



Sustainability policy

Länsförsäkringar AB

Sustainability policy for Länsförsäkringar AB

Introduction

Background, purpose and definition

Sustainability is an integrated part of the Länsförsäkringar AB Group's (referred to below as the "LFAB Group") endeavour for sustainable, long-term value creation for its owners, customers, employees, investors and society at large. Sustainability is to uphold the brand, contribute to a long-term sustainable company and a sustainable customer offering. Sustainability efforts also aim to comply with sustainability-related regulations in part connected to the EU action plan on financing sustainable growth.

The main purpose of the Sustainability Policy is to define:

- How sustainability in the LFAB Group is to be conducted in terms of governance, approach and monitoring
- Overall focus areas for units in the LFAB Group

A list of governance documents, instructions and guidelines that, in addition to this Policy, govern sustainability efforts in the LFAB Group is attached as an appendix to this Policy.

Scope and effective date

The Sustainability Policy applies to the entire LFAB Group as of the day it is adopted by LFAB's Board of Directors. Each Board within the Group is to study and approve the Sustainability Policy for application in its respective company.

Communication and introduction

The person in charge of the document is responsible for communicating the Policy to the Operations by publishing it on Länet intranet. The LFAB Group's managers are responsible for communicating the policy and ensuring its implementation in their areas of responsibility. All employees are obliged to be familiar with the content of this Policy.

Governance of sustainability activities

Sustainability is an integrated feature of LFAB's business plans that permeates the entire operation. To achieve this, LFAB has the following functions for governing and monitoring its sustainability work:

Board of Directors

Every year, LFAB's Board of Directors and the Boards of relevant Group companies resolve on sustainability-related targets in the business plan and concerning the sustainability policy. Sustainability is an integral part of the follow-up on business and action plans. LFAB's Board of Directors adopts LFAB's Sustainability Report as part of the Annual Report and LFAB's climate report each year.

Sustainability Committee

The Sustainability Committee was established by the President and CEO to prepare and address sustainability matters in the LFAB Group and, after being specifically tasked by the regional insurance companies, for the Länsförsäkringar Alliance as a whole prior to a decision by corporate management. The members of this Committee are appointed by the President and CEO. The Committee follows a specific work instruction prepared and updated by the Head of Strategy and Change Management.

Corporate management and units

The President and CEO of LFAB and business unit managers propose targets for sustainability activities within the framework of preparing LFAB's business plan. The Board of Directors adopts these targets by accepting the LFAB business plan. All managers in the LFAB Group have an operational responsibility to implement the Sustainability Policy. This entails responsibility for adopted approaches and focus areas being defined, implemented and followed up in each unit and being reported back within the framework of normal reporting. Material sustainability topics are to be reported to the Sustainability Secretariat.



Sustainability Secretariat and Head of Sustainability

To support LFAB's work on sustainability topics, a Sustainability Secretariat is in place that is responsible for maintaining expert knowledge, monitoring trends, communicating knowledge and strengthening the brand in the area of sustainability. LFAB's Head of Sustainability is part of the Sustainability Secretariat and is responsible for coordinating sustainability activities and leading the joint sustainability team. Together with the joint sustainability team, issues are prepared to be addressed and followed up on in the Sustainability Committee. The Head of Sustainability is responsible for feedback to the Sustainability Committee.

Joint sustainability team

A transverse sustainability team with sustainability representatives from the business units prepares joint sustainability matters and issues that will be followed up on by the Sustainability Committee.

Sustainability and sustainability approach

"Sustainability, or the ESG acronym¹ comprises environmental, social and governance factors." Sustainability covers respect and protection for the environment, human rights, labour and business ethics. The LFAB Group's sustainability efforts are to support and contribute to the UN Sustainable Development Goals (SDGs) and support the UN initiatives that LFAB has signed, as presented in the Appendix to this Policy.

The LFAB Group has identified SDGs 3, 5, 7, 8, 10, 11, 12, 13, 15, 16 and 17 as the most relevant to the business and those where Länsförsäkringar can make a positive contribution and reduce its negative impact.

