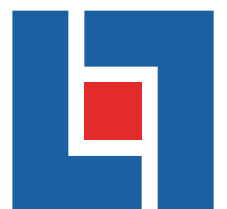




# Sustainability **Policy** for Länsförsäkringar AB



# Sustainability Policy

## 1 Introduction

### 1.1 Background, purpose and definition

Länsförsäkringar AB and its subsidiaries (referred to in this policy as the Länsförsäkringar AB Group or "LFAB Group") are owned jointly by the regional insurance companies.

Sustainability is an integrated part of the LFAB Group's endeavour for sustainable, long-term value creation for its owners, customers, employees, investors and society at large. Sustainability is to nurture the brand. Sustainability activities are based on the vision of "Together we create security and opportunities" and that sustainable enterprising is more profitable in the long term.

The main purpose of the Sustainability Policy is to define:

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

A list of governance documents, instructions and guidelines that, in addition to this Policy, relate to sustainability is attached as an appendix to this Policy.

### 1.2 Scope and effective date

The Sustainability Policy applies to the entire LFAB Group as of the day it is adopted by the Board of Directors.

The Policy does not comprise the sustainability work that is conducted by each regional insurance company within its own operations.

### 1.3 Communication and introduction

LFAB's Head of Sustainability is responsible for making the Policy available to all employees via the 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.

## 2 Governance of sustainability activities

Sustainability is an integrated feature of the LFAB Plan 2023 that permeates the entire operation. To achieve this, LFAB has the following functions for governing and monitoring its sustainability work:

### Board of Directors

The Board of Directors resolves on the Sustainability Policy annually. Sustainability is an integral part of the follow-up on business and action plans. The Board of Directors also adopts the company's Sustainability Report as part of the Annual Report each year.

### Sustainability Committee

The Sustainability Committee, comprising Group management and the Head of Sustainability, prepares matters on overall positioning, approach, focus areas and other strategic issues for the LFAB Group's sustainability activities before being discussed and decided on by Group management. Activities to achieve the decided sustainable development goals are part of the annual business planning.

### Head of Sustainability

The President and CEO of LFAB has delegated the functional responsibility for sustainability to the Head of Sustainability in the Communication and Sustainability function. This means that the Head of Sustainability is responsible for regularly following up on the business units' and business areas' sustainability focus areas, and for ensuring that approaches decided by Group management set the framework for the work of the relevant business units and business areas.

The Head of Sustainability helps to ensure compliance with the Sustainability Policy through coordination, providing know-how and participating as required in relevant sustainability teams, as well as providing feedback to the Sustainability Committee on the progress of sustainability activities in the LFAB Group.

## Business units and business areas

The heads of the business units and business areas 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 business unit and business area, as well as being reported back to LFAB's Head of Sustainability. The purpose of such reporting is to ensure that the LFAB Group's sustainability work is uniform and that the interests of the owners, customers and other stakeholders are met.

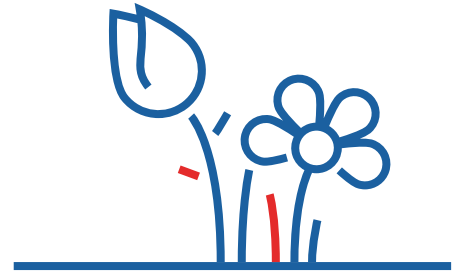
## 3 Sustainability and sustainability approach

Sustainability includes financial, social, environmental and business ethics matters. The LFAB Group's sustainability work supports and contributes to the UN Sustainable Development Goals (SDGs) and support the UN initiatives that LFAB has signed.

The UN Global Compact's principles for responsible business conduct and the UN PRI concerning Principles for Responsible Investment (PRI) are to be integrated into the LFAB Group's operations. The Non-life Insurance business unit supports the UN Principles for Sustainable Insurance (PSI) and these principles are to be integrated into the Non-life Group. 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 and PSI.

Sustainability work is conducted by engaging stakeholders, such as 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 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.



Climate change is the area to which the LFAB Group has assigned the highest priority. The long-term objective of the LFAB Group is to become fossil-free. The LFAB Group is to work actively to reduce climate impact and the climate risks in its operations and to encourage climate adaptation to reduce the damaging impact of climate change.

Climate change represents a direct financial risk in the form of potential impact on the insurance business, lending and investments. Climate risks consist of physical and market-related risks. Physical risks may take the form of extreme weather events, such as torrential rain, storms and floods, and permanent changes to the climate, for example, causing sea levels to rise. Climate risks can lead to increased insurance costs. Underlying collateral in lending may be affected. Market-related risks could affect the LFAB Group and the companies in which investments are made, such as new taxes and regulations. If these companies' business is impacted by changed market conditions or by physical climate change, this will also involve increased financial risk. From a reverse perspective, there are investment opportunities in companies and solutions that restrict climate change.

#### 4 Sustainability focus areas

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

##### 4.1 Responsible offering

The responsible offering comprises our offering in insurance, investments and savings and bank.

##### 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. LFAB also prepares methods and standards for claims prevention and damage repair. The work includes taking into consideration sustainability risks and the possibility for the development of new offerings.

