefore the aggregate data does not include any figure from LMIE

³⁹ Please note that: (i) **LIEH**'s perimeter has changed due to the restructuring. Therefore the data for 2021 are not comparable with previous years; (ii) LMIE data is not available and therefore the aggregate data does not include any figure from LMIE

⁴⁰ Not all **LIEH** entities have these categories.

⁴¹ This information only considers WEM and Brazil Liberty data.

Salary gap by professional category (based on average remuneration)⁴²

| Professional category | Salary gap ⁴³ |
|-----------------------|--------------------------|
| Category 1 | 0.60 ⁴⁴ |
| Category 2 | 0.33 |
| Category 3 | 0.56 |
| Category 4 | 0.43 |
| Category 5 | No data |

Employees covered by collective bargaining agreements by country(31/12/21)

| 2021 | |
|---|-----------------------|
| % Of employees covered by collective bargaining agreements by country | |
| Spain | 100% |
| Portugal | 100% |
| Brazil | 100% |
| Ireland | 0% |
| Northern Ireland | 0% |
| LMIE | No data ⁴⁵ |
| TOTAL | 89% |

Total number of training hours of employees by professional category (31/12/2021)

| Category | Number of training hours (total) 2021 | Number of training hours (total) 2020 |
|--|--|--|
| Category 1 | 41 | 725 |
| Category 2 | 794 | 1.779 |
| Category 3 | 42.540 | 35.984 |
| Category 4 | 121.583 | 118.413 |
| Category 5 | 0 | 7.637 |
| Entities that do not provide a breakdown by category | 0 | 7.727 |
| TOTAL | 1164.958⁴⁶ | 172.264 |

⁴² The salary gaps have been calculated as the ratio of the average pay of men to the average pay of women, for each occupational category considered.

⁴³ Please note that LMIE data is not available and therefore the aggregate data does not include any figure from LMIE

⁴⁴ Only Board figures included because Data available makes impossible any comparison between Top Management

⁴⁵ Please note that LMIE data is not available and therefore the aggregate data does not include any figure from LMIE.

⁴⁶ Please note that LMIE data is not available and therefore the aggregate data does not include any figure from LMIE, nor Brazil International.

Annex 3. Entities and Countries

| Sociedad | Countries included |
|--|--------------------|
| E21100 - Liberty International Brasil LTDA | Brazil |
| E21200 - Liberty Seguros (Brazil) | |
| E21300 - Brazil - Indiana | |
| E21810 - Liberty Agrega Servicios de Atendimento LTDA | |
| E21820 - Facil Assist Serviços e Assistência 24 horas Ltda | |
| E10977 - Liberty International European Holdings, S.L.U. | Spain |
| E10920 - Liberty Specialty Markets Holdco S.L. | |
| E41000 - Liberty Seguros, Compania de Seguros y Reaseguros, S.A. | |
| E40001 - Liberty Spain Holding LLC | E.E.U.U. |
| E15130 - Liberty Mutual Insurance Europe Limited | Luxembourg |

Other groupings: Western European Markets: refers to Liberty Seguros, Compañía de Seguros y Reaseguros (España).

Annex 4. Index of contents required by Law 11/2018 of December 28, amending the Commercial Code, the revised text of the Capital Companies Act approved by Royal Legislative Decree 1/2010, of July 2, and Law 22/2015, of July 20, on Auditing of Accounts, regarding non-financial information and diversity

General areas

| Areas | | Reporting framework | References | Comments/ Reason for omission |
|---------------------|---|---------------------|---|----------------------------------|
| Business Model | Business model description: | GRI 102-2 | 1 About the | |
| | • Business Environment | GRI 102-7 | Company: | |
| | • Organization and structure | GRI 102-9 | 1.1 Company Profile | |
| | • Markets in which it operates | GRI 102-3 | 1.2 Business Model and Strategy | |
| | • Objectives and strategies | GRI 102-4 | 1.3 Corporate Governance | |
| | • Main factors and trends that can affect your future evolution | GRI 102-6 | | |
| | | GRI 102-14 | | |
| Risks | | GRI 102-15 | | |
| | The main risks related to those issues related to the Group's activities, including, where relevant and proportionate, its business relationships, products or services that may have negative effects in these areas, and: 1) how the group manages these risks, 2) explaining the procedures used to detect and evaluate in accordance with the national, European or international reference frameworks for each subject. 3) Information on the impacts that have been identified, giving a breakdown of the impacts, in particular on the main risks in the short, medium and long term. | | 1.4 Risk Management | |
| General information | Reporting framework used | | Introduction | |
| | Principle of materiality | | Annex 1. Scope and methodology used in the development of this report | |

