

SUSTAINABILITY REPORT 2021



**Green Risks
Solutions**

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GRS

ABOUT THIS REPORT

Climate change, the loss of biodiversity and ecosystems, growing inequality, as well as inadequate governance frameworks, are forcing companies to rethink our business strategy. We must seek to positively impact the environment, the communities in which we operate and develop structures, processes and practices that enable a sustainable and just economy and a resilient world.

At GRS we integrate the environmental, social and governance (ESG) dimensions into our business strategy, seeking not only to be a profitable company, but also to have a positive impact on our employees, clients, the environment, our country and to be a leader in sustainability in the insurance sector. This report describes the sustainability and ESG practices between January 1 and December 31, 2021.

***Transferring the risks of a resilient
world***

EXECUTIVE OVERVIEW

OUR TEAM

Net growth rate for full-time jobs of:

50%

OUR SOLUTIONS

- ESG risk consulting.
- Parametric solutions.
- Greensurance.



FINANCIAL RESULT

Our revenues increased between 2018 and 2021 by:

461%

ESG ACHIEVEMENTS

We have established ourselves as the leading consultant for the sustainable development of the insurance and financial sector.



We had **115** sustainable media appearances



We have implemented an environmental policy to classify our waste and reduce the use of paper and plastic.



SOCIAL INDICATORS

We donated **COP\$31,284,000**
We invested **12 HOURS** in volunteer work with Funham and Hands On Bogotá.

ENVIRONMENTAL INDICATORS

In the last year, we reduced our consumption by:



Recycling and use of paper

Hybrid Work Policy
3 days at the office
2 days from home.

GOVERNANCE INDICATORS

- Code of ethics.
- ESG KPIs in performance evaluation.
- Business strategy aligned with the Sustainable Development Goals.



AWARDS AND CERTIFICATIONS

The Board of Directors approved the Company's accreditation as a B Company for 2022.



ACRIP® and Centro RS awarded us the Colombian sustainability prize for good labor practices for small companies.



&

Centro RS



Arise and Transform certified that GRS complies with the following ODS:



