

Spett.le

**ASP - Azienda Servizi alla Persona
Ravenna Cervia e Russi**Riga, 01/06/2024

**Oggetto : GARA EUROPEA A PROCEDURA APERTA, AI SENSI DELL' ART. 71 DEL D.LGS N. 36/2023 PER L'AFFIDAMENTO DEL SERVIZIO DI COPERTURA ASSICURATIVA SUDDIVISO IN 7 LOTTI PER IL PERIODO DAL 30.06.2024 AL 30.06.2027 – LOTTO 4 CVT VEICOLI PRIVATI USATI PER MISSIONE CIG B1033E985C
Risposta VS. Protocollo nr. 00000907/00 - 29/05/2024**

Si risponde con la presente ai quesiti posti dall'Ente.

Relativamente ai costi della manodopera, si evidenzia che i costi del personale della Compagnia, come da bilancio 2022, rappresentano il 6,11% del totale premi netti annui. Pertanto, per estrapolazione, si considera quale costo del personale tale percentuale del premio netto di ciascuna polizza. Il costo dichiarato è relativo all'intero periodo contrattuale.

Per completezza, si riportano i costi aziendali del bilancio 2022 in percentuale rispetto ai premi netti relativi al suddetto anno:

Salaries and social contribution expenses	6,11%
Advertising and presentation expenses	2,31%
Audit and consulting services	0,58%
Computer programs rent and maintenance	0,38%
Rent payments	0,33%
Other business related costs	0,32%
Other personal expenses	0,32%
Utility expenses (electricity, heating, water)	0,22%
Other administrative expenses	0,21%
Obligatory payments*	0,20%
Car maintenance costs	0,18%
Legal expenses	0,16%
Telecommunication costs	0,13%
Other administrative costs	0,29%
TOTALE	11,73%

Relativamente alla dichiarazione di equivalenza del contratto applicato, si ritiene utile innanzitutto riportare quanto riportato al paragrafo 7 delle istruzioni fornite da ANAC nel “Bando tipo n. 1/2023”, che al secondo capoverso riporta:

Individuazione del CCNL di riferimento

*Ai sensi dell'articolo 11, commi 1 e 2, del codice dei contratti pubblici, le stazioni appaltanti indicano nei bandi di gara il contratto collettivo nazionale applicabile al personale dipendente impiegato nell'appalto, **individuandolo tra i contratti in vigore per il settore e per la zona nella quale si eseguono le prestazioni di lavoro**, stipulato dalle associazioni dei datori e dei prestatori di lavoro comparativamente più rappresentative sul piano nazionale e quello il cui ambito di applicazione sia strettamente connesso con l'attività oggetto dell'appalto svolta dall'impresa anche in maniera prevalente.*

Orbene, il settore è certamente il settore assicurativo; la zona nella quale si eseguono le prestazioni di lavoro, relativamente alla nostra Società, è certamente la Lettonia, giacché la nostra Compagnia opera in Italia in Libera Prestazione di Servizi, senza dipendenti ed uffici in Italia.

Da quanto sopra, non risulta congruo l'analitico confronto del contratto di lavoro applicato ai nostri dipendenti, residenti e che svolgono la propria attività in Lettonia, con un contratto di lavoro italiano. Il suddetto confronto, se utile nel caso specifico, andrebbe eventualmente eseguito nei confronti di altro contratto di lavoro lettone.

E' pertanto nostro parere che il termine “**equivalente**” abbia un significato diverso dal termine “uguale”, e che, in particolare per Compagnie assicurative di Paesi UE diversi dall'Italia, vada inteso in termini di garanzia complessiva dei diritti dei lavoratori, di equa retribuzione, di assenza di discriminazioni e attenzione alla parità di genere, di equilibrio vita privata/lavoro, etc.

Si conferma pertanto, ai sensi **dell'art. 110 D.Lgs. 36/2023 comma 4a** che la nostra Società rispetta appieno la Legge sul Lavoro della Repubblica di Lettonia, e che tutti i dipendenti sono retribuiti nel pieno rispetto della suddetta Legge con retribuzioni significativamente superiori allo “stipendio minimo” previsto dalla suddetta legge.

Analogamente, ai sensi dell'art. 110 comma 4b, la Società assolve a tutti gli oneri relativi alla sicurezza previsti dalla normativa vigente.

Con specifico riferimento all'art. 110 comma 5, si dichiara inoltre che:

- la Società, certificata ISO9001 e ISO14001, rispetta gli obblighi in materia ambientale, sociale e del lavoro stabiliti dalla normativa europea e nazionale, dai contratti collettivi o dalle disposizioni internazionali di diritto del lavoro indicate nell'[allegato X alla direttiva 2014/24/UE del Parlamento europeo e del Consiglio del 26 febbraio 2014](#);
- la Società non applica il subappalto;
- la Società ritiene congrui i costi della sicurezza, pari a 0,4% del totale premi
- ha costi del personale sempre ampiamente superiori ai minimi salariali previsti dalla Legge sul lavoro lettone.

Relativamente **all'art. 110 comma 6**, la Società non riceve aiuti di Stato.

Ciò premesso, si forniscono più dettagliate informazioni in merito allo specifico contratto di lavoro:

Nella Repubblica di Lettonia non sono stipulati contratti collettivi di lavoro. Il contratto di lavoro è regolamentato dalla Legge sul Lavoro e successive modificazioni, che viene aggiornata dal Parlamento

lettone con cadenza di massima annuale. Si allega il link alla suddetta legge in lingua inglese, che definisce le condizioni contrattuali normative ed economiche minime da applicare a ciascun dipendente.

Link:

<https://eu01.l.antigena.com/l/nv9CftzJ8oZWmArNKICUNJ40ITr6Fmkl1mpiWLY4y888GLVWCvuxFO0VR43QERZCNZ7HR2BzzWh6X5Ae5xRR57tfnZyfNasmb8byTcmxAoyNxoHdyBF0edf~UvUcdKQHP8YbKTIPTYSdvWkZ>

La scrivente società assicura ai propri dipendenti condizioni normative ed economiche di assoluto rilievo, ampiamente superiori a quelle previste dalla legge e prevedibilmente in linea, e per alcuni aspetti probabilmente superiori, a quelli previsti dal contratto di riferimento indicato dalla Stazione appaltante.

Quale esempio si riporta la possibilità di impiego dello smart-working, anche in modalità full smart-working, previsto dalla Società da quasi un decennio, mentre contrattualmente regolamentato in Italia solo a seguito della recente pandemia.

- a. **La disciplina concernente il lavoro supplementare e le clausole elastiche nel part-time;**
La Società prevede, compatibilmente con la tipologia di lavoro, il part-time, nelle diverse forme di part-time orizzontale e part-time verticale. Una delle persone che seguono le operazioni in Italia opera in part-time orizzontale
- b. **la disciplina del lavoro straordinario, con particolare riferimento ai suoi limiti massimi;** Non è previsto il lavoro straordinario.
- c. **La disciplina compensativa delle ex festività soppresse, che normalmente avviene attraverso il riconoscimento di permessi individuali;**
Non sono presenti in Lettonia festività soppresse;
- d. **la durata del periodo di prova;**
Tre mesi
- e. **la durata del periodo di preavviso;**
Variabile da 1 mese a 4 mesi in funzione del livello aziendale
- f. **durata del periodo di comportamento in caso di malattia e infortunio;**
30 giorni
- g. **malattia e infortunio, con particolare riferimento al riconoscimento di un'eventuale integrazione delle relative indennità;**
Tutti i dipendenti sono coperti da assicurazione integrativa contro gli infortuni;
- h. **maternità ed eventuale riconoscimento di un'integrazione della relativa indennità per astensione obbligatoria e facoltativa;**
Il periodo di maternità non è obbligatorio. Il periodo di maternità può durare fino a 18 mesi, con retribuzione intera per i primi 8 mesi e retribuzione al 70% per i rimanenti 10 mesi
- i. **sanità integrativa.**
Tutti i dipendenti sono coperti da polizza sanitaria integrativa, con possibilità di inserimento dei familiari con contribuzione del dipendente.

Per quanto sopra:

- si ritiene corretto confermare la dichiarazione di equivalenza:
- relativamente all'art. 102 del Codice, si dichiara che la Compagnia non ricorre al subappalto e che eventuali nuove assunzioni avverranno nel rispetto delle pari opportunità generazionali e di genere.

- Relativamente all'ottemperanza alla Legge 68/99, si conferma quanto già dichiarato nel DGUE: L'impresa non ha dipendenti in Italia, ed analogo normativa non è presente nell'ordinamento legislativo lettone. Ovviamente, in caso di operatività "in stabilimento", quindi con assunzione di personale in Italia, la Compagnia si impegna al rispetto della suddetta legge.

Infine, con riferimento al paragrafo 3 del disciplinare di gara e a quanto richiesto, si riporta il dettaglio del personale impiegato:

Operatore	Costo orario	Numero ore	Costo totale
Junior Underwriter	€ 12,75	3,00	€ 38,25
Senior Underwriter	€ 22,84	0,50	€ 11,42
Claim specialist	€ 12,75	6,00	€ 76,50
Senior Claim specialist	€ 22,84	0,50	€ 11,42
Administrative employee	€ 10,24	3,00	€ 30,72
		TOTALE	€ 168,31

Relativamente al rispetto dei principi relativi alla parità di genere, si conferma che la Società, pur in assenza nel Paese di residenza di una normativa relativa alla certificazione sulla parità di genere, ha da tempo autonomamente adottato procedure di gestione e controllo che garantiscano il pieno rispetto della parità di genere e la **valorizzazione di ciascun individuo indipendentemente dal sesso, religione, età, condizione sociale, idee politiche, etc., come sinteticamente riportato nel rapporto ESG della società.**

Si riportano alcuni parametri quantitativi relativi alla parità di genere:

- Il Consiglio di Amministrazione della società ha visto nell'ultimo triennio l'inserimento di 2 membri di sesso femminile. Pertanto il CdA è attualmente formato da 2 soggetti di sesso maschile e 2 di sesso femminile;
- Uno dei membri del CdA di sesso femminile è il Direttore del personale della Società;
- Il numero di dipendenti di sesso femminile è percentualmente in costante crescita negli ultimi 5 anni, ed è pari al 54% del totale dipendenti, valore ampiamente superiore alla media del settore assicurativo di riferimento;
- La Società ha implementato un programma di controllo e di report di possibili casi di discriminazione, molestie (whistleblowing program);
- La Società ha implementato un programma di full smart-working, con ampia autonomia nella gestione dei tempi di lavoro, possibilità di part-time, etc; un esempio è proprio l'attività sul mercato Pubblica Amministrazione italiano, svolta in primis da due figure professionali entrambe di sesso femminile ed entrambe in full-smart-working.

- La Società estende il periodo di maternità/paternità previsto per legge fino ad un massimo di 18 mesi, ed assicura la protezione del posto di lavoro e del livello retributivo in caso di maternità, anche estesa.

La Società pertanto instaura e sviluppa costantemente una cultura aziendale basata sull'uguaglianza degli individui, e la Governance dell'azienda ha questo principio come fondamento.

I processi di gestione delle risorse umane sono fondati sull'uguaglianza degli individui, e pongono particolare attenzione alle opportunità di crescita ed inclusione delle donne in azienda, all'equità retributiva per genere, alla tutela della genitorialità, alla conciliazione vita-lavoro.

Si riporta in allegato la parziale traduzione delle pagine 41, 45, 57 e 58 del Report ESG della Società (Environmental, Social and Governance), che trattano specificamente la tematica della **valorizzazione dell'Eguaglianza e il rapporto ESG in lingua inglese**.

In conclusione, **Balcia Insurance SE** dichiara:

- di rispettare gli obblighi relativi alle disposizioni vigenti in tema di sicurezza e protezione dei lavoratori e delle condizioni di lavoro, in ottemperanza alle normative del Paese ed europee;
- di attuare, nei confronti dei lavoratori dipendenti, condizioni normative e retributive nel rispetto del **Contratto Legge del Lavoro** della Repubblica di Lettonia;
- di rispettare le norme in materia previdenziale ed assistenziale.
- di rispettare tutti gli obblighi in materia ambientale, sociale e del lavoro stabiliti dalla normativa europea e nazionale e dai contratti collettivi di lavoro.

Si rimane comunque disponibili a fornire qualsiasi ulteriore chiarimento ed informazione fosse richiesta.

Distinti saluti

**Il Presidente del CdA e Procuratore generale
Janis Lucaus**

TRADUZIONE PAG. 45 DEL RAPPORTO ESG

VALORIZZARE L'UGUAGLIANZA (valuing equality)

Balcia ritiene che la diversità e l'inclusione siano parte integrante della strategia e cultura dell'Azienda.