The UN Global Compact's principles for responsible business conduct and the Principles for Responsible Investment (PRI) are integrated into the LFAB Group's operations. LFAB and its non-life insurance operations support the UN Principles for Sustainable Insurance (PSI) and these principles are integrated into the Group's insurance operations. Länsförsäkringar Bank has signed the Principles for Responsible Banking (PRB), which are to be integrated in the banking operations. The principles of these UN initiatives guide sustainability activities (see section 4.1). The Appendix to this Policy contains a description of the UN SDGs and the principles of the Global Compact, PRI, PRB and PSI.

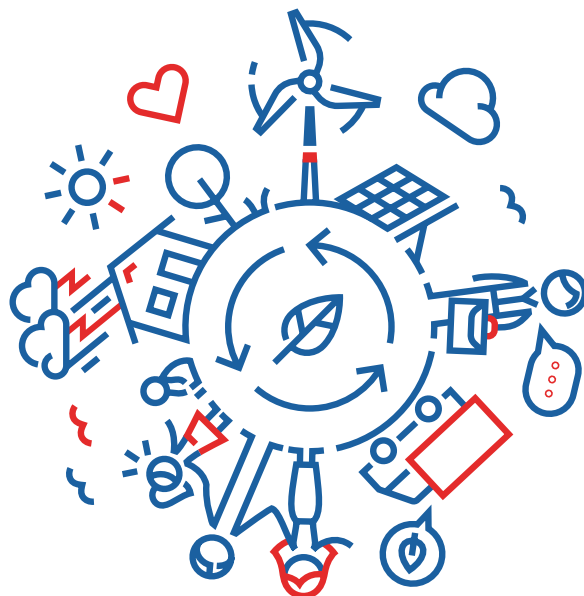
Sustainability activities are developed and improved by engaging various stakeholders, including owners, customers, employees, suppliers, investors, partners, industry and civil society organisations and authorities. As owners and the recipient of the LFAB Group's deliveries, the regional insurance companies hold a unique position among stakeholders.

Sustainability activities are based on the vision of "Together we create security and opportunities." Sustainability is to be integrated throughout the Group's value chain, with a focus on the areas in which the LFAB Group can make the greatest difference.

Managing climate risks and climate-smart vision

Of the sustainability related risks, climate risk is the greatest challenge for LFAB. Climate change is the sustainability area to which the LFAB Group has assigned the highest priority. Climate change represents a financial risk for the LFAB Group in the form of potential impact on the insurance business, lending and investments.

Climate risks consist of physical risks and transition risks. Physical risks may take the form of extreme weather events, such as torrential



rain, storms and floods, and chronic climate change, for example, causing sea levels to rise. Transition risks related to the transition to a low-carbon society include risks that are regulatory, political, technical, market-based and brand-related. Physical climate risks could result in increased insurance expenses, an impact on underlying collateral that could lead to credit losses and an impact on the market value of investments. Transition risks may impact investment portfolios and investments in underlying companies. If climate risk impacts the business of these companies, it could entail increased financial risk. From a reverse perspective, there are investment opportunities in companies and solutions that restrict climate change. Transition risks could also affect the insurance business and lending.

The LFAB Group has a long-term climate-smart vision that entails that the LFAB Group is to work actively to reduce climate impact and the climate risks throughout its operations and to encourage climate adaptation to reduce the damaging impact of climate change. The target is to become climate-positive by 2045 and that the Group takes into consideration the scientific foundations expressed by the UN Intergovernmental Panel on Climate Change (IPCC). Climate risks and opportunities are followed up on annually and reported on in the climate report that is compiled in accordance with the recommendations of the Task Force on Climate Related Financial Disclosures (TCFD). Management of the Group's climate risks is more closely regulated in the *Risk Policy*.

Sustainability focus areas

The LFAB Group's sustainability efforts are divided into the following three main areas: Responsible offering, responsible business conduct and long-term environmental and social commitment. These three areas and the underlying sub-areas define how sustainability is to help create security and opportunities for customers and other stakeholders.