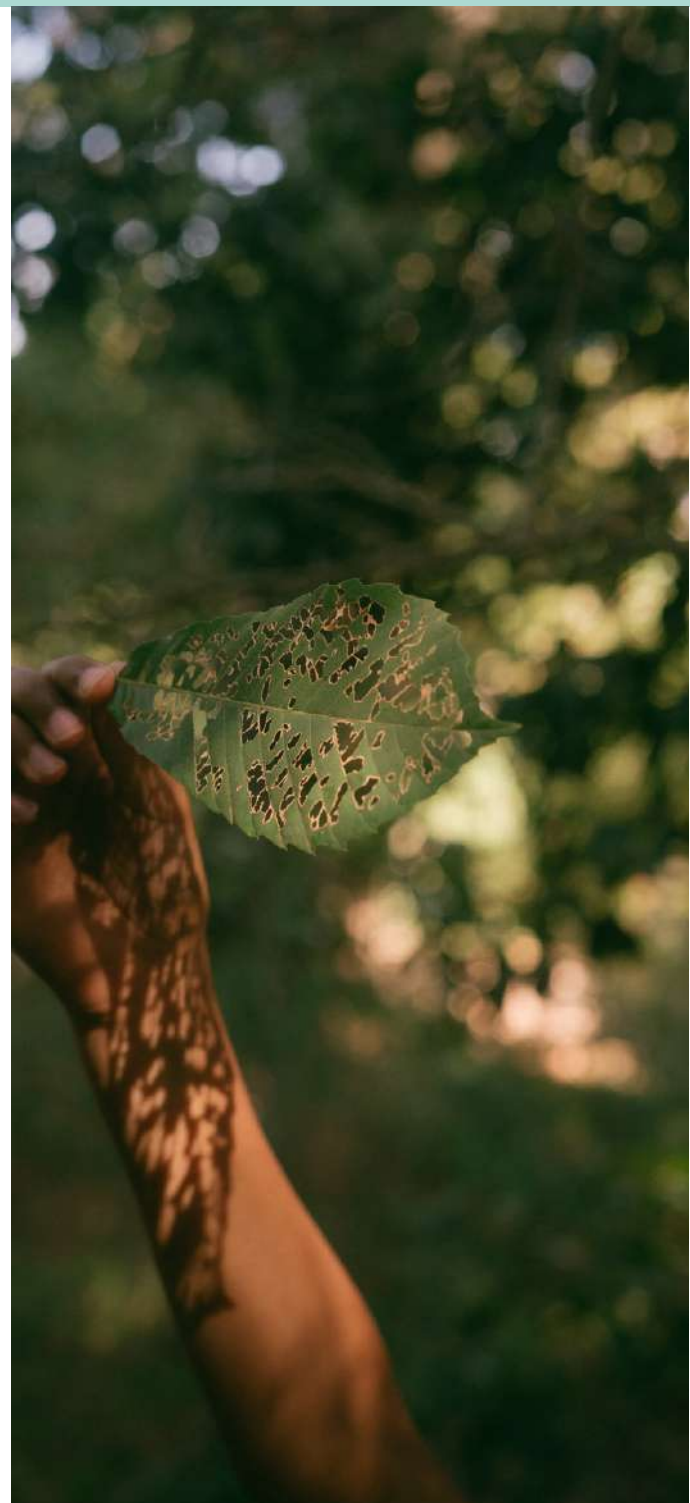
LETTER FROM THE CEO



In 2018 we founded Gestión de Riesgos Sostenibles (GRS) to create the first risk and insurance consultant in Colombia specialized in climate risk transfer, green insurance and environmental, social and governance consulting for the insurance sector.

We seek a more resilient world from the financial and insurance sector.

Weather volatility has a significant impact on the sales and profits of different economic sectors. For example, the agricultural sector depends on stable winter and summer seasons to obtain adequate and stable crop yields. Or the hydroelectric generation sector that depends on constant rainfall and inputs to generate electricity reliably and cheaply. But climate change and the resulting alterations in weather patterns expose farmers and generators to significant financial losses.





GRS is the pioneer in the design and commercialization of weather derivatives used mainly by companies in the power generation and agricultural sectors to transfer their weather risks. These instruments, unlike the parametric insurance used to mitigate weather risks, are more cost efficient and the payment of the claim is made in a maximum of five days. In 2021 we structured climate coverage for some of the main energy generators in Colombia and Latin America, helping our clients in their adaptation and resilience efforts.

*We are the leading
consultant in
sustainable
development and
resilience.*

Also, since our foundation, we have been pioneers in the design and development of green insurance products that cover key assets and activities for the mitigation and decarbonization of our economy, in line with Colombia's environmental goals. Last year we insured projects in non-conventional renewable energy, sustainable mobility, resilient and ecological agriculture and energy efficiency, among others. In 2021, 104 policies were issued and we can proudly say that all of them have a positive impact on the environment and society.