Principi antidiscriminazione, equa retribuzione e pari opportunità sono definiti e integrati nelle politiche aziendali di Balcia per garantire che possano essere reclutati, mantenuti e promossi talenti diversi a tutti i livelli.

Questi principi si applicano a tutti i processi che riguardano le risorse umane: reclutamento, sviluppo, promozione e altri. Il consiglio di amministrazione si impegna a promuovere e garantire l'uguaglianza e partecipa spesso alle attività dei dipendenti. Inoltre, almeno un membro del consiglio di amministrazione è presente a ogni evento dei dipendenti per dimostrare l'impegno di Balcia nella creazione di un ambiente di lavoro positivo e inclusivo.

Ogni dipendente è ugualmente importante per Balcia, come dimostra la struttura gerarchica caratteristica delle start-up. Ad esempio, il Presidente del Consiglio incontra personalmente tutti i nuovi dipendenti durante il processo di inserimento in Azienda, di persona o in remoto, fornendo informazioni su Balcia, le sue attività e piani di sviluppo.

Nel 2022 il rapporto tra dipendenti uomini e donne rimane come nel 2021 - 46% uomini e 54% donne rispettivamente. Il rapporto di genere all'interno del top management team (il Consiglio e il Consiglio di Amministrazione) è migliorata dal 2021, e alla fine del 2022, i membri del team erano il 78% uomini e il 22% donne.

Nel 2022 si conferma l'assenza di casi di discriminazione nella Società.

TRADUZIONE PAG. 57 DEL RAPPORTO ESG

PROMUOVERE IMPRENDITORIALITA' E INNOVAZIONE

Balcia incarna lo spirito delle startup e si impegna a fornire ai giovani competenze e mentalità necessaria per trovare un lavoro interessante e avviare aziende sostenibili che possano aiutare a costruire comunità fiorenti.

Nel 2022 Balcia e il suo team hanno contribuito all'organizzazione "Junior Achievement Lettonia" fornendo sostegno finanziario, donando tempo e conoscenze e sostenendo iniziative finalizzate ad aiutare i giovani a sviluppare capacità occupazionali e imprenditoriali.

Per sostenere ulteriormente la causa, il team Balcia ha trasformato la propria sfida di “muoversi a piedi” in un modo per raccogliere fondi per l’ all'organizzazione "Junior Achievement Lettonia".

Nel 2022 il team Balcia ha percorso 6.586 km, che si sono tradotti in una donazione di 6.586 euro donati per coprire i costi di partecipazione degli studenti all'International Student Company Festival 2022.

TRADUZIONE PAG. 58 DEL RAPPORTO ESG

COLLABORANDO PER UNA SOCIETA' SANA

L'azienda crede nella garanzia di pari opportunità per tutti ed è orgogliosa del raggiungimento di una equilibrata parità di genere nella sua squadra.

Balcia sostiene il Campionato Europeo di Golf Croquet femminile in Lettonia per contribuire a sfidare gli “stereotipi di genere” e a mostrare uomini e donne come uguali.



Balcia
insurance



Balcia Insurance SE
ESG Report 2022

2023

About the report

Balcia Insurance SE (hereinafter referred to as – Balcia, We, the Company) is an insure-tech Company registered in Latvia under the number 40003159840, a European Company (Societas Europea).

The ESG Report 2022 (hereinafter - the ESG Report) follows the Global Reporting Initiative (GRI) Standards requirements. The report provides an overview of Balcia's non-financial performance, including its impact on the environment, social and governance aspects, employment, compliance, community impact, and other relevant non-financial elements.

The ESG Report covers the period from January 1st until December 31st, 2022, and is made public on June 9th, 2023. It includes information about the Company's development, performance results, and commitment to sustainability and are aligned with GRI Standards requirements.

Balcia Insurance SE is committed to operating sustainably and recognizes the importance of ESG factors in achieving long-term success. We welcome any questions or suggestions regarding the ESG Report and invite you to contact us at

 sustainability@balcia.com

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Message from the Chairman of the **Board**

Balcia has been driving progress in the insurance industry in Latvia and beyond, helping economic development and promoting sustainable business, workplace diversity, and corporate transparency. Sustainability has become a vital part of our lives, and we believe that the future is not solely defined by financial success anymore. Balcia is committed to focusing on environmental, economic, and social sustainability.



Jānis Lucaus,
Chairman of the Board

2022 was one of the most challenging years globally and in Europe in the modern world. Despite the geopolitical challenges, energy crisis, and consequences of Covid 19 , we continued our initiatives to move purposefully toward the long-term goal of providing our customers with high-quality insurance that fits everyone's lifestyle. We are proud of how our team has grown, with experienced insurance, IT, and finance professionals joining us. Our employees have supported each other, our customers, and our communities and worked together to build a more sustainable future, often under challenging circumstances.

Our commitment to sustainability is reflected in our first materiality analysis conducted in 2022. We engaged our key stakeholders in defining the most relevant sustainability topics to be addressed in further strategic planning and communication. We also identified areas of activity that may be exposed to sustainability risks and included operational sustainability risks in our overall risk management framework.

Innovation and sustainability should go hand-in-hand. Continuing the course of innovation at Balcia, we got involved in a start-up cooperation program in 2022, working with two international start-ups and developing an innovative solution for the automation of transport insurance claims. We want to actively engage in the change towards a more sustainable and equitable future. Based on what we have already achieved, in 2023, we will finalize our new ESG strategic framework setting specific short-term and long-term goals.

Sustainability is a crucial global issue that will continue to guide our actions and decisions for the next few decades, as it plays a critical role in improving the well-being of our planet. Companies in all sectors, including insurance, must prioritize sustainability to contribute to a more sustainable future. At Balcia, we prioritize environmentally conscious practices, strive to work sustainably, and are committed to building a brighter future for all.

With our first Environmental, Social, and Governance (ESG) report, we aim to provide our key stakeholders with disclosure on relevant environmental, social, and corporate governance topics. We hope this will help them make informed decisions about the Company's ability to impact and create value positively. ●

2022 Facts & Figures

Business growth

+59%

GWP 2022 - 81M EUR

GWP 2021 - 50.9M EUR

Solvency II

ON 2022 Q4

196%

Incurred claims

NET YEAR 2022

41.8M €

Policies sold

STARTED AGREEMENT COUNT

664K

Operating in **6 markets**

Ranked among **TOP 101 of Latvia's Most Valuable Enterprises**

Number of employees

2021: 176

2022: 218

54%

46%

Two international standards
ISO 9001:2015 and ISO 14001:2015
implemented

✓ First Balcia ESG materiality assessment conducted

✓ Training on sustainability and ESG launched for all Balcia employees

♥ Balcia and its employees donated more than 300'000 euros in financial resources and much-needed goods to help Ukrainians

✓ Cancellation of the one-time entry fee at the Motor Insurers' Bureau of Latvia achieved



Balcia at a glance

 Balcia is an insure-tech Company with a license in non-life insurance.

1993

The Company was founded in 1993 in Latvia and has extensive experience throughout the European Union.



The Company's headquarters are located in Riga, Latvia, and more than **100** professionals in the field provide the Company's strategic planning and management functions such as financial risk management, internal audit management, non-life insurance product innovations, information technology development and other functions important to the Company's growth.

Balcia has expanded its operations by opening branches in Poland, Lithuania and Germany, as well as offering non-life insurance services in France and Italy in accordance with the principle of freedom to provide services (FOS).

2022

In 2022, Balcia started providing insurance services in Latvia, and continuing its development in the Baltic market, Balcia's branch in Estonia will be opened in the middle of 2023.

2023

The Company is widely recognized for its flexible approach and dynamic response to the needs of today's clients and markets, becoming an international industry expert with ambitions to create the next generation of non-life insurance products. The Company cooperates with insurance brokers and agents from European Union countries in non-life underwriting.

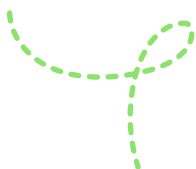
Balcia map of **OPERATIONS**



230+ COOL PEOPLE

Balcia's core values are the shared ideals that shape its identity, benefit its clients, and help its people function as a team.

Having a strong focus on improve efficiency and effectiveness, lean principles are at the Company's forefront bringing about more process developments and focusing on innovation.



In 2022, Balcia obtained two ISO certificates - Quality Management System and Environmental Management System carrying out an internal process efficiency and compliance procedure.



Business development strategy

Our strategy

✓ **E-commerce**

An online insurance purchasing tool based on user habits and experience, which facilitates the 24/7 purchase of services (UX/UI)

✓ **Information technologies**

Digital, automated, 24/7 accessible and adaptive solutions and systems that ensure rapid availability and high-quality personalized service

✓ **Products**

Insurance services are tailored to users' needs, experiences and habits in a way that is convenient, simple and easy to understand. (UX/UI)

✓ **Claims**

Fast claims processing, up to 4 hours. Automated data collection and, where possible, customer-sensitive interpretation of rules

✓ **Employer branding**

Activities in the company culture, to strengthen corporate values and the brand

✓ **ESG**

Implementation of environmental, social and governance criterias into internal regulations and activities of the company

✓ **Internal and external communication**

Use of modern communication tools, tailor-made activities and learning opportunities to increase and develop participation

Balcia positions itself as the next generation insurance – convenient insurance with no unnecessary limitations. The company is following through commitment to shake up the insurance market to change the perception of insurance and making it more accessible and appealing to a broader audience. Balcia is challenger of the insurance category conventions in product, service, business, and clients' minds. The Company's long-term goal is to provide the client with the most affordable and high-quality insurance suitable for each personal lifestyle. It is achievable by striving for excellence in the professional development of employees, customer service, and efficiency improvement in business processes.

Balcia's strategic objectives support continuous, balanced, and profitable growth for the Company as a whole and for each country where it operates. Balcia aims to become a trusted and professional insurer that meets clients' desire for quality insurance services conveniently and anywhere by delivering exceptional service and tailored solutions.

Our approach to sustainability

Sustainable actions become an extremely important today in all sectors, including insurance industry, and in the future will remain the determining factor for both businesses and individuals. Balcia is also aware that it embraces sustainability in various ways but mainly through their underwriting decisions, investments, and the way how the insurance products are developed and structured.

MATERIALITY elements

Stakeholder expectations

Management

Industry-specific trends

EU sustainability regulations development

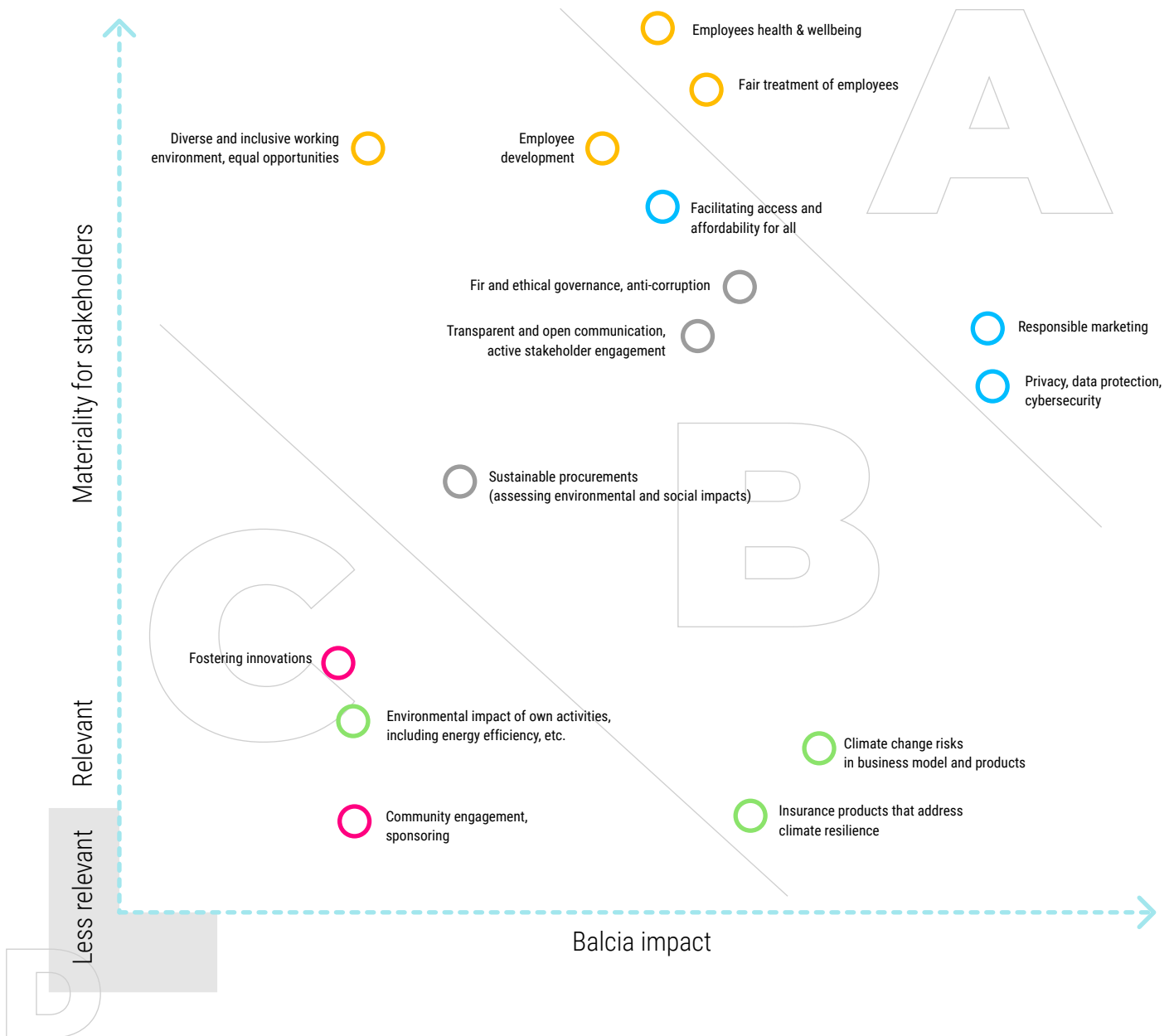
In 2022 Balcia conducted a materiality analysis to define the scope of sustainability priority topics of the Company. In this process desktop research was done to identify industry-specific trends and requirements of EU sustainability regulations, as well international standards.