Responsible offering

Responsible offering encompasses the offering of insurance, savings, loans and other financing products to customers. The LFAB Group is to work to contribute to the UN Sustainable Development Goals and to LFAB's climate targets in its customer offering through its claims prevention and health-promotional efforts, sustainable damage repairs, value-adding management, active corporate governance and responsible lending.

¹ ESG – Environmental, Social and Governance issues



Responsible insurance offering

The LFAB Group develops new products, manages the Länsförsäkringar Alliance's reinsurance cover and supplements the regional insurance companies' offering with specialist products. The LFAB Group also prepares methods and standards for claims prevention and damage repair. The work includes taking into consideration sustainability related risks and opportunities in the development of new offerings.

The focus areas for claims-prevention activities are: security and crime prevention, fire, water, motor third-party liability, and natural catastrophes, claims-prevention measures for people, animals and companies, health-promotion services for people and animals.

If a claim occurs, the LFAB Group will work to ensure sustainable damage repairs, and strive to be economical with resources and work for a quick recovery and return to work.

Premiums from insurance offerings will be managed in accordance with the LFAB Group's *Policy on responsible investments and corporate governance*.

Responsible savings offering

The LFAB Group is a large fund and asset manager with investment assets tied to pension, insurance and fund products. The fund range comprises both externally and internally managed funds.

The LFAB Group's overall management goal is to create the highest possible long-term value in the investment assets² and funds managed by the Group. Activities in responsible investments and corporate governance aim to contribute to this goal and, over time, to sustainable added value based on environmental, social and corporate governance. LFAB has signed the UN Principles for Responsible Investment (PRI) and strives to integrate the principles into its investment activities. The *Policy on responsible investments and corporate governance* describes in general how the LFAB Group's work with responsible investments, meaning how sustainability related risks and opportunities are integrated in the investment process, are conducted in the framework of the overall management goal.

The Group's long-term objective through its climate-smart vision is for Länsförsäkringar's own investment portfolios and funds to be climate-positive by 2045. A target is for the Group's own investment portfolios and funds to have an annual reduction rate of emissions by

2030, compared with 2019, that is in line with the Paris Agreement's target of limiting global warming to 1.5°C. Climate risks are to be systematically reduced and opportunities as a result of the transition identified. This means that companies with fossil operations and other companies with extensive climate risks will be managed. A parallel goal is to increase the share of sustainability-focused investments and the number of sustainability-focused funds: In turn, LFAB Group can support the transition to a more sustainable and climate-smart society.

Responsible lending

A responsible lending offering involves contributing to the financial stability of society by limiting credit risk and making banking services available to society. Sustainability related risks are to be taken into consideration in lending. *The Credit Policy* and *Credit instructions* comprise the basis for lending operations.

The bank's goal is to develop an offering to customers that covers both the payment and lending process. The offering will be further developed in time and include additional product categories. The aim is to support the transition to a more sustainable society and provide customers with an incentive to make sustainable choices. LFAB has signed the UN Principles for Responsible Banking (PRB) and works actively to integrate the principles into reality.

Responsible business conduct

Responsible business conduct involves how the LFAB Group's own operations are to be conducted so that sustainability and the climate-smart vision is integrated into the business. This entails that sustainability requirements are to be placed on suppliers, that a high level of business ethics is to permeate the business, that the LFAB Group is to be a responsible and attractive employer, and that the environmental impact of the business is to be reduced. Work on responsible business conduct is to contribute to the UN SDGs and the LFAB Group's climate targets.

Employees are to follow rules and guidelines and are expected to actively promote integrating sustainability into the operations and are expected to have sound understanding of the LFAB Group's sustainability agenda. The *Code of Conduct for employees* provides further guidance.

² Investment assets comprise the Group's various management forms for pension savings (traditional management, guarantee management, unit-linked insurance), non-life insurance premiums and other investment assets.