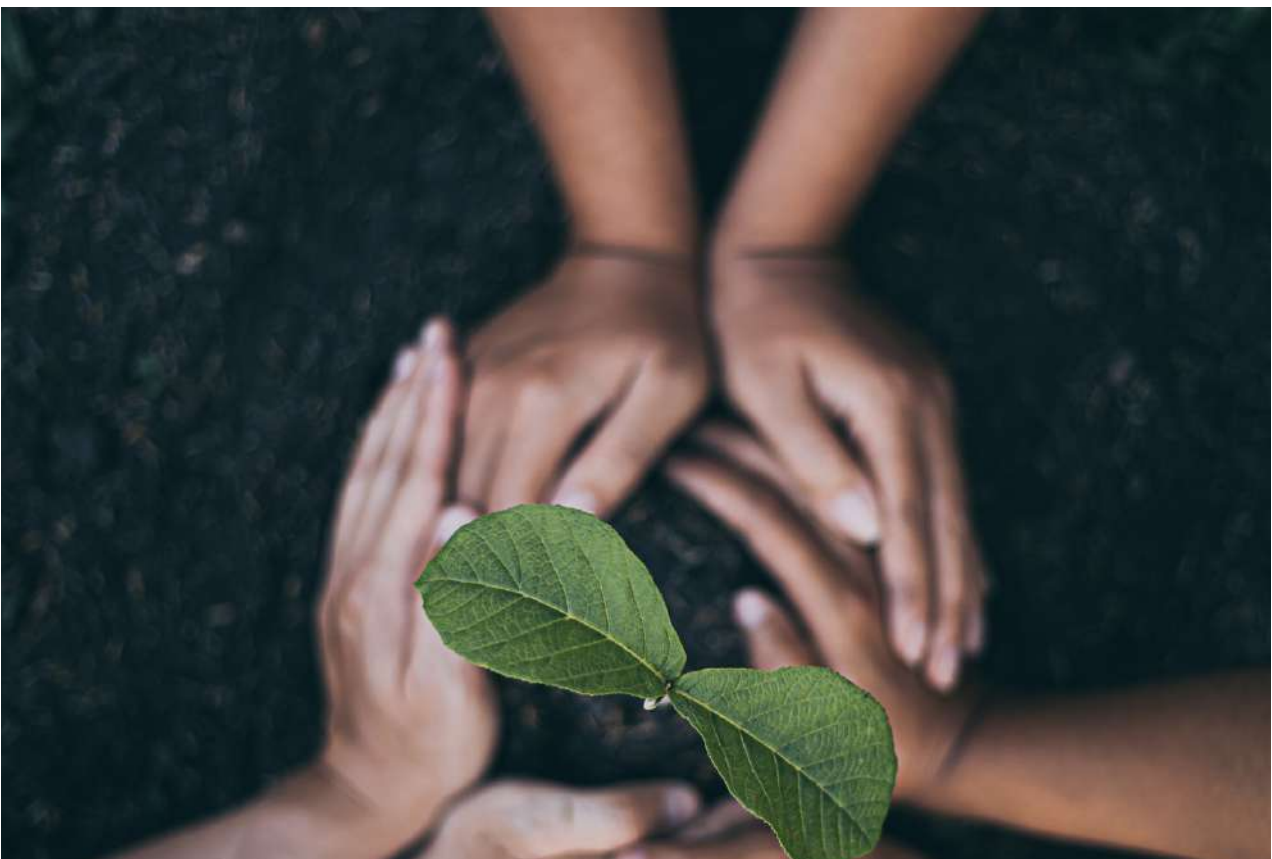
Likewise, last year we created the strategic area of risk consulting focused on helping different companies to assess and address ESG risks, to determine their maximum probable losses due to non-catastrophic climate factors and in the creation of risk matrixes and climate analytics.

Working hand in hand with meteorological information providers and using state-of-the-art technology, we help our clients mitigate their risks and make their operations more resilient. At the end of the year, we were selected by FASECOLDA (Colombian Federation of Insurance Companies) to map the state of green insurance in the country to highlight the contribution of the Colombian insurance sector as risk manager for society.

All these achievements fill us with pride, but at GRS we also want to generate a positive impact on our employees, our clients and in terms of the environment, social development and governance. In the following pages you will find our first sustainability report highlighting our achievements in these areas.

In 2021, we increased the number of employees by 50% and have a diverse and committed team that lives and breathes sustainability every day. The work-life balance of our employees is fundamental and at GRS we do not live to work, we work to live.

Last year we also continued to serve our clients with the highest standards of quality and commitment. Our retention rate is 100% and we work exclusively with companies and individuals committed to sustainability. All of our services and products have a positive impact on the environment and social development, seeking to benefit the communities where we operate, especially the most vulnerable ones.



As a financial services company, we do not have a major impact on the environment. However, in environmental matters we continue to work on our recycling, stationery saving and energy efficiency policies and we defined a hybrid policy for our employees of three days at the office and two days from home to reduce our commuting emissions.