Key part in the materiality process was stakeholder and employee engagement giving them opportunity to express via survey their expectations and suggestions for the Company on developing its systematic approach on sustainable development, environmental and social impacts, as well as responsible business conduct.

The matrix presents the priority of relevant sustainability topics for external stakeholders and from the point of view of Management Board.

MATERIALITY matrix

- Services
- Governance
- Working environment
- Environment
- Community



The materiality analysis was used as the basis for the Company in defining sustainability priorities to take care of with the highest responsibility when developing its Sustainability strategy in 2023.

Balcia has also committed to contributing to the Sustainable Development Goals (SDGs), adopted by the United Nations in 2015. In this report there are highlighted SDGs where Balcia has the biggest impact through its business activities, investments and community programs.

Sustainability governance

Clear and transparent governance is critical to delivering Balcia's sustainability commitments and goals. It reinforces the holistic approach with leadership from the top management. Sustainability governance within the Company is based on sustainability policies, instructions and industry guidelines that Balcia adheres to.

The Management Board has the main responsibility for Balcia's sustainability management and one of the Board Members has an individual ownership of ESG and sustainability matters overseeing the work of Quality and Sustainability Manager, as well as overall sustainability performance of the Company.

Being aware of the responsibility and role of every employee in achieving the Company's sustainability goals and commitments, in 2022 the special training on ESG and sustainability issues was provided to all employees. This helped to gain a common understanding of the sustainability importance, megatrends and various ESG topics, as well as listen to good practices regarding the responsible impact management.

2023

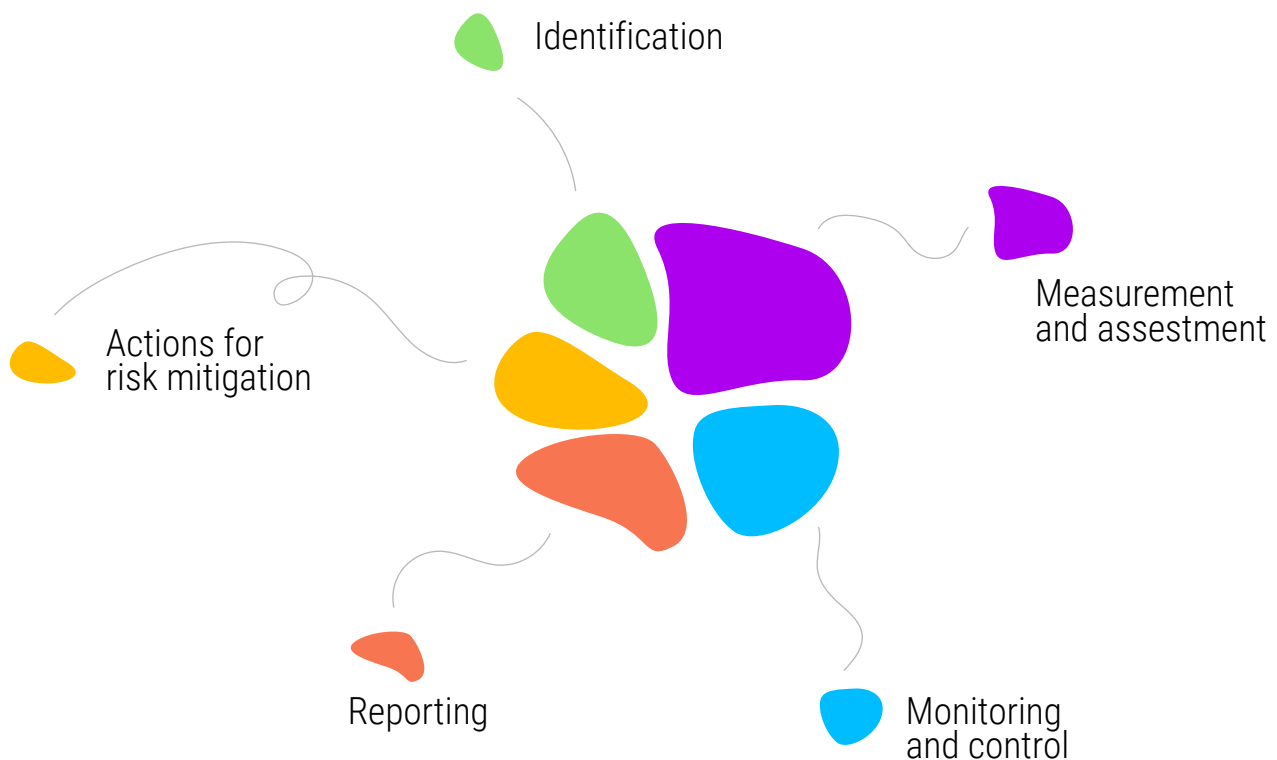
In 2023 Balcia will continue its efforts in building proper sustainability framework to address the material issues important to its stakeholders and to contribute to wider sustainable development efforts with a focus on employees and accessible service.

Sustainability risk management



The overall risk management process in Balcia in place provides high-quality information and risk analysis enabling Balcia to make better informed and safer business decisions to implement its strategy and achieve the desired objectives.

RISK management process in Balcia



Balcia does not classify sustainability risk as a separate risk category, but integrates into its risk management policies and procedures the necessary activities and measures to identify sustainability risks and measure their impact on traditional risks Balcia faces within its day-to-day work.

Balcia sees sustainability risks as such environmental, corporate governance or social events or conditions, the occurrence of which could have a real or potential significant negative impact on the value of Balcia's assets and liabilities.

Balcia sustainability risks include the following:

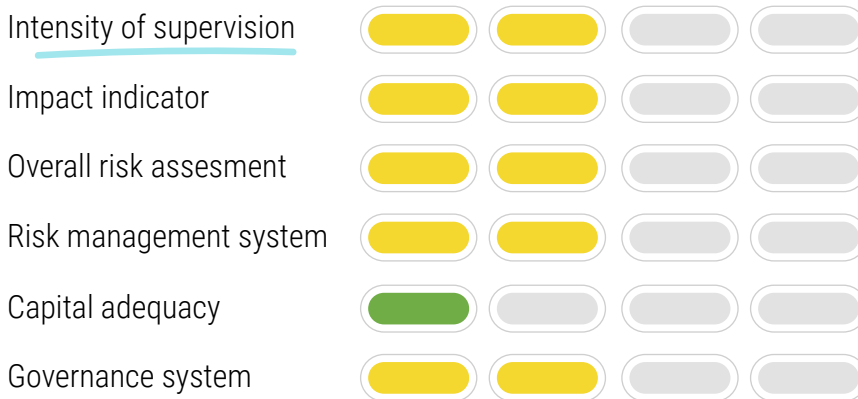
-  Human resources management – occupational health and safety; well-being of employees; attraction, retention, and development of talents;
-  Business ethics and integrity - financial honesty and transparency; compliance with legal acts and voluntary standards; clear products terms and conditions;
-  Client relations – information security; continuity of service; responsible marketing; customer friendly service;
-  Climate impact - timely development of innovative products, supporting reduction of CO2 emissions; climate impacts (e.g., storms, floods etc) on the assets for which the Company has provided an insurance cover;
-  Responsible use of natural resources - sustainable resource (water, electricity, etc.) management, optimisation of material cycles reducing the waste.

As a part of the supervision of the insurance market participants in 2022 the Financial and Capital Market Supervisory Commission of Latvia (as of January 1, 2023 the supervisory authority has changed to the Bank of Latvia) carried out a risk assessment to identify, analyze and evaluate the risks inherent in the operations of Balcia and to assess the quality, adequacy and compliance of the methods used to manage these risks with the nature, scope and complexity of its operations.

Within the framework of the risk assessment process, based on the results of the analysis of the received information, each insurance company's impact classification, the Bank of Latvia has determined a risk level for each insurance company in the range from "1" to "4", and Balcia was proud of receiving moderately low score



BANK of Latvia risk level



- Low
- Medium Low
- Medium High
- High

Corporate governance

Relevant SDGs*:



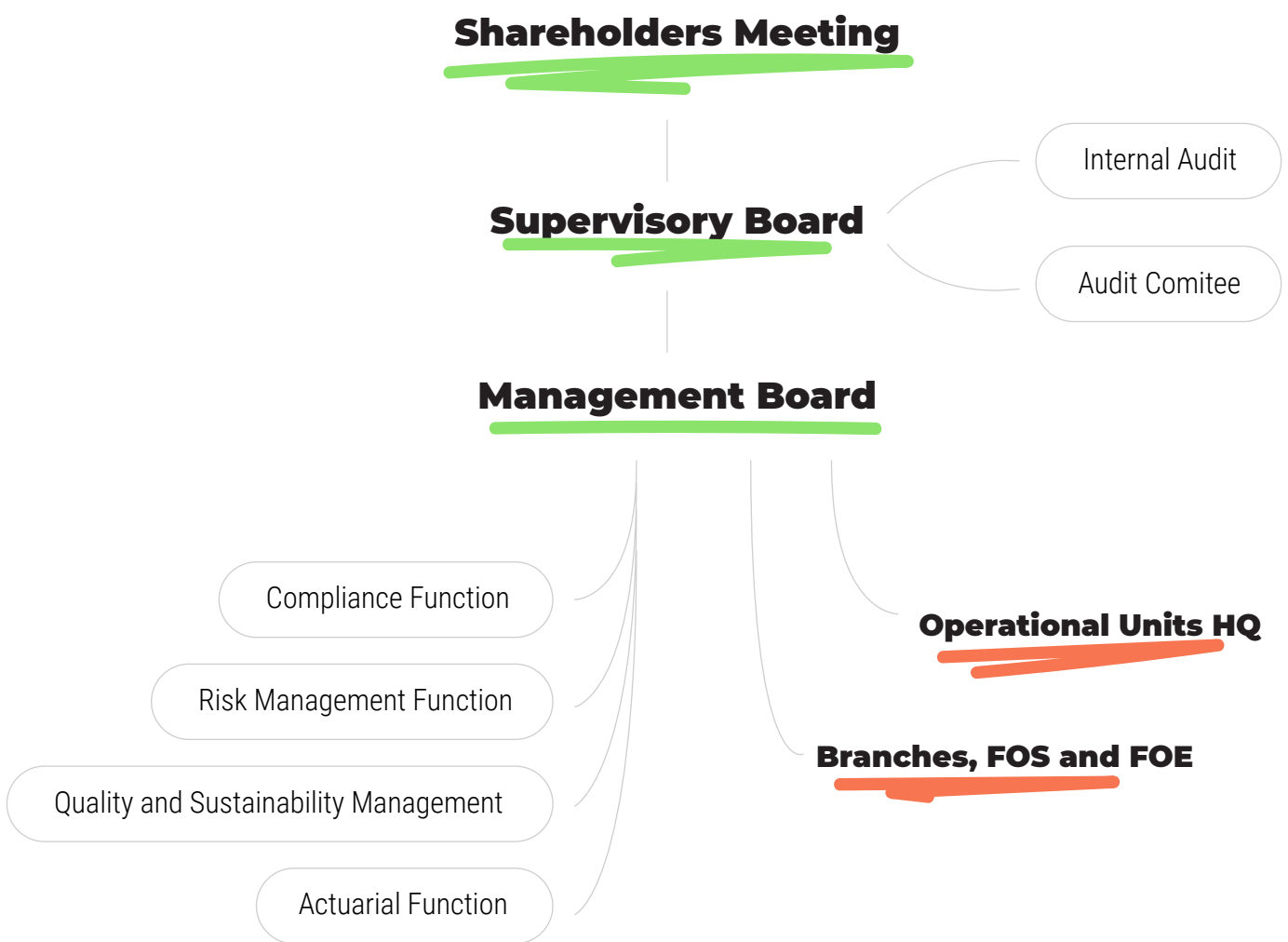
The share capital of Balcia is entirely held by its beneficial shareholders (see table below) - entrepreneurs from Latvia, ensuring the export of local capital insurance services.