Sustainable purchases

By placing sustainability requirements on suppliers, the LFAB Group can reduce its business risk and contribute to sustainable development. The foundation of this work is the *Purchasing Policy, Contract instructions* and the *Code of Conduct for Suppliers*, which is based on the principles of the UN Global Compact. Sustainability requirements are to be made on suppliers and, in conjunction with procurement, an assessment of sustainability related risks is to be made. As part of continuous monitoring, business managers are to evaluate suppliers' sustainability work and risks through self-assessment, sample checks, dialogue meetings, announced or unannounced visits.

Business ethics

For the LFAB Group, full regulatory compliance and a high level of business ethics are important. Governance documents and guidelines exist for employee conduct, investments, anti-money laundering and terror financing, improper benefits, employees' own business, conflicts of interest, security activities, inside information, incident reporting and whistle-blowing procedures.

Responsible employer

The LFAB Group has the ambition to be a responsible and attractive employer that supports health and contributes to a sustainable work life. A positive corporate culture and well-defined values are to help attract and retain the best employees. Important conditions include clear leader and employee profiles, open dialogues that create trust, a high level of involvement and responsibility, diversity, equality and inclusion as well as skills and learning. The *Personnel Policy* and the *Equality and diversity plan* comprise the basis for this work.

Environmental impact

The LFAB Group works to reduce the direct environmental and climate impact of the business. The guiding principles are resource efficiency, recycling and re-use, as well as reduced carbon emissions. The LFAB Group will work to influence stakeholders (suppliers, customers, portfolio companies, etc.) to reduce their environmental and climate impact. The LFAB Group supports the precautionary principle, meaning that the LFAB Group will endeavour to avoid materials and methods that could generate environmental and health risks when better potential alternatives are available.

All employees are responsible for reducing the environmental and climate impact of the operations. There are *Guidelines on business travel*. Where possible, virtual meetings are to be held instead of undertaking business travel and train travel is to be chosen instead of flying. The aim is to reduce emissions from travel. The LFAB Group has as a goal to reduce paper-based communication, increase digital communication, and increase the number of invoices and expenses forms signed digitally. Renewable electricity is to be used in office properties. Sustainable purchases of office materials are to be made. Waste is to be sorted. Sustainability demands are placed on the personnel restaurant, where reduced food waste, local produce and ecolabelling are prioritised areas.

Long-term environmental and social commitment

The LFAB Group carries out preventative work concerning climate change and natural catastrophes. The LFAB Group cooperates with various stakeholders and decision-makers in society concerning different sustainability challenges.

The LFAB Group supports research projects, for example, within the framework of the Länsförsäkringar Research Fund with a focus on social, financial and physical security and through the Agria Research Fund concerning animal health and cooperation between animals and people. The LFAB Group assumes a long-term environmental and social responsibility by sharing expert knowledge.

Local social commitment takes place in partnership with the Red Cross. Long-term environmental and social commitment contributes to the UN Sustainable Development Goals.

Reporting of sustainability activities

Each unit is responsible for measuring, reporting and following up sustainability work. The Sustainability Department is responsible for coordinating, supporting and following up reports on sustainability activities. This work is reported annually in the Sustainability Report, which is part of the Annual Report.

Compliance and the policy's connection to relevant governance documents

The President and managers are responsible for compliance with this Sustainability Policy, that adopted instructions and related governance documents are in line with this Policy and that there are self-assessments and procedures in the operations to ensure a high level of internal control.

Amendments

The person in charge of updating the Sustainability Policy is the Head of Sustainability at LFAB. The Sustainability Policy is to be addressed and resolved on by the Board of Directors once annually regardless of whether or not changes and updates are necessary.