Environmental issues

| Areas | | Reporting Framework | Reference | Comments / Reason for omission |
|--|---|---|---|---------------------------------|
| Environmental management | Management approach: description and results of the policies related to these issues, as well as the main risks related to these issues linked to the group's activities. | GRI 102-15 GRI 103-2 | 5.1 Climate Change: a sectorial challenge | |
| | Current and foreseeable effects of business activities | | 5.1 Climate Change: a sectorial challenge | |
| | Environmental assessment or certification procedures | | 5.1 Climate Change: a sectorial challenge | |
| | Resources dedicated to the prevention of environmental risks | GRI 102-15 GRI 103 GRI 102-11 | 5.2 Sustainable use of resources | |
| | Application of the precautionary principle | | 5.1 Climate Change: a sectorial challenge | |
| | Amount of provisions and guarantees for environmental risks | | 5.2 Sustainable use of resources | |
| Pollution | Measures to prevent, reduce or repair carbon emissions (also includes noise and light pollution) | GRI 103 | 5.2 Sustainable use of resources | Non-material aspect for Liberty |
| Circular Economy and waste prevention and management | Measures of prevention, re, reuse, other forms of recovery and disposal of waste | GRI 103 GRI 306-2 (version GRI 2020) | 5.2 Sustainable use of resources | Non-material aspect for Liberty |
| | Actions to combat food waste | | | |
| Sustainable Use of resources | Consumption and water supply in accordance with local constraints | GRI 303-5 (Version GRI 2018) | 5.2 Sustainable use of resources | Non-material aspect for Liberty |
| | Consumption of raw materials | GRI 301-1 | 5.2 Sustainable use of resources | Non-material aspect for Liberty |
| | Measures taken to improve the efficiency of their use | GRI 103 | 5.2 Sustainable use of resources | |
| | Direct and indirect energy Consumption | GRI 302-1 | 5.2 Sustainable use of resources | |
| | Measurestaken to improve energy efficiency | GRI 103 GRI 302-4 GRI 302-5 | 5.2 Sustainable use of resources | |
| | Renewable energies use | GRI 302-1 | 5.2 Sustainable use of resources | |

| Areas | | Reporting Framework | Reference | Comments / Reason for omission |
|-------------------------|---|-------------------------------------|----------------------------------|---------------------------------|
| Climate change | Important Elements of greenhouse gas emissions generated | GRI 305-1 GRI 305-2 GRI 305-3 | 5.2 Sustainable use of resources | |
| | Measures taken to adapt to the consequences of climate change | GRI 103 GRI 201-2 GRI 305-3 | 5.2 Sustainable use of resources | |
| | Reduction Targets voluntarily established | GRI 103 GRI 305-5 | 5.2 Sustainable use of resources | |
| Biodiversity protection | Measures taken to preserve or restore biodiversity | GRI 304-3 | 5.2 Sustainable use of resources | Non-material aspect for Liberty |
| | Impacts caused by activities or operations in protected areas | GRI 304-2 | 5.2 Sustainable use of resources | Non-material aspect for Liberty |

Social and relative to personnel questions

| Areas | | Reference Framework | Reference | Comments / Reason for omission |
|--|--|------------------------|--|--------------------------------|
| Management approach: description and results of the policies related to these issues, as well as the main risks related to these issues linked to the group's activities.to these issues linked to the group's activities. | | GRI 103-2 | 4.3 Work Organization | |
| Employment | Total Number and distribution of employees by sex, age, country and Professional category | GRI 102-8 GRI 405-1 | 4.1 Staff descripción/ Annex2. Detailed Employment Information | |
| | Total Number and distribution of employment contract modalities | | | |
| | Annual Average of indefinite, temporary and part-time contracts for sex, age and professional status | GRI 102-8 | | |
| | Number of layoffs by sex, age and Professional category | GRI 103 GRI 401-1 | | |
| | Salary gap | GRI 405-2 | 4.2 Remuneration and employee benefits /Annex 2. Detailed Employment Information | |
| | Average remuneration by sex, age and professional category | GRI 405-1 | | |
| | Average remuneration of directors by sex | GRI 405-2 | | |
| | Average remuneration of managers by gender | | | |
| | Implementation of labor disconnection policies | GRI 103 | 4.3 Work Organization | |
| | Employees with disabilities | GRI 405-1 | 4.7 Diversity and equal opportunities | |