Largest shareholders with qualifying holding

<u>Shareholder</u>	<u>Share of capital</u>
Gints Dandzbergs	29.357%
Pauls Dandzbergs	29.357%
Marts Dandzbergs	29.357%
Other shareholders	11.929%

* The Sustainable Development Goals (SDGs)

Organizational structure of Balcia



Supervisory Board

The Supervisory Board of Balcia represents interests of the shareholders and supervises the operation of Balcia Management Board. During the reporting period, the composition of the Supervisory Board has not changed.

The Supervisory Board is responsible for defining the strategy for the operation and main goals of Balcia, approving business decisions, electing and supervising the Management Board, and other activities defined by Articles of Association and other internal Regulations.

Gints Dandzbergs

Chairman of the Supervisory Board

Pauls Dandzbergs

Deputy Chairman of the Supervisory Board

Marts Dandzbergs

Deputy Chairman of the Supervisory Board

Andrejs Galanders

Member of the Supervisory Board

Agris Dambeniaks

Member of the Supervisory Board

Management Board

Balcia's Management Board currently is composed of four Board Members, appointed by the Supervisory Board.

The Management Board represents and manages the affairs of Balcia, is responsible for the commercial activity of Balcia as well as for compliance with the regulatory enactments within the competence set by the regulatory enactments and internal regulations of Balcia. The Management Board is also responsible for drafting detailed strategy based on the instructions of the Supervisory Board and developing other internal rules for achieving objectives, organizing management, communicating with stakeholders, and carrying out other tasks.

In 2022, improvements were made to internal documentation and processes, including Balcia Articles of Association, taking into account the principles of Corporate Governance developed by the group of experts in collaboration with the Ministry of Justice which included promoting effective information circulation within the Management Board and Supervisory Board of Balcia, as well as promoting the use of modern communication channels, informing the involved parties about the decisions made.

In 2022 the By-Laws of Balcia Management Board were adopted, defining the Management Board's expertise, the right of representation of Management Board members and the distribution of areas of responsibility according to the organizational structure of Balcia.

In the fourth quarter of 2022, changes were made to the composition of Balcia's Management Board, clearly indicating the importance of the Balcia's internal culture, employee well-being and the growth of technological innovation. The current members of the Board - Chairman of the Management Board Jānis Lucaus and Member of the Management Board Eleonora Zelmene - were joined by two professionals from the field of technology and start-ups - Laura Krastiņa and Ilgvars Girgensons.

The new competences at the level of Balcia's top management will enable the development and implementation of the latest technological solutions in innovation processes and work with clients, as well as strengthen Balcia's internal culture, putting the employees of Balcia in the foreground.

Jānis Lucaus

Chairman of the Board

Jānis Lucaus is an experienced professional with over 20 years of experience in finance and insurance. As the Chairman of Balcia Management Board since February 2020, J. Lucaus leads a team of over 230 professionals, focusing on developing innovations, collaborating with startups, and driving geographical expansion and growth. Under his leadership, Balcia has introduced unique insurance products.

Prior to joining Balcia, J. Lucaus has managed financial and insurance companies. For more than 8 years he has led BTA Baltic Insurance Company. Moreover, J. Lucaus has extensive experience in the field of fintech startups, having worked for TWINO Group and Mogo Group (currently Eleving Group). During his tenure at TWINO, J. Lucaus supported development of the digital bank's strategy and worked on a business plan to obtain a bank license. Later he joined the Mogo Group, overseeing business development in the Caucasus region.

Eleonora Zelmene

Member of the Board

Eleonora Zelmene is a well-known and respected name amongst insurance law experts in Latvia. She was appointed as the Member of Balcia Management Board in April 2020 and since the above period takes a responsibility for the legal, compliance and risk matters of the company. Prior to joining Balcia she was working for BTA Baltic Insurance Company and TWINO Group leading legal services of the companies.

Eleonora Zelmene is an attorney-at-law with almost ten years of experience in one of the largest law firms in Latvia Ellex Kļaviņš leading Insurance team of the law firm. It is worth mentioning that Eleonora has a background in Latvian financial services supervisory authority allowing her to have a better understanding of the regulator's perspective of the activities of the insurance company.

Laura Krastiņa

Member of the Board

Laura Krastiņa's experience in the startup environment, fintech, and FMCG sectors aligns with Balcia's strategy to become an insure-tech company. L. Krastiņa has had a successful career in personnel management and marketing communication, with previous experience at a financial technology startup TWINO Group and its companies outside Latvia. Laura also served on TWINO Group's management team for several years. Before her tenure at TWINO, L. Krastiņa contributed to the operations of subsidiary companies of the Carlsberg Group in Latvia and Estonia holding senior executive roles.

Ilgvars Girgensons

Member of the Board

Ilgvars Girgensons has spent over 13 years in various leading information technology positions working for the most significant telecommunications service company in Latvia - TET (previously - Lattelecom). In January 2021, I. Girgensons joined Balcia as a Director of Information Technology, and in November 2022, he was appointed as the Member of Balcia Management Board. In this role, I. Girgensons implements various IT innovation projects and automation initiatives. He has also introduced an agile culture within the IT organization, which has helped the company stay ahead of its competitors in the traditional insurance industry.

Reinis Bērzkalns

Vice President

Reinis Bērzkalns has over 12 years of experience in management within the food industry, where he was responsible for developing export markets. More than a decade ago, R. Bērzkalns switched to the insurance industry, where he started as a regional manager for the BTA Baltic Insurance Company. In this role, he managed a team of professionals and led initiatives to grow the company's business in the region. In 2021, he joined Balcia as Vice President, responsible for developing the company's business strategy, and increasing awareness of Balcia among market partners and customers. Under his leadership, in 2022, the Latvian operations were successfully launched, introducing Balcia as a strong player in the local insurance market.

Jan Pijewski

General Director, Poland

Jan Pijewski has been involved in the financial industry since the beginning of his career, focusing on introducing and developing business operations in the Polish market. His professional path began with insurance sales at insurance company Link4, which was entering the market then. After a few years, he joined the team that prepared the launch of the multinational insurance company AXA business in Poland. His subsequent experience in the insurance sector was at Proama, which he joined long before the company officially entered the market. During his career, he also led projects in the fin-tech and banking sectors.

Artur Senčenko

General Director, Lithuania

Artur Senčenko began his career in the insurance industry in 2005, focusing on international claims settlement. His background in International Law, facilitated his engagement in international claims settlement while working at BTA Baltic Insurance Company. Having gained significant experience in the field, he later led the Foreign Claims Management Department of the group, developed a wide range of European partnerships and encouraged the creation of claims settlement. Since joining Balcia in 2017, Artur's primary responsibilities have included developing a successful business strategy, promoting active commercial activity, and increasing awareness of Balcia among market partners and customers.

Sandris Dravnieks

Branch Director, Germany

Sandris Dravnieks has more than 15 years of experience in the insurance industry. Throughout his career, he has worked closely with banks and insurance intermediaries. For the past eight years, he has been operating as the head of Balcia German branch, where he has been able to promote business and challenge himself. As a result of his efforts, he has recently obtained German citizenship, which will make it easier for him to promote Balcia's business in the region further.



Stakeholder engagement

In the insurance sector the relationship and collaboration with customers, state authorities, professional associations, non-governmental organizations, suppliers and others is an important element for developing sustainable actions. An active dialogue and cooperation with stakeholders have always been essential for Balcia.

In 2022 Balcia identified and grouped the most important stakeholders to implement even more targeted and accurate engagement in solving mutually important issues. Stakeholder engagement involves different forms, including dialogues and negotiation, surveys, and/or partnership.

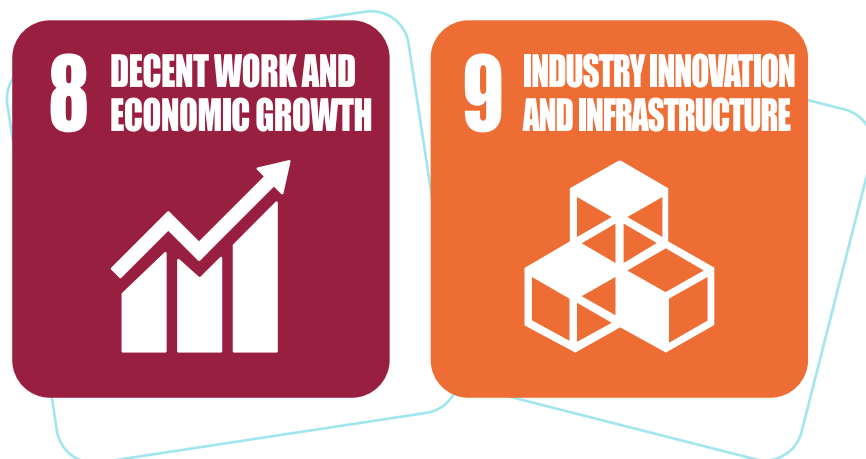
Key stakeholder category	Key concerns	Ways of engagement
Shareholders	<ul style="list-style-type: none"> strategy management legal compliance financial results 	<ul style="list-style-type: none"> Shareholders Meeting Dialogues Reports
Employees	<ul style="list-style-type: none"> well-being and equal opportunities engagement and development motivation 	<ul style="list-style-type: none"> Employee surveys Events for employees Employee dialogues
Clients	<ul style="list-style-type: none"> availability of insurance products, their quality and price responsible marketing data security, privacy 	<ul style="list-style-type: none"> Clients surveys Client portal Chat 24/7 Website, social networks
Insurance intermediaries (brokers, reinsurance companies etc.)	<ul style="list-style-type: none"> legal compliance fair competition good governance, open communication practice 	<ul style="list-style-type: none"> Dialogues Website, social networks Public reports
Regulator, state institutions	<ul style="list-style-type: none"> insurance industry policy development compliance with legal requirements fair competition data security, privacy 	<ul style="list-style-type: none"> Dialogue Regularly providing information on financial results, etc.
Professional associations, organizations	<ul style="list-style-type: none"> involvement in industry policy development compliance with legal requirements fair competition good governance, open communication practice 	<ul style="list-style-type: none"> Meetings, committees Events Website, social networks
Suppliers	<ul style="list-style-type: none"> clear and open procurement practice legal compliance fair competition good governance, open communication practice 	<ul style="list-style-type: none"> Dialogues Website, social networks

To find out stakeholders' opinion on sustainability topics which Balcia should pay special attention in strategic planning and when reporting on its non-financial performance in December 2022 the stakeholders' survey was conducted. The main results are presented in detail in the section "Sustainability in Balcia".

Understanding the Company's operational processes and the importance of external cooperation, **Balcia participated in the Latvian Corporate Governance Award 2022 in the nomination "Stakeholder Management Practitioner"**, emphasizing the fact that understanding the needs of both Balcia 's operations and cooperation partners and active communication results in high-quality cooperation, promoting effective corporate governance.