In social matters, we continue to be actively involved in causes close to our hearts. In 2021, we continued to support the FUNHAM and Hands On Bogota foundations with the comprehensive care of vulnerable children and adolescents who are carriers of the HIV/AIDS virus in the different stages of the disease. We allocate more than 5% of our income to donations and one working day per employee volunteering.

In the area of governance, we continue to train our employees and communicate sustainability to our customers and other stakeholders through a comprehensive sustainability campaign in the media and networks. We aligned compensation and performance ratings with ESG factors. Likewise, the Board of Partners approved initiating our certification process as a B[®] company by measuring and managing our socio-environmental impact by 2022. Our business model was certified by an international organization and aligned with three United Nations Sustainable Development Goals (SDGs).

We are not interested in being the biggest, but the best at what we do and during 2022 we will continue to work towards sustainability and resilience, the well-being of our employees, customers and the community at large. We hope you enjoy reading this report.



Sergio Isaza

FOUNDER AND CEO



ABOUT GRS



GRS is the leading consulting firm for sustainable development and resilience in the insurance sector. We design, develop and implement risk management and insurance solutions that maximize the return on investment in sustainability and the impact of our clients' activities.

Sustainability is an essential component of our business model. We incorporate an environmental, social and governance (ESG) approach into our strategy in order to contribute to the inclusive, responsible and resilient growth of the country.

Different economic sectors transfer climate risks to insurers. Insurance and risk consulting services, by nature, promote sustainability by improving the resilience of society. Greensurance and weather derivatives are financial tools that have proven to be effective in providing support in adverse situations, and have made policyholders aware of the risks they face and adopt measures to prevent damages.



Climate change and other risks are transforming the insurance business, creating challenges and opportunities. At GRS we are convinced that we can be part of the solution.

By addressing the need to develop and strengthen risk protection and management systems so that people can face socio-economic and environmental crises in an efficient way.

At GRS we have three strategic business areas: risk consulting, climate solutions and green insurance.

Risk consulting

We help identify, manage and transfer ESG risks regardless of the nature of the business. We work with real sector, financial, NGO's and government companies on enterprise risk, climate analytics, engineering, risk quantification and risk transfer.

Case Study

A solar developer asked us to assess its exposure to flood risk in a project. We developed maximum probable loss scenarios for their shareholders and financiers.

Climate solutions

With weather derivatives we help fill the gaps in traditional insurance, allowing the transfer of weather risk where coverage is insufficient, unavailable or too costly.

Case Study

Delays in the operational inputs of a renewable energy generation project exposed our client to price risk in low rainfall weather conditions. We designed an option that allows the generator to hedge the lower rainfall and its risk of exposure to spot energy market prices.

Green insurance

Considering the importance of insurers, as risk managers of society, we assist our clients in structuring green insurance coverage for their businesses.

Case Study

We insured the first solar plant in a non-interconnected zone (INZ) in Colombia, providing advice in the negotiation with its lenders and the foreign parent company of one of its partners. The result was a local insurance program that meets the insurability requirements of the lender.



OUR STRATEGY

Initiatives from the environmental, social and governance components that impact our operation, our customers and the world around us.



There is a growing consensus that ESG issues are fundamental to the resilience and competitiveness of companies. Integrating sustainability into business strategy drives operational efficiency, innovation, employee engagement and satisfaction, builds customer loyalty, reduces risk and improves sales.

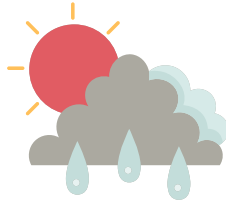
At GRS we consider sustainability as an essential component of our management model. We want to help in the eradication of extreme poverty, the reduction of inequality, inclusive economic growth, climate change mitigation and adaptation, and sustainability education.

Environment

We are committed and aligned with Colombia's goal to reduce greenhouse gas (GHG) emissions by 20% by 2030.

Through our three strategic business areas we help to preserve, conserve and restore the environment.