The Non-life Insurance business unit supports the UN Principles for Sustainable Insurance (PSI) and works actively to integrate these principles into the insurance operations.

The focus areas for the claims-prevention activities are

- security and crime prevention, fire, water, motor insurance, and natural catastrophes
- claims-prevention measures for people, animals and commercial insurance
- 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.

##### Responsible savings offering

The LFAB Group is a major asset manager and invests its customers' savings in life- and pension solutions, investments in its own and external mutual funds, as well as managing LFAB's own capital.

The aim is to be a responsible owner and to ensure sustainable returns in respect of financial, environmental, social and corporate governance-related dimensions. The corporate governance policy provides the foundation for the way in which responsible investments are to be conducted. Länsförsäkringar AB has signed the UN Principles for Responsible Investment (PRI) and strives to integrate the principles into its investment activities.

The Group's long-term objective is to become fossil-free. The physical and market-related climate risks are to be systematically reduced. This means that fossil companies and other companies with extensive climate risk and climate impact will be analysed and managed. This management can take the form of reduced exposure and/or conducting active engagement. In parallel, the aim is to increase the share of sustainable investments and thus support the transition to a more sustainable and climate-smart society.

##### Responsible lending

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

##### 4.2 Responsible business conduct

Responsible business conduct involves how the LFAB Group's own operations are to be conducted so that sustainability 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 direct environmental impact of the business is to be reduced.

Employees are to follow rules and guidelines and are expected to actively promote integrating sustainability into the operations and having sound understanding of sustainability topics. The Code of Conduct for employees provides further guidance.

##### Sustainability requirements on suppliers

By placing sustainability requirements on suppliers, the LFAB Group can reduce business risk and contribute to sustainable development. The foundation of this work is

the Purchasing Policy 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 risks is to be made. As part of continuous monitoring, suppliers' sustainability work and risks are to be evaluated 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 whistleblowing 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. We want to attract and retain the best employees with our positive corporate culture and well-defined values. Important conditions include clear leader and employee profiles, open dialogues that create trust, a high level of involvement and responsibility, diversity and equality 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 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 influ-

ence stakeholders (suppliers, customers, portfolio companies, etc.) to reduce their environmental 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 impact of the operations. There are rules relating to business travel. Where possible, train travel is to be chosen instead of flying and digital meetings are to be held instead of undertaking business 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. Sustainability demands are placed on the personnel restaurant, where reduced food waste, local produce and eco-labelling are prioritised areas.

#### 4.3 Long-term environmental and social responsibility

The LFAB Group carries out preventive work concerning climate change and natural catastrophes as well as concerning the promotion of health. This is achieved through the insurance offering, preventive measures and various forms of social commitment. The LFAB Group cooperates with various stakeholders and decision-makers in society. The LFAB Group supports research projects, for example, within the framework of the Länsförsäkringar Research Fund and through the Agria Research Fund. Local social commitment is primarily pursued in the local regional insurance companies and in Agria. The LFAB Group assumes a long-term environmental and social responsibility by sharing expert knowledge and by making research available to others.

#### 5 Reporting of sustainability activities

Each unit is responsible for measuring, reporting and following up sustainability work. The Head of Sustainability is responsible for coordinating, supporting and following up that sustainability activities are reported in accordance with national legislation and voluntary international standards. This work is reported annually in the Sustainability Report, which is part of the Annual Report.

#### 6 Compliance

The President and managers are responsible for compliance with this Sustainability Policy, that adopted instructions 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.

#### 7 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 17 June 2019

## Appendix

### List of policies and guidelines affecting sustainability in the LFAB Group

- Code of Conduct for Employees
- Personnel Policy
- Equality and Diversity Plan
- Corporate governance policy
- Policy on anti-money laundering and terror financing
- Guidelines on identifying and managing conflicts of interest
- Policy on improper benefits
- Security Policy
- Purchasing policy
- Code of Conduct for Suppliers

### List of UN initiatives supported by LFAB

#### UN Sustainable Development Goals

In 2015, the member states of the UN, including Sweden, adopted 17 Sustainable Development Goals<sup>1</sup>. 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. LFAB 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. 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 integrating the following ten principles in 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<sup>2</sup>, 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 together to enhance our effectiveness in implementing the principles.
6. Report on our activities and progress towards implementing the principles.

#### PSI - Principles for Sustainable Insurance

Länsförsäkringars Non-life Insurance unit has signed the Principles for Sustainable Insurance (PSI)<sup>3</sup> and has thereby committed to actively working to implement the four principles of the PSI in its insurance operations in the Non-life Group.

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 sustainability topics, manage risks and develop solutions.
3. Work together with governments, regulators and other key stakeholders to promote action in society on sustainability.
4. Demonstrate accountability and transparency by disclosing publicly progress in implementing the principles.

<sup>1</sup> More information about the UN's 17 Sustainable Development Goals and 169 targets can be found at [www.un.org/sustainabledevelopment/](http://www.un.org/sustainabledevelopment/)

<sup>2</sup> PRI - Principles for Responsible Investments

<sup>3</sup> PSI - Principles for Sustainable Insurance