Modern and accessible **SERVICES**

Relevant SDGs:



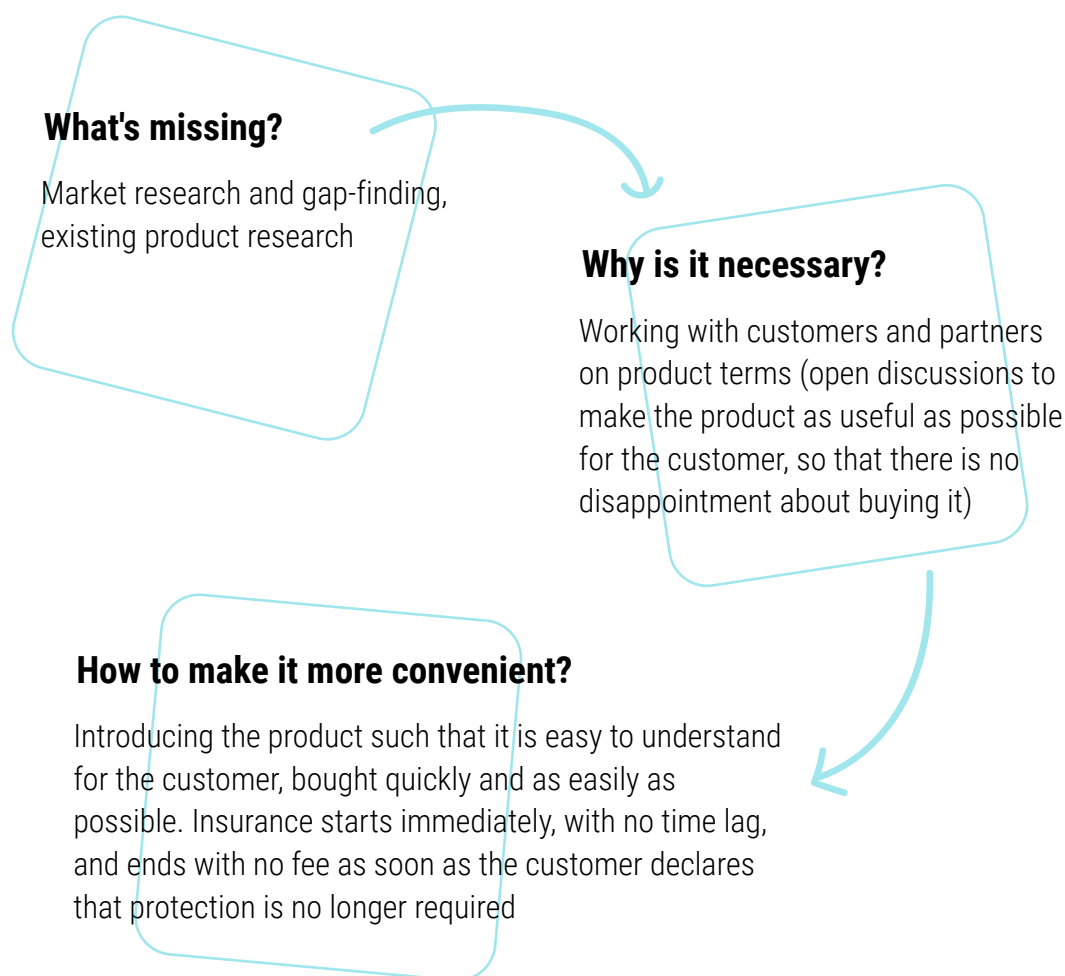
Working closely with insurance brokers and agents in European Union countries as well as actively developing its e-commerce platform, the Company has become an international expert in its field with ambitions to create next-generation insurance in the changing circumstances. Balcia's operations are characterized by a flexible approach, a dynamic and quick response to the market and clients' modern needs and focusing on niche non-life insurance products.

In 2022 the central part of Balcia's insurance portfolio in Latvia was for voluntary types of insurance, which indicates trust in the insurance company that has just entered the Latvian market. Usually, in the first year of operation, the most significant premiums comprise compulsory insurance products.

Balcia puts the customer at the forefront of its thinking when developing new products, not just its status as an insurer. The Company's product development process begins with in-depth market research and gap analysis to identify areas where Balcia can provide innovative solutions that meet customers' needs, including sustainability considerations.

The birth cycle of every product

WE THINK LIKE A CUSTOMER,
NOT LIKE AN INSURER



Balcia places immense importance on rigorous testing and analysis to ensure that its products meet the highest quality and customer satisfaction standards. Throughout the product life cycle, Balcia continuously monitors customer feedback and product performance to ensure that its offerings remain relevant and effective.

Thanks to Balcia's customer-focused approach, the Company has developed multiple innovative products that meet clients' unique needs across the markets where Balcia operates. The Company remains committed to creating value for its customers and providing high-quality, cost-effective solutions that meet their evolving needs.

EXTREME Insurance

In the insurance market, clients who actively engage in high-risk sports, such as motorsports, boxing, and skydiving, have been the exception, with limited opportunities to purchase insurance. However, Balcia now offers insurance protection to any customer, which can be easily purchased on the Company's e-commerce platform.

JUNIOR Insurance

The Company's Junior Insurance is designed for young athletes by professionals and parents based on the experience of coaches, sports doctors, and physiotherapists. Various risks have been evaluated, and high insurance limits are set with the participation of a team of professionals, which includes parents, medical care specialists, Sport federation representatives, athletes, and coaches.

TICKET Insurance

Balcia has introduced ticket insurance in cooperation with the ticket sales company "Biļešu Paradīze". This product has broad coverage, protecting if the client cannot attend the event due unexpected circumstances. The sales results and positive customer feedback confirm its demand and compliance with the customer's needs.

ENVIRONMENTAL Protection

Balcia cares about the environment and is aware of societal changes and trends, switching the focus towards more environmentally friendly choices. In 2022, the Company introduced new products that protect customers who care about the environment: "City Combo" and Solar Panel Insurance, and you can find a detailed description of both in the "Responsibility for Environment" section.

Fair and transparent approach to all

Constantly striving to change customers' perception and use of insurance products, Balcia focuses on offering flexibility, transparency, and speed of reaction to private individuals and companies. Balcia has adopted high customer service standards that apply to each employee. The Company holds the belief that providing clear descriptions of processes and procedures and ensuring that employees have a thorough understanding of their roles and responsibilities, can lead to a quicker assessment of insurance risks and the issuance of insurance policies.

Product **GUIDELINES**



Customer friendly communication, including via short Terms and Conditions

Subscription principle - cancel any time without any termination fees

1 to 12 months policies for most products and 1 day to 12 months policies for accidents and travel



Easy to use self-service platform and fully digital on-boarding

Product purchase in 3 steps (for the majority of products)

Personal approach to customers in the most convenient way of communication

The terms of Balcia's insurance products are short, clear, and without hidden exceptions, which speeds up the claims processing and allows the Company to process claims in standard situations and pay out claims within five days, as opposed to the industry average of ten days.

It is crucial to Balcia that the same conditions apply to all clients, regardless of the sales channel used. Therefore, Balcia has clearly defined that insurance premiums are the same in all sales channels, increasing its partners' trust.

Balcia is accessible to its clients at any stage of the insurance process. Any client is entitled to address Balcia with suggestions and complaints on insurance services in any written form (by regular mail, by e-mail, chat, etc.), directly at Balcia headquarters in Latvia or any branch offices abroad. Also, suggestions may be submitted in any convenient way and Balcia shall provide the client with a response under fair and open attitude.

User-centred design in focus

To become a one-stop shop for all insurance products and claims to handle, Balcia focuses on user needs and habits, using user-centred design. This approach is applied to all retail products and claims handling to provide outstanding service quality and secure high sales. The Company is committed to providing a great user experience and constantly seeks personalization and process automation to achieve this goal.

Balcia e-commerce platform has been developed to provide clients with a comprehensible and accessible purchasing process. Any product can be quickly and easily purchased online, with a focus on high quality and excellent user experience in both the buying and claims processing process.

Balcia is mindful of the diverse financial situations of its clients and the rapidly changing market conditions. Therefore, the Company prioritizes the availability of insurance products and their affordability. Unlike the standard industry practice, Balcia's insurance policies come into effect and terminate without any commission immediately upon the client's request. Moreover, the product's price remains constant even if the customer selects split payment.

To make itself more accessible to both current and potential clients, Balcia is continuously expanding its network of brokers and partners as well as investing in more advanced e-commerce technologies. The Company adopts an individual approach to cooperation with each insurance partner in any given situation, searching for the best insurance solution for both the partner and the client.

Since one of the Company's core values is **DYNAMISM**,

innovation and digitalization of the processes are very important in Balcia. To create automated solutions for the management of its transportation claims in 2022, Balcia took part in the initiative of the co-creation accelerator Future Hub, intensively working together with two highly motivated international startups developing the best solutions:

FROM ESTONIA

Yaway - digitalizing Insurance services by providing SaaS and AI-based solutions;

FROM GERMANY

MotionsCloud - streamline and automate claims processes through mobile self-service, artificial intelligence damage evaluation, and live video inspection technologies modules that can plug into existing claims systems.

In 2023, the solution developed as part of the pilot program will be integrated into Balcia's claims process, allowing customers to submit a request and receive a compensation decision within a few minutes after detecting vehicle damage.

To increase the sales of insurance products among individuals, Balcia in 2022 continue to develop new digital sales channels, including an innovative mobile application. Mobile application will be launched in the second half of 2023, to make it even easier for customers to purchase insurance products.

Business ethics and compliance

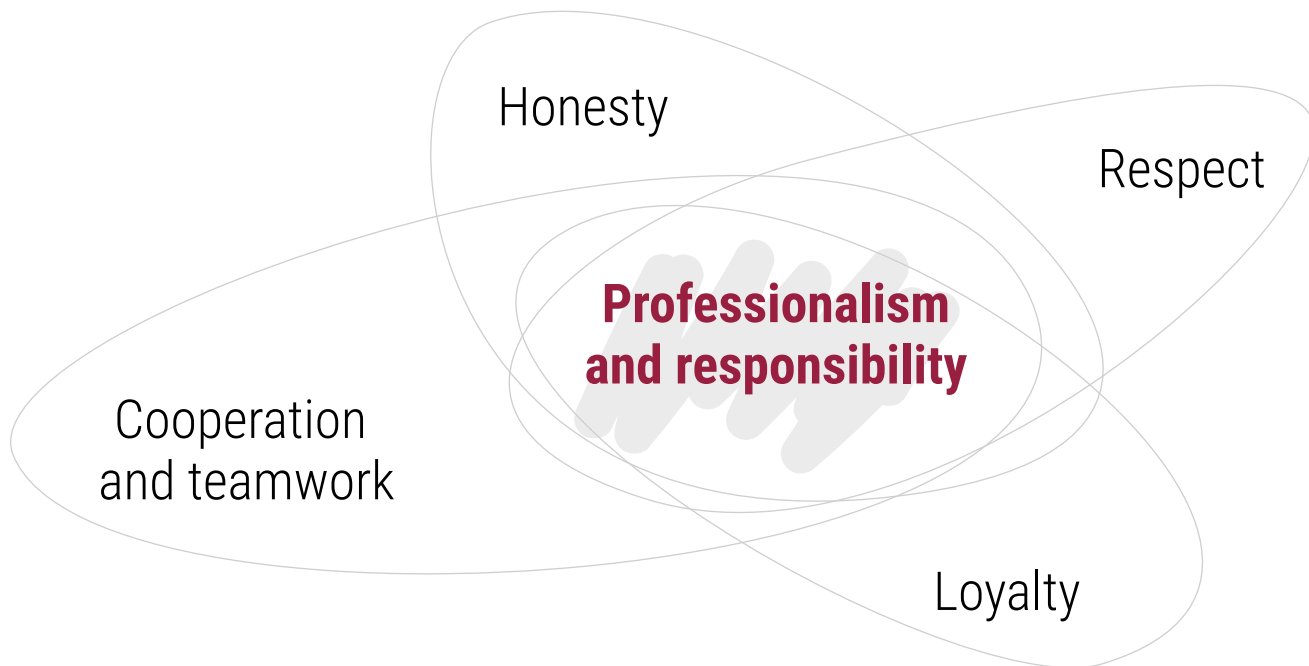
Relevant SDGs:



Business ethics and compliance is among priority ESG topics for Balcia, and the Company pays a special attention ensuring the highest standards in these matters at all levels.

Balcia's Code of Ethics that applies to all employees together with Balcia's values constitute the foundation of the Company's identity and define standards of behaviour and ethics.

Key ethical principles



Sufficient knowledge and awareness about the Code of Ethics is crucial in ensuring that employees act in accordance with the Company's values and practices. To ensure this, employees receive regular information and training, both on general principles and behaviour in certain aspects.

During onboarding, along with the employment contract, all newly hired employees are introduced to the Code of Ethics and receives training.

100% of Balcia's employees are informed and trained about the Code of Ethics.

As a result of a thorough and systematic approach in 2022 no significant risks related to violations of the Code of Ethics have been identified, however Balcia continues to monitor the situation and is ready to take necessary preventive actions.



Conflict of interest and anti-corruption

In Balcia the Conflict-of-Interest Management Policy has been developed and approved by the Supervisory Board and Management Board setting out key principles and elements for minimising or eliminating conflicts of interest that may arise within the Company or providing its services.

Besides, in Balcia there are also other internal documents aiming to prevent conflicts of interest. For example, the Remuneration policy prevents the possibility for members of the Board and employees whose professional activities have a significant impact on Balcia risk profile to determine their remuneration or participate in the determination thereof.

At least once a year the Compliance Officer informs the Board of identified conflicts of interest and the implementation of measures to address them. Regardless of the results once a year an employee training on these matters is organized.



In 2022, no significant risks 2022 or actual cases related to conflict of interest violations have been identified

Sanctions compliance

Considering the geopolitical situation, one of the tasks of Compliance Management in 2022 was the improvement of Balcia's Sanctions control process in order to ensure effective sanctions control and prevent violations of the sanctions regulatory enactments. As part of this process, in 2022 the Company has started cooperation with an internationally recognized and widely represented cooperation partner in the financial sector - Lexis Nexis, who provides the necessary technological solutions for more efficient fulfillment of requirements.