WEATHER DERIVATES



Weather derivatives are an innovative financial product that helps companies in different sectors to adapt and become more resilient to the inevitable consequences of climate change. Natural disasters are becoming more severe and frequent and these weather hedges allow different sectors such as power generation, agriculture, construction and tourism to have a financial hedge to protect their sales and profits.



GREEN INSURANCE



Greensurance is insurance that helps protect the environment or combat climate change. At GRS we have created and structured coverages, working with leading insurers, that allow us to cover key activities and assets for the decarbonization of the economy. Not only for general insurance, but also for life, health and workers compensation. These products address the physical impacts of climate change, promote sustainability and even enable new activities and technologies that are key to meeting our environmental goals.

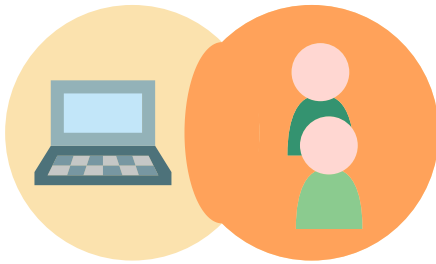
RISK CONSULTING



Through our consulting business, we identify, manage and transfer environmental, social and governance (ESG) risks. These risks have become highly relevant because if they materialize, they generate reputational, legal and social risks that can adversely affect organizations. A company that manages and identifies its ESG risks is considered a sustainable and responsible company.

HYBRID WORK

In order to reduce travel and our carbon footprint, in the second half of the year we implemented a hybrid model of working 3 days from the office and 2 days from home and encouraged virtual meetings. In addition, all computer and electrical equipment purchased during the last 12 months has been energy efficient.



SUSTAINABILITY COMMITTEE

We have five environmental KPIs and a sustainability committee responsible for developing and following up on the objectives and goals of the company's strategic sustainability plan. In 2021, we achieved 100% compliance.



RECYCLING POLICY

We have a recycling policy in which the waste generated is classified into 1. organic waste, 2. non-hazardous waste and 3. hazardous waste. We have containers for the separation of waste clearly marked according to their classification and with initiatives for the reduction of materials within the office and in the homes of our employees.



SOCIETY



The social development of the communities where we work and impact is crucial to GRS. We have supported different social causes always with the vision of improving lives and seeking the sustainability of underprivileged people.

In 2021, we began working with the FUNHAM foundation in Villavicencio Colombia with the aim of improving the lives of more than 25 children who are carriers of the HIV/AIDS virus.

We are committed to improving the lives of the children and youth of the foundation and last year we donated COP \$31,284,000 in school supplies, staffing, first aid equipment, mattresses and linens, clothing and fixing up the foundation's facilities (the boys' dormitory and the girls' bathroom). We also participated in a workshop on self-esteem, food handling and a recreational activity for Christmas.



Hands On
BOGOTÁ



YOGA FOR LIFE

We also created the yoga school "Yoga for life". All of its proceeds are donated to the foundation.

PLEDGE OF DONATIONS

Finally, in 2021 we ratified our commitment to society through a formal pledge of donations. The commitment can be viewed [here](#):

The policy states that every year GRS will donate 5% of its sales to charitable causes, in addition to 100% of the Yoga for Life school proceeds.



OUR COMMITMENT

GRS OUR TEAM

The proportion of employees with a relationship with the company increased by 50% with respect to the previous year, with 25% of the company's employees being women.



Seventy percent of the workforce is under 30 years of age.



100% of our employees live in Bogotá.



100% of our employees are formally linked to the company's payroll, with benefits such as maternity and paternity leave, performance bonuses, life insurance and hybrid work.



All employees have performance indicators adapted to ESG issues in their performance evaluation.

In addition, the induction process lasts about one month and our employees have training goals aligned with their professional and personal growth. For 2021, they were trained in ESG risks, Sustainable Development Goals and climate finance. We also participated in the Climate Change Opportunities and Financial Risks course at the Universidad de los Andes.

"At GRS we don't live to work, we work to live".



BEST PRACTICES

Our team is actively involved in academic research.



More than 50% of the purchases we make are from companies that are majority-owned by women or individuals from underrepresented populations.