| Areas | | Reference Framework | Reference | Comments / Reason for omission |
|--|---|---|---|--------------------------------|
| Work organization | Organisation of work | GRI 103 GRI 401-3 | 4.3 Work Organization | |
| | Number of absence hours | GRI 103 GRI 403-9 (Version GRI 2018) | 4.3 Work Organization | |
| | Measures aimed at facilitating the enjoyment of conciliation and encouraging the co-responsible exercise of these by both parents | GRI 103 | 4.3 Work Organization | |
| Health and security | Occupational health and safety conditions | GRI 403-1 (Version GRI 2018) | 4.4. Employee Health and Wellness | |
| | Number of occupational accidents and diseases by sex, frequency rate and severity by sex | GRI 403-9 (Version GRI 2018) GRI 403-10 (Version GRI 2018) | 4.4. Employee Health and Wellness | |
| Social relations | Organization of social dialogue | GRI 103 | 4.5 Social Relations | |
| | Percentage of employees covered by collective bargaining agreements by country | GRI 102-41 | 4.5 Social Relations | |
| | Assessment of collective agreements, particularly in the field of health and safety at work | GRI 403-4 | 4.5 Social Relations | |
| Formation | Policies implemented in the field of trainingla formación | GRI 103 | 4.6 Training and development | |
| | Total number of hours of training per professional category | GRI 404-1 | 4.6 Training and development/ Annex 2. Detailed Employment Information | |
| Universal accessibility for people with disabilities | | GRI 103 | | |
| Equality | Measures taken to promote equal treatment and opportunities for women and men | | | |
| | Equality plans measures taken to promote employment, protocols against sexual and sex-based harassment | GRI 103 | 4.7 Diversity and equal opportunities | |
| | Integration and universal accessibility of persons with disabilities | | | |
| | Anti-discrimination policy and, where appropriate, diversity management | | | |

Information on respect for human rights

| Areas | Reporting Framework | Reference | Comments / Reason for omission |
|---|--|-----------------|---------------------------------|
| Management approach: description and results of the policies related to these issues, as well as the main risks related to these issues linked to the group's activities. | GRI 103-2 | 3. Human Rights | Non-material aspect for Liberty |
| Application of human rights due diligence procedures | GRI 102-16 GRI 102-17 | 3. Human Rights | Non-material aspect for Liberty |
| Prevention of risks of human rights violations and, where appropriate, measures to mitigate, manage and redress any abuses committed | GRI 102-16 GRI 102-17 GRI 412-2 | | |
| Complaints of human rights violations | GRI 406-1 GRI 419-1 | | |
| Promotion of and compliance with the provisions of the fundamental ILO Conventions relating to respect for freedom of association and the right to collective bargaining, the elimination of discrimination in employment and occupation, the elimination of forced or compulsory labour and the effective abolition of child labour. | GRI 103 GRI 102-16 GRI 407-1 GRI 408-1 GRI 409-1 | | |

Information relating to the fight against corruption and bribery

| Areas | Reporting framework | Reference | Comments / Reason for Omission |
|---|---|---|--------------------------------|
| Management approach: description and results of the policies related to these issues, as well as the main risks related to these issues linked to the group's activities. | GRI 103-2 | 2.1 Specific Ethics and corruption programs | |
| Measures taken to prevent corruption and bribery | GRI 102-16 GRI 102-17 | 2.1 Specific Ethics and corruption programs | |
| Measures to combat money laundering | GRI 102-16 and norms of conduct GRI 102-17 | | |
| Contributions to foundations and non-profit entities | GRI 201-1 | | |

Information about society

| Areas | | Reporting framework | Reference | Comments / Reason for omission |
|---|--|---|---|---------------------------------|
| Management approach: description and results of the policies related to these issues, as well as the main risks related to these issues linked to the group's activities. | | GRI 103-2 | 6. Society | |
| The company's commitment to sustainable development | Impact of society's activity on employment and local development | | | |
| | Impact of society's activity on local populations and the territory | GRI 103 GRI 102-43 GRI 413-1 GRI 413-2 | 6.1 Commitment to sustainable development | |
| | Relations maintained with local community actors and the modalities of dialogue with them | | | |
| | Actions of association or sponsorship | | | |
| Outsourcing and providers | Inclusion of social, gender equality and environmental issues in procurement policy | | | |
| | Consideration in relations with suppliers and subcontractors of their social and environmental responsibility. | GRI 103 GRI 308-1 GRI 414-1 | 5.2 Outsourcing and Suppliers | Non-material aspect for Liberty |
| | Supervision and audit systems and results thereof | | | |
| Consumers | Measures for the health and safety of consumers | GRI 103 GRI 416-1 GRI 417-1 | 6.3 Customers | |
| | Dunning systems | | | |
| | Complaints received and their resolution | | | |
| Fiscal information | Benefits obtained by country | GRI 103 207-4 (Version GRI 2019) | | |
| | Income taxes paid | GRI 103 207-4 (Version GRI 2019) | Tax Information | |
| | Public subsidies received | GRI 201-4 | | |
| Other issues | Corporate governance | GRI 102-18, 102-19, 102-20, 102-22, 102-23 | 1.3 Corporate Governance | |
| | Taxonomy report | - | 5.3 Taxonomy report | |