Personal data protection

Balcia protects its clients, employees' and partners' privacy and ensures compliance with the applicable data protection laws and regulations.

To achieve this, the Company has implemented appropriate organizational and technical measures to guarantee personal data security, including protection against unauthorized or unlawful personal data processing, accidental loss, or destruction of personal data.

Balcia continuously and regularly reviews existing procedures and educates its employees on applicable laws and regulations and the latest developments in relation to data protection and information security.

In 2022 no substantial complaints have been received concerning personal data protection.

Whistleblowing



One of Balcia's goals is to create a positive and open culture encouraging the reporting of any potential violation that may harm the public interest. For this purpose, in accordance with the Whistleblowing Law, a Whistleblowing Procedure has been developed.

The purpose of this procedure is to establish an operating whistleblowing mechanism and the proper protection of all employees in case if they raise the alarm. Such proper and systemic approach also promotes the sustainability, transparency, and reliability of the Company.

Employees have the right to raise the alarm about any violation that harms or may harm the interests of the Company, and/or that does not comply with the current regulatory enactments. A special e-mail address has been created to send the whistleblower's report and during on-boarding process all employees and interns are introduced to the Whistleblowing Procedure and the process.

The People & Culture team is responsible for receiving, registering, and evaluating these reports, including communication with the whistleblower and all involved institutions.

In year 2022 no whistleblower's reports were received but the Company will continue to inform employees about the possibilities of using this tool to report on potential concerns in labour relations or in relations with cooperation partners, customers.

Sustainable supply chain

Working in an increasingly complex global arena, where establishing lasting and mutually beneficial relationships with qualified business partners is crucial to maintaining consistently high-quality standards of products and services and ensuring a competitive advantage for the Company.

Due to the nature of insurance business, Balcia is a consumer of services, and not products or raw materials. Compared with other sectors such as manufacturing, the risks associated with the environmental, social and governance impact of Balcia's supply chain are low. Nonetheless, the Company is committed to effectively managing such issues within its supply chain.

Balcia aims to work with suppliers who share the similar values and expects high business standards from its business partners and those who represent the Company. Currently main partners and suppliers are service providers linked to Balcia's core business, e.g., brokers, and a smaller number of goods suppliers and providers of support services (such as cleaning, maintenance, transport, etc.).

Responsibility for the ENVIRONMENT

Relevant SDGs:



Balcia is aware that its impact on the environment and climate can be seen on two levels - the impact of its own operations, which among others, includes the implementation of green office principles, energy efficiency and care for resource efficiency, and the impact of the Company's products and investment decisions.

Environmental activities of the Company are planned in accordance with the basic principles of sustainable development, environmental legislation and the requirements of the ISO 14001 environmental management system standard implemented in 2022. The Quality and environmental policy of the Company was developed and approved by Balcia Management Board in 2022 committing full responsibility for the Company's impact on the environment, as well as nature conservation and the reduction and prevention of pollution.

Considering market demand, trends and the Company's desire to contribute to achieving carbon neutrality, two unique products were created and offered to customers in 2022: "City Combo" and Solar panel insurance.

Growing importance of green mobility solutions and active lifestyle has resulted in increase of different kind of micro mobility vehicles around the city: scooters, bikes, bicycles, segways etc. "City Combo" is an insurance that covers this kind of riding experience and no matter the age or experience level, the type of vehicle (scooter, bicycle, segway or etc. that is own property) and also the third-party liability.

Recently using solar energy has become one of the most popular ways for households to switch to a greener lifestyle and save money in the long term. Willing to support and protect investments in renewable energy Balcia offers Solar panel insurance - a unique type of insurance protecting the solar panels installed on the property against unexpected damage or loss.



In 2022, Balcia developed and implemented internal document Environmental Protection Instruction defining certain environmental requirements, including resource economy in the Company and unified measures for waste sorting, collection, and transfer, as well as define emergency cases when the environment may be endangered. According to this document, it is everyone's responsibility to ensure the implementation of environmental measures.

Amount of **WASTE** generated*



Amount of waste, m3

2021

Total amount of waste generated, m3



Amount of waste generated, m3 per employee



2022

Total amount of waste generated, m3



Amount of waste generated, m3 per employee



* Data as of December 31, 2021, and December 31, 2022. Data includes only Latvia.

As a result of the restrictions of the COVID-19 pandemic, the consumption of resources in the Company decreased, but as the employees returned to the offices, some indicators, e.g., amount of waste generated, slightly increased in 2022. This is also because the Company has grown, and the total number of employees has increased accordingly along with the even wider automatization and digitization of processes, as well as the commitment to become a paperless company, it is expected that the amount of waste will significantly decrease in 2023.

Significant improvements in 2022 have been achieved in terms of amount of water per employee and energy consumption.

Amount of **WATER** used*



Amount of water used, m3

2021

Total amount of water used, m3



Amount of water used, m3 per employee



2022

Total amount of water used, m3

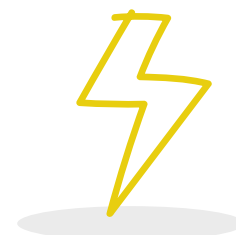


Amount of water used, m3 per employee



* Data as of December 31, 2021, and December 31, 2022. Data includes only Latvia.

Amount of **ENERGY** used*



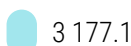
Amount of energy used kWh

2021

Total amount of energy used kWh



Amount of energy used kWh per employee

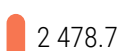


2022

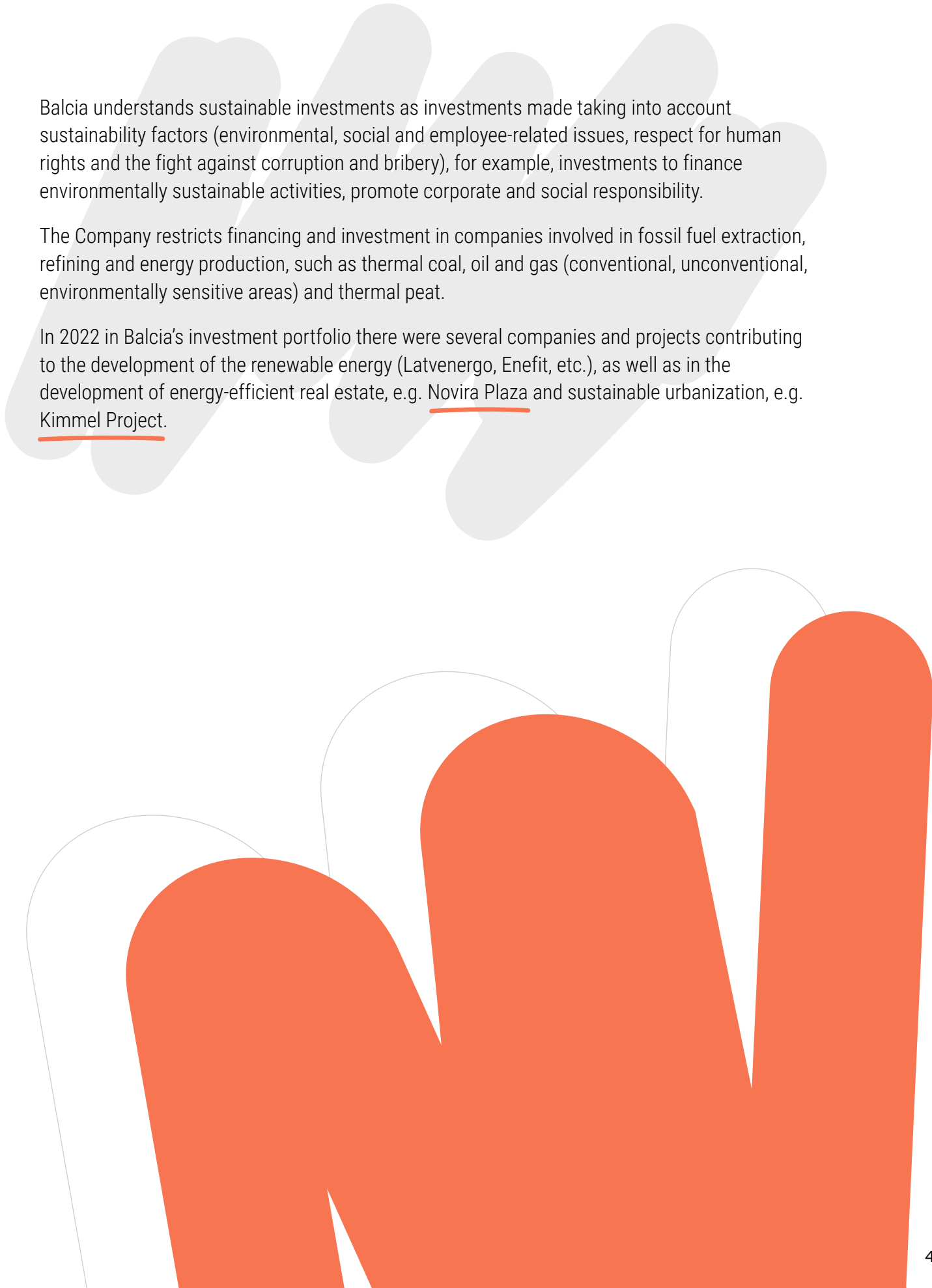
Total amount of energy used kWh



Amount of energy used kWh per employee



* Data as of December 31, 2021, and December 31, 2022. Data includes Latvia and Poland.



Balcia understands sustainable investments as investments made taking into account sustainability factors (environmental, social and employee-related issues, respect for human rights and the fight against corruption and bribery), for example, investments to finance environmentally sustainable activities, promote corporate and social responsibility.

The Company restricts financing and investment in companies involved in fossil fuel extraction, refining and energy production, such as thermal coal, oil and gas (conventional, unconventional, environmentally sensitive areas) and thermal peat.

In 2022 in Balcia's investment portfolio there were several companies and projects contributing to the development of the renewable energy (Latvenergo, Enefit, etc.), as well as in the development of energy-efficient real estate, e.g. Novira Plaza and sustainable urbanization, e.g. Kimmel Project.

Caring EMPLOYER

Relevant SDGs:



Having a culture centered on a growth mindset and a highly motivated and professional team is a strategic priority for Balcia, as it is the Company's most valuable asset. Balcia's ambition is to be the employer of choice, and the Company makes various strategic investments in creating healthy and inclusive workplaces that recognize diversity and bring out the best in its talent.

BALCIA'S VISION:

Employer of choice.

Exceptional people.

**Workplace that fits
your lifestyle.**

The human resources management system is based on the Personnel Management Policy developed under Balcia's Management and Risk Management Policies. The Policy sets common human resources management processes and defines the roles and responsibilities of those involved.

Just as influential as the formal policy in Balcia is the internal culture, which includes the values, mutual expectations and practices determining team behaviour. Balcia's internal culture is based on three most important principles:

engagement,

support

and transparency

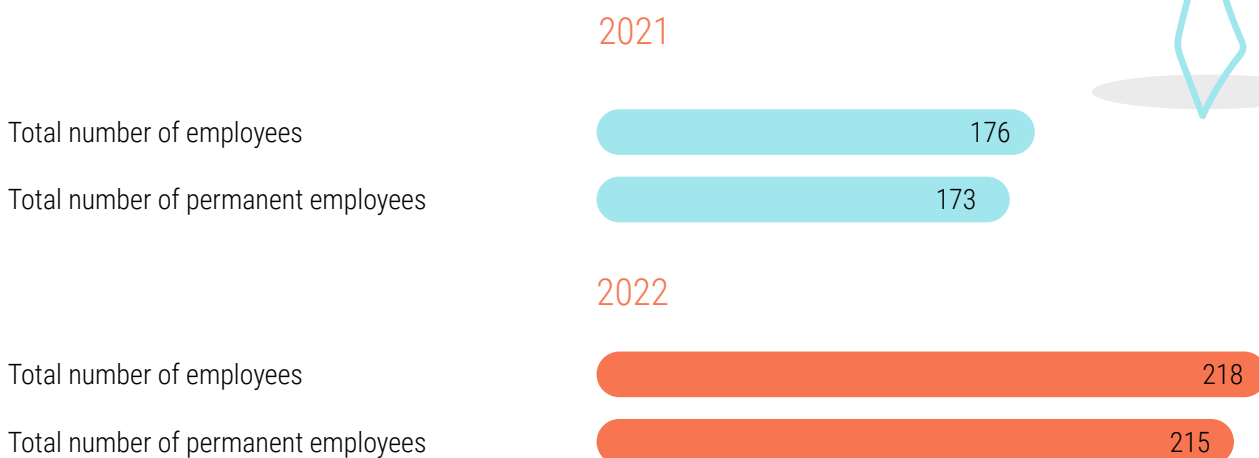
As Balcia team grows rapidly, keeping employees connected and adequately managing their concerns and lifecycle within the company is a top priority. Given technology's crucial role in Balcia, the People & Culture team is proactively identifying ways that technology can support new and more efficient methods of working, not only within the People & Culture function but across the entire Company.