We tracked and monitored total volunteer hours and established pro-bono community service goals. The number of employee volunteer hours during the last year was 12, a figure we expect to increase by 2022.





CORPORATE GOVERNANCE

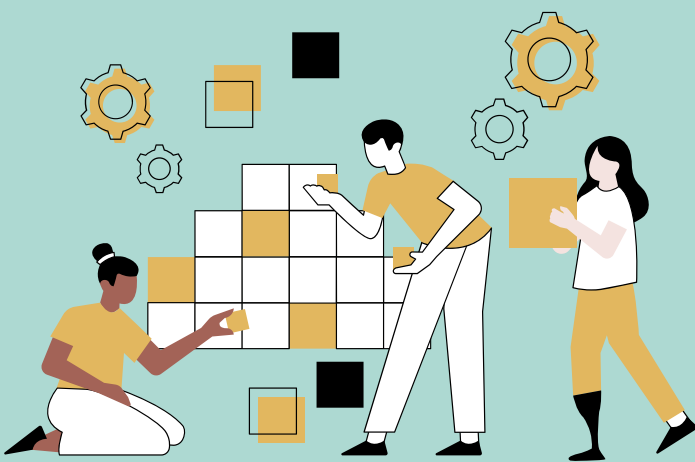
MISSION

At GRS, we believe that sustainability is at the heart of everything we do to advance as people and develop as professionals, helping our clients grow as we seek a more resilient world and a more just and equitable society.



VALUES

- **Your peace of mind comes first:** Your peace of mind comes first: let us help you de-risk your business.
- **For a more resilient world:** We design and structure financial solutions and provide consulting services that seek a more resilient and equitable world.
- **Knowledge and innovation:** Because the world changes every day, we are at the forefront of integrating sustainability into the insurance business. Our culture makes ideas become reality.
- **Making a positive impact:** We support social and environmental causes by reinvesting 5% of our annual sales.



Communicating Sustainability

EDUCATION

At GRS we believe that the first step towards sustainability is from educational spaces. We are experts in sustainability and resilience in the insurance sector and we want to share our knowledge to raise awareness and invite others to implement green initiatives. For this we have three main channels:

1. Media

By December 31, 2021, we made 115 media appearances related to climate finance, sustainability strategies, climate change risks and opportunities, among others. Some of our most important publications can be found here.

2. LinkedIn

From our main network we produce bi-weekly videos focusing on climate finance and sustainability. In addition, we produce two to three weekly publications focusing on climate change, sustainable solutions, renewable energy, regulation and sustainable mobility.



3. Web

On our website we disclose our commitment to sustainability, our climate partnerships, success stories and our vision and values. In 2021 we had around 78 visits per month from sectors such as renewable energies, academic institutions and environmental services.



OUR CONTRIBUTION TO THE SDGs



The Sustainable Development Goals (SDGs) seek joint actions to end poverty, protect the planet, and improve people's quality of life. In 2015, the Member States of the United Nations approved 17 goals and 169 targets as part of the 2030 Agenda for Sustainable Development.

At GRS, we are committed to contributing to the achievement of the SDGs. Arise and Transform certified that we comply with three of these goals, as follows:



We seek inclusive, safe, resilient and sustainable cities and communities by securing renewable energy, sustainable construction and clean mobility projects. By securing the first solar plant in a non-interconnected zone, we were able to generate solar energy and cover part of the city's demand, substantially reducing greenhouse gas emissions.



We seek to take urgent action to combat climate change and its effects. At GRS we have defined a business strategy that in its three strategic lines (weather solutions, green insurance and ESG consulting) seeks to help decarbonize the economy and build a more resilient world. Our products and services serve to adapt the main key industries to meet Colombia's environmental objectives.



We are committed to strengthening partnerships for sustainable development. Every day we work with key players in the insurance and climate modeling and analytics industries, using their specialized knowledge and the latest technologies to generate greater resilience, mitigation and adaptation. Our business model is based on strategic alliances that enable social development and environmental improvement.