Adopted by the Board of Directors of Länsförsäkringar AB 15 June 2022



Appendix

List of policies and guidelines affecting sustainability in the LFAB Group

- Business travel guidelines
- Code of Conduct for Employees
- Code of Conduct for Suppliers
- Credit Policy
- Guidelines for financial advisory services
- Guidelines on identifying and managing conflicts of interest
- Guidelines for product approval, product development and the product distribution system
- Personnel Policy
- Policy on anti-money laundering and terror financing
- Policy on improper benefits
- Policy on responsible investments and corporate governance
- Purchasing and Procurement Policy
- Remuneration Policy
- Risk Policy
- Security Policy

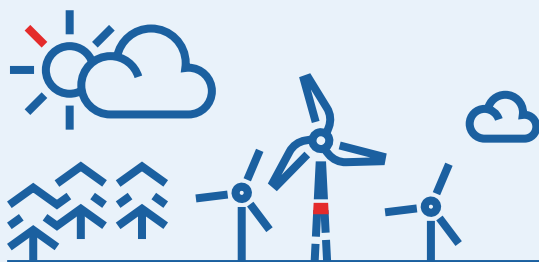
List of UN initiatives that LFAB supports

UN Sustainable Development Goals

In 2015, the member states of the UN, including Sweden, adopted 17 Sustainable Development Goals³ and 169 targets for sustainable development. The goals, also referred to as Agenda 2030 by the Swedish government, are to be met by 2030. To achieve the goals, everyone in society – organisations, business, the public sector, researchers and individuals – must be included and contribute. The goals apply to all countries at local and global levels. The LFAB Group is to actively work to contribute to several of the targets through its operations.

The UN's 17 Sustainable Development Goals:

1. No poverty
2. Zero hunger
3. Good health and well-being
4. Quality education
5. Gender equality
6. Clean water and sanitation
7. Affordable and clean energy
8. Decent work and economic growth
9. Industry, innovation and infrastructure
10. Reduced inequalities
11. Sustainable cities and communities
12. Responsible consumption and production
13. Climate action
14. Life below water
15. Life on land
16. Peace, justice and strong institutions
17. Partnerships for the goals



UN Global Compact 10 principles

The UN Global Compact's principles for responsible business conduct include the areas of human rights, labour, environment and anti-corruption. LFAB has signed the UN Global Compact and has thus committed to integrate the 10 principles into the LFAB Group's operations:

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and Principle 2: Make sure that they are not complicit in human rights abuses.

Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; Principle 4: The elimination of all forms of forced and compulsory labour; Principle 5: The effective abolition of child labour; and Principle 6: Elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges; Principle 8: Undertake initiatives to promote greater environmental responsibility; and Principle 9: Encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption

Principle 10: Businesses should work against corruption in all forms, including extortion and bribery.

PRI – Principles for Responsible Investment

LFAB has signed the UN Principles for Responsible Investment, PRI,⁴ and has thus committed to work actively to implement the six principles of the PRI in its investment operations and in its corporate governance role.

1. Incorporate environmental, social and corporate governance (ESG) issues into investment analysis and decision-making processes.
2. Be active owners.
3. Seek appropriate disclosure on ESG issues by the entities in which we invest.
4. Work to promote acceptance and implementation of the principles within the investment industry.
5. Work with investors and other stakeholders in implementing the principles.
6. Report on our activities and progress towards implementing the principles.

³ More information about the UN's 17 Sustainable Development Goals and 169 targets can be found at www.un.org/sustainabledevelopment/

⁴ PRI – Principles for Responsible Investments

PRB – Principles for Responsible Banking

Länsförsäkringar Bank signed the PRB – Principles for Responsible Banking⁵ in 2021. Signing the principles means that Länsförsäkringar Bank has committed to comply with the six principles that make up the framework of the initiative.

1. Alignment with the Paris Climate Agreement, the UN SDGs and national and regional frameworks
2. Impact and target setting
3. Clients and customers
4. Stakeholders
5. Governance and culture
6. Transparency and accountability

PSI – Principles for Sustainable Insurance

LFAB has signed the Principles for Sustainable Insurance (PSI)⁶ and has thereby committed to actively working to implement the four principles of the PSI in its insurance operations in LFAB.

1. Embed in our decision-making environmental, social and governance issues relevant to our insurance business.
2. Work together with our clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions.
3. Work together with governments, regulators and other key stakeholders to promote widespread action across society on environmental, social and governance issues.
4. Demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the Principles.

⁵ PRB - Principles for Responsible Banking

⁶ PSI -Principles for Sustainable Insurance