To effectively manage its growing team in 2023, Balcia will introduce a cloud-based human resource management solution called SAGE HR. This platform integrates key features such as workforce management, 360-degree feedback, performance appraisals, and attendance tracking while supporting digital processes like recruitment, onboarding, and offboarding. The system is designed to increase transparency and engagement among team members, with an announcement feature that allows employees to receive important internal news and participate in surveys.

Growing team of professionals

As Balcia continued its growth, the number of employees also increased rapidly, requiring special attention to be paid not only to the overall well-being of Balcia team members, but also to strengthening the team spirit, engaging in strategic planning, and bringing the Company's to life.

Total number of employees



Data as of December 31, 2021, and December 31, 2022.

Compared to 2021, the total number of Balcia's employees in 2022 increased by 22% by the end of the year reaching 218. The number of employees has changed along with the general profile of the Company, supplementing the team not only with experienced professionals from the insurance industry, but also experts from the technology and financial sectors.

Balcia constantly monitors various workplace metrics, including employee turnover rate. It is an important indicator providing the insight in the effectiveness of hiring policies and overall human resources management.

At Balcia, the total employee turnover rate is calculated according to a specific formula, which considers the number of employees who have left (whether voluntary or involuntary) divided by the average number of employees during a particular period, multiplied by 100. In 2022, the total employee turnover rate in Balcia was 24%, slightly higher than in 2021, when the average turnover rate was 21%.

While it is acknowledged that the rate has increased, this is a natural consequence of Balcia's growth and expansion into new markets. Balcia is committed to retaining its valued employees and creating a positive working environment that encourages professional development and job satisfaction. In 2022, two former team members re-joined Balcia due to the company's positive culture and working conditions, a testament to our commitment to creating a positive working environment for our employees.

While turnover rates can help to understand overall employee satisfaction, an in-depth evaluation is necessary. In early 2023, Balcia conducted an extensive satisfaction survey among its employees, which will be presented in the upcoming ESG report. The survey identified several areas for improvement, and Balcia will continue to work on these areas throughout 2023.

Valuing equality

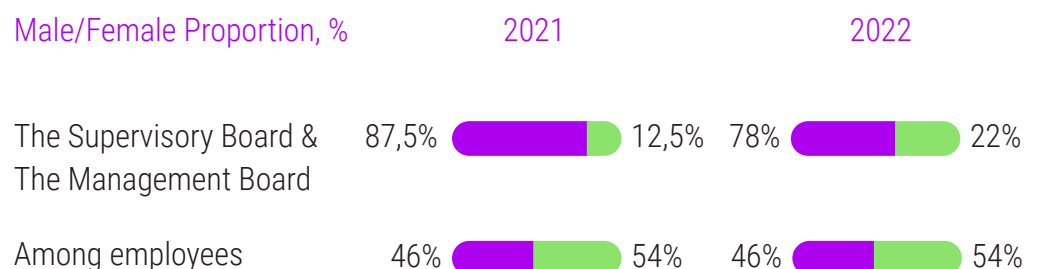
Balcia believes that diversity and inclusion are integral to the Company's corporate strategy and culture. Anti-discrimination principles, fair remuneration, and equal opportunities are defined and integrated within Balcia's policies to ensure that diverse talent at all levels can be recruited, retained, and promoted. These principles apply to all human resources-related processes, including recruitment, development, promotion, and others. The Management Board is committed to promoting and ensuring equality and often participates in employee activities. Additionally, at least one member of the Management Board is present at each employee event to demonstrate Balcia's commitment to creating a positive and inclusive working environment.

Every employee is equally important to Balcia, as demonstrated by the flat hierarchical structure characteristic of start-ups. For instance, the Chairman of the Board personally meets all new employees during the onboarding process, either in person or remotely, providing insight about Balcia, its operations, and plans.

In 2022, the ratio between male and female employees remains like in 2021 - 46%/54%, respectively. The gender ratio within the top management team (the Supervisory Board and the Management Board) has improved since 2021, and at the end of 2022, there were 78% male and 22% female team members.



Gender balance



Data as of December 31, 2021, and December 31, 2022.

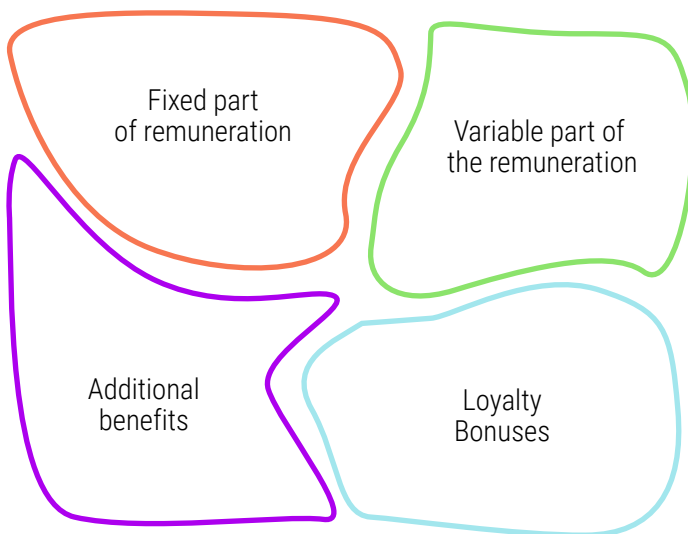
In 2022 there were no confirmed discrimination cases within the Company.

Fair remuneration

Fair remuneration is critical in any company to prevent the risk of competence shortage, ensure the attraction and retention of competent, qualified, motivated, and loyal employees, and promote sustainable development and high satisfaction of employees.

At Balcia, unified, clear, transparent, and efficient approaches, and methods are used in determining remuneration. The company's Remuneration Policy aims to ensure clear, fair, and transparent principles for employee remuneration, contributing to positive and sufficient employee motivation and promotion of loyalty.

Remuneration components



The principal salary, which is the fixed part of remuneration, is determined based on several factors, such as professional qualification, expertise, and the complexity of work. The variable part of the salary is based on Balcia's overall results and individual employee or business unit performance.

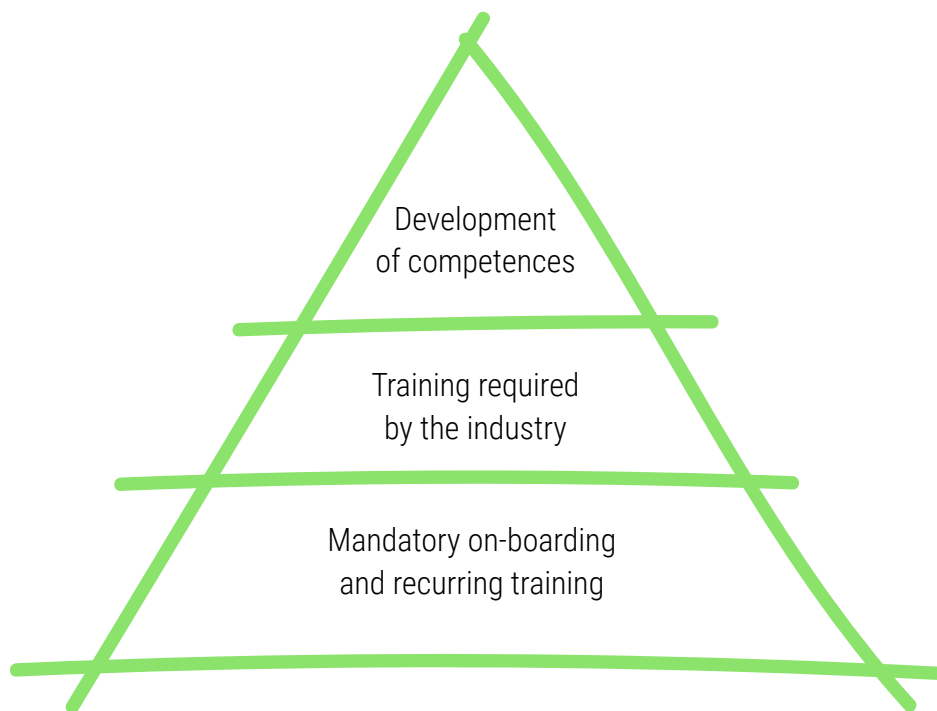
Furthermore, loyalty bonuses are awarded for exceptional contributions to achieving Balcia's and the respective teams results. In early 2023, the Company introduced a performance incentive scheme that allows the Company to focus on its strategic priorities. The process includes the

definition of clear and precise performance objectives for employees who are managers, experts, senior and mid-level professionals. In turn, the Company's junior professionals and employees in entry-level positions will be set the Company's objectives. The performance incentive scheme will also offer additional financial motivation to employees and contribute to strengthening the culture of responsibility within the Company.

Apart from remuneration, Balcia offers equal opportunities for all employees to receive additional benefits, including health insurance from the first working day and financial bonuses during important life events such as marriage, childbirth, and more. Employees and their family members, including partners, can also avail themselves of a 50% discount on all the Company's insurance products, which is available in an unlimited amount.

Training and development

Continuous employee training and growth is essential to the long-term success of any company. In Balcia all employees are provided with competence development opportunities aiming to ensure both excellence in its core business and sustainable growth of the Company.



In Balcia, professional training and development are provided at three levels. First, all employees receive the on-boarding training explaining the Company, its approach, and key principles. In addition, specific training is provided on such topics as the security of information systems, risk management, protection of personal data, and the whistleblowing system.

Employees undergo various recurrent training programs to obtain and maintain the qualifications required by the insurance industry. For instance, Insurance Distribution Directive (IDD) requires everyone selling insurance to undergo introductory training, pass the test, and do at least 15 continuing professional development hours per year.

In addition, Balcia places immense importance on employee development and growth. The Company encourages employees to continuously improve their skills and acquire new knowledge to ensure the continuity of strategic competencies. For example, in 2022, the Company responded to a request from its team by offering training in the basics of HTML and CSS, as well as skills for presenting themselves on social networks. This initiative reflects Balcia's commitment to supporting its employees in their personal and professional growth, benefiting both the individual and the Company.

To ensure a unified and systematic approach to employee development and growth, Balcia will be introducing regular performance and career development reviews in 2023. The Company believes this initiative will increase employee engagement, provide recognition and encouragement, and create clear paths for employee growth. The assessment results will also be used to identify training needs, areas for improvement and plan career development and remuneration reviews.

Health and well-being at work

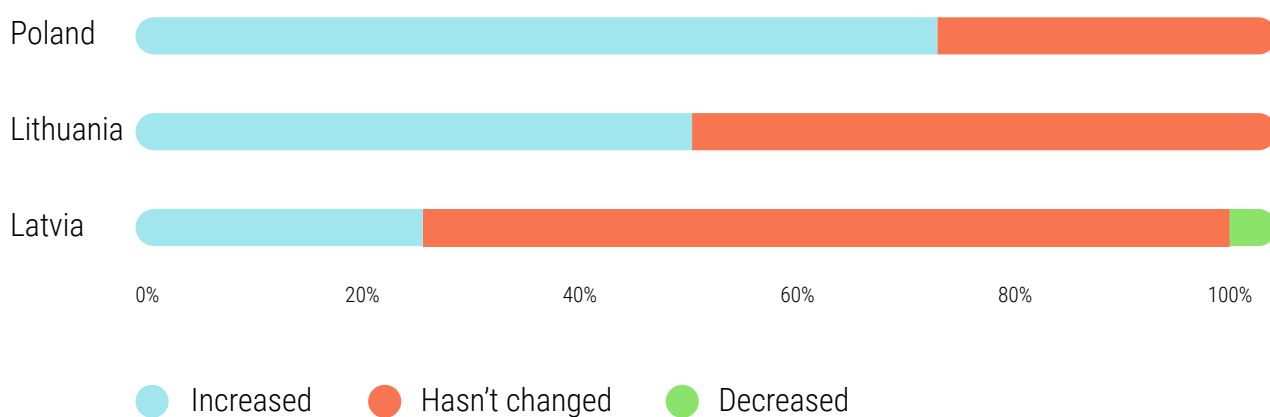
Balcia values its employees as its strongest asset and prioritizes their health and well-being. The Company takes legal compliance and voluntary initiatives to promote motivation and well-being. In line with this, Balcia implements an Occupational Health and Safety (OSH) Management System that meets the requirements of the Labour Protection Law and relevant regulations adopted by the Cabinet of Ministers. The OSH management system applies to all employees and trainees and includes risk assessment, internal working environment monitoring, training, and mandatory health checks.

Furthermore, the headquarters of Balcia are situated in modern, renovated, and ergonomic premises in Riga that prioritize comfort, a green lifestyle, and biohacking tools. To support employees' comfort and productivity, Balcia supplies adjustable desks and high-quality screens that are appropriate for their work.



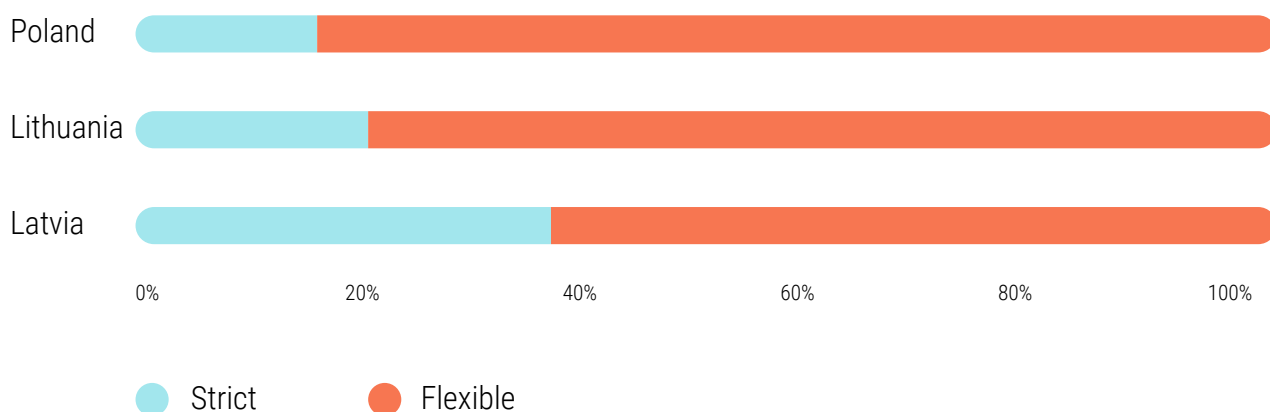
The Company has introduced a hybrid work model with a flexible approach, without setting a specific number of days for working in the office or remotely. To assess how remote work is affecting productivity and work-life balance in 2022 employee survey was conducted, and the data confirms that remote work has increased employee productivity. Employees often indicated the exact opposite – their productivity has even increased.

How has remote work affected your productivity?



The same goes for work-life balance – most employees believe = remote work has helped them promote a greater balance. It was no surprise that employees prefer flexible working hours.

Would you prefer strict or flexible working hours?



The Company promotes work-life balance by not only providing flexible working hours, but also by introducing a variety of team activities that allow employees to take healthy breaks while being in the office – conditions for having healthy meals, provision of fresh fruits and spaces that encourage conversations.

A Walking Challenge has become a beloved tradition at Balcia, where employees are encouraged to walk at least 10,000 steps a day for a month. In 2022, the number of steps collected was converted into a financial contribution to support the International Student Company Festival. This initiative promotes a healthy lifestyle and community involvement among employees.



Living the community

Relevant SDGs:



Since its founding, Balcia has taken its responsibility to the environment and local communities seriously as an insurer, employer, and consumer. The company actively engages with its communities, recognizing the numerous benefits of building strong relationships with its clients through profoundly understanding their needs and values.

Balcia believes engaging with the local community can foster a greater understanding of the people and places it serves. This, in turn, enables the company to meet its clients' insurance needs better. Through its commitment to responsible business practices, Balcia strives to positively impact the environment and society while delivering value to its stakeholders.

In 2022
Balcia Team
invested more than
980 HOURS
in community
investment activities

In 2022 the Company kept working in partnership with different local organisations, either as a sponsor, or investing its expertise and time, as well as developing new and affordable insurance products.

Advocating the responsible and sustainable **BUSINESS**

Balcia takes a proactive leadership role in several associations to scale the impact of its sustainability efforts. Membership provides the Company with information on the current trends and ensures the representation of interests in developing of national policy documents, legal acts, and standards.

Organization

Aim of partnership



**Baltic Institute of
Corporate Governance**

Contributing to the development of best corporate governance practices in Lithuania, Latvia, and Estonia.



CSR Latvia

Sharing the corporate social responsibility practices and learning from others to foster achievement sustainable development goals.



**Employers'
Confederation of Latvia**

Engaging in drafting policies to support entrepreneurship and the competitiveness of companies.



**Latvian Association for
People Management**

Encouraging excellent personnel management practice in Latvia.



**Latvian Chamber of
Commerce and Industry**

Contributing to the development of a competitive business environment in Latvia.



**Latvian Insurers
Association**

Advancing the development of the insurance industry of Latvia.



**Latvian Motor Insurers'
Bureau**

Participating in the motor third party liability insurance system and promoting road safety.

As an active member of the industry and the community, Balcia is involved in various initiatives and activities to promote the development of the business environment and society. The company's team regularly participates in events and discussions, sharing their expertise and insights with industry specialists.

FOR EXAMPLE,

Balcia Chairman of the Board Jānis Lucaus is a member of the business networking chapter BNI Morbergs, which includes business owners and top managers of leading companies in Latvia. Balcia Board member Eleonora Zelmene serves on the review board of the Baltic Financial Advisors Association, demonstrating the company's commitment to promoting responsible business practices and contributing to the growth and development of the industry.

In 2022, Balcia representatives participated in several key events, including the Banking & Insurance Forum in Poland, one of the country's most momentous events for banking and insurance businesses. The company also attended the Technical and Scientific Conference for appraisers, insurance enterprises, and other involved parties within the industry, organized by the renowned appraisal bureau Auto-test.

Additionally, Balcia representatives attended EBIT 2022, the largest management conference in Latvia, and the Belron® International world's Conference in Barcelona, which covered key global and automotive trends impacting the insurance industry. The company also participated in Kongres Brokerów, one of the biggest insurance events in Poland, where Balcia experts discussed development trends and issues with industry specialists.

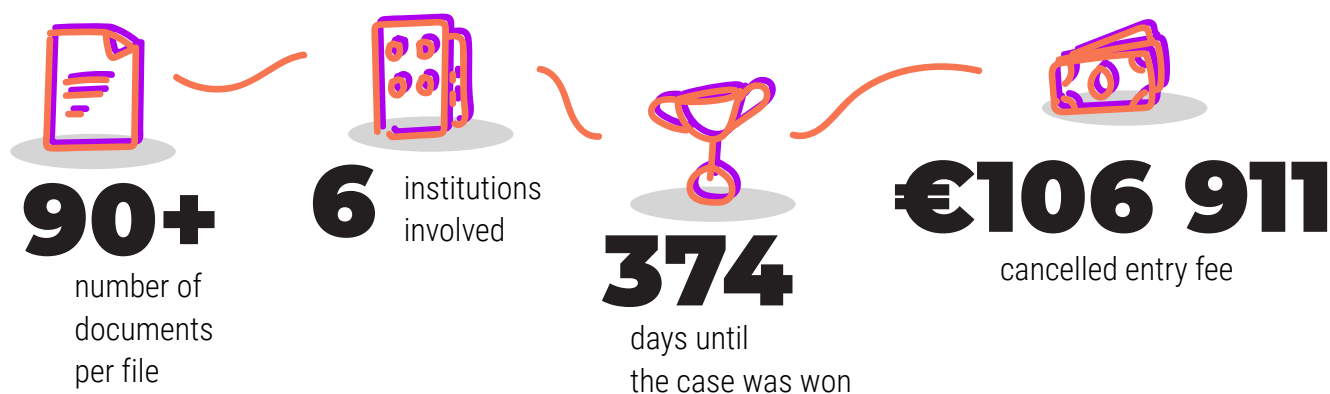
In 2022, Balcia also hosted several events and discussions on diverse topics, demonstrating its commitment to engaging with stakeholders and promoting responsible business practices. One such event was a professional dialogue hosted in collaboration with the Latvian Association of Travel Agents and Operators and its members, aimed at developing a travel insurance product. Through this event, Balcia sought to gain insights from industry experts and promote a greater understanding of the insurance needs of the travel sector. By collaborating with key stakeholders, Balcia can develop innovative insurance solutions that meet the evolving needs of its clients and contribute to the growth and development of the industries it serves.

One of Balcia's most significant achievements in 2022 was

X Cancellling ENTRY FEE for Latvian Motor Insurers' Bureau

For a long time, new insurance market participants wanting to provide motor third-party liability insurance (MTPL) in the Latvian market were required to pay a one-time entry fee to the LMIB, although no regulatory act granted them the right to request such a fee.

Although the process lasted more than a year and required the involvement of at least 6 different institutions, and the preparation of more than 90 various documents, Balcia's efforts resulted in declaring the LMIB entry fee of EUR 106 911 as illegal. Vitally, this will further promote fair competition in the MTPL segment and facilitate the entry of new market players.





Supporting people in Ukraine

At the onset of the war in Ukraine, Balcia thoroughly assessed its capacity to provide support to those affected by the conflict. The company joined the "Entrepreneurs for Peace" initiative, which brings together Latvia's leading companies to provide financial resources and essential goods to Ukraine through effective coordination with various partners such as the Ministry of Defence, the National Armed Forces, the Embassy of Ukraine in Latvia, and several non-governmental organizations.

In March 2022, Balcia demonstrated its commitment to responsible business practices by donating 100,000 euros to support the people in Ukraine through the "Entrepreneurs for Peace" initiative. Later, Balcia involved its employees in organizing humanitarian aid such as military goods, fuel, beds, and other essential items. The total support provided in financial resources and essential goods exceeded 300,000 euros.

Balcia's participation in the "Entrepreneurs for Peace" initiative and its commitment to supporting the people in Ukraine demonstrates the company's dedication to positively impacting society.

Promoting entrepreneurship and **INNOVATION**

Balcia recognizes the power of innovation in accelerating the development of the Company in a new and permanently shifting away from the traditional face-to-face service model still dominating the insurance industry.

In 2022, Balcia collaborated with other Baltic market leaders to participate in a two-month co-creation program called Future Hub. The program aimed to set challenges for European startups to find effective solutions to the problems facing the industry. Balcia's participation in the Future Hub program gave the company a comprehensive understanding of the innovation creation process. Through experience sharing and valuable discussions on collaboration between startups and mature companies, Balcia gained insight into the best practices for effective collaboration and innovation.

The program allowed Balcia to expand its network of contacts in the startup community and establish valuable relationships with emerging companies in the industry. The knowledge gained through the program has enabled Balcia to develop effective strategies for innovation and to stay at the forefront of the rapidly evolving market.

Balcia embodies the startup spirit and is committed to equipping young people with the skills and mindset necessary to find meaningful work and start sustainable companies that can help build thriving communities. In 2022, Balcia and its team contributed to the organization "Junior Achievement Latvia" by providing financial support, donating their time and knowledge, and supporting initiatives aimed at helping young people develop employment and entrepreneurial skills.

To further support the cause, Balcia team turned their walking challenge into a way to raise funds for "Junior Achievement Latvia." They walked 6,586 km in 2022, translating into a 6,586-euro donation to cover students' participation costs in the International Student Company Festival 2022.

In May 2022, Balcia experts participated in the Young Entrepreneurs' Days organized by "Junior Achievement Latvia" and evaluated students' training companies alongside other business and academic leaders.

Through these initiatives, Balcia is helping to nurture the next generation of business leaders and entrepreneurs and is committed to building a sustainable and prosperous future for all.



**JA
Latvia**

A Member
of JA Worldwide

Collaborating for a healthy society

Balcia recognizes the importance of protecting and preparing everyone for unexpected events, including accidents and injuries that can happen at any age. To support its clients, the Company has developed insurance products that help reduce financial risks and deal with the consequences of such incidents (see "Our Products" section).

In addition, Balcia is aware of the challenges related to financial literacy and opportunities and has engaged in strategic partnerships to promote a healthy and active lifestyle while supporting various sports and cultural events: Balcia established a long-term partnership with Valmiera Olympic Center in 2022 to support all sports enthusiasts.

The company supports the growth and development of sport in Lithuania through a strong alliance with the Lithuanian Football Federation and Vilnius basketball club BC Rytas Vilnius. This partnership aims to provide added value to those passionate about an active lifestyle.

Balcia has partnered with the Polish Triathlon Association to prove that insurance can be about passion, covering all lifestyles and supporting the great passion for triathlon.

The cooperation with the Latvian Basketball Association and Valmiera Olympic Center aims to facilitate the development of youth sports and promote children and youth insurance. This partnership includes financial support for various activities and tournaments and education for the specific target audience, parents.

The company believes in providing equal opportunities for all and is proud of achieving gender balance in its team. Balcia supports the European Golf Croquet Women's Championship in Latvia to contribute to defying gender stereotypes and showing men and women as equals.

Balcia is proud to partner with the grand event in Latvia, "The Song Dances. The Dance Sounds." where they provide insurance for 4500 participants and the event itself.