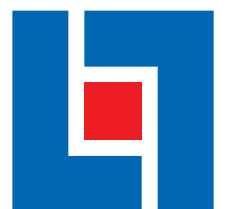




# Sustainability **policy** for Länsförsäkringar AB



# Sustainability policy

## 1 Introduction

### 1.1 Background, purpose and delimitation

Länsförsäkringar AB is jointly owned by regional insurance companies, this forms Länsförsäkringar Alliance. Länsförsäkringar AB increases competitiveness and reduces costs in order to create conditions for the regional insurance companies to be successful in their respective markets.

Länsförsäkringar AB safeguards the sustainability of businesses in areas where a mission from the regional insurance companies exists. Sustainability work is based on the vision of "Together we create security and opportunity." Decisions and actions in Länsförsäkringar AB should rest on an awareness of the importance of a financial as well as an ethical, a social and an environmental perspective. Sustainability initiatives must protect the brand and contribute to the continued confidence from our customers.

The purpose of the sustainability policy is to give Länsförsäkringar AB's managers and employees guidance in day-to-day work. Länsförsäkringar AB's way to work sustainably should be based on what is stated in this policy, expressed in governing documents in areas such as purchasing, counteracting money laundering, business trips and company cars, code of conduct and corporate governance policy.

### 1.2 Scope and effective date

The sustainability policy applies to Länsförsäkringar AB and comes into effect from the date when it is decided by the board.

### 1.3 Communication and introduction

The Sustainability manager of Länsförsäkringar AB is responsible for communicating the sustainability policy in the organization.

## 2 Sustainability management

Sustainability should be integrated into the business. To achieve this, Länsförsäkringar AB has the following functions to control and monitor the sustainability efforts:

### Board

The board decides annually on the sustainability policy. The quarterly monitoring of business and action includes sustainability as an integral part. The board also produces the company's annual sustainability report as part of the annual report.

### The Sustainability committee

The Sustainability committee consists of Group management, which prepares and decides the overall sustainability issues in the framework of the Board of Director's positioning and focus in our sustainability work. Activities to achieve agreed sustainability goals are part of the annual business planning.

### Sustainability manager

CEO of Länsförsäkringar AB has delegated functional responsibility for sustainability to the unit Business support of Länsförsäkringar AB. This means that the Sustainability manager has a functional responsibility within Länsförsäkringar AB for this scope. The responsibility includes the accountability for management and normative sustainability issues.

## 3 Sustainability focus

Sustainable development is an important and integral part of Länsförsäkringar ABs long-term value creation. The starting point for our sustainability work consists of values fundamental to the entire Länsförsäkringar Alliance, a local and long-term responsibility in society. Sustainability throughout the business means that we take responsibility for how we act in the corporate culture and strive for simplicity and transparency. Länsförsäkringar AB's sustainability work is accomplished and carried through in dialogue with priority stakeholders such as; customers, shareholders, employees, suppliers, partners, NGOs and government. The development of the offerings provide opportunities for customers, other stakeholders and for Länsförsäkringar AB to make a positive contribution to a sustainable future.

Climate change is a priority area and the long-term goal is to be fossil-free. Climate change is a direct financial risk for Länsförsäkringar. Extreme weather and sea level rise results in increased costs, particularly in the form of an increased number of fires and floods. The companies we invest in, are also affected by or can affect climate change and thus stands for an increased financial risk.

Länsförsäkringar AB has in the profiling and the focus on sustainability selected two areas: Sustainable investments and Sustainable lifestyle. These business priorities are described below.

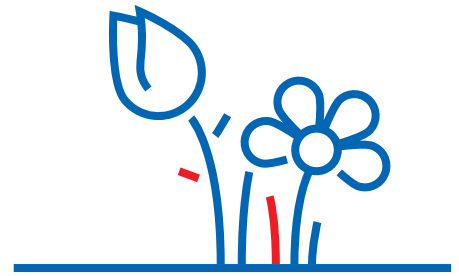
### 3.1 Sustainable investments

Länsförsäkringar AB is one of the larger Swedish asset managers as the regional insurance companies offer customers life insurance and pension solutions and mutual funds. Moreover Länsförsäkringar AB manages its own equity. In the role as head of the Länsförsäkringar Alliance's reinsurance program Länsförsäkringar AB is one of the larger buyers of reinsurance cover for primarily forest. Given this, and seen from a long-term sustainability perspective, the climate issue is the single largest financial risk. This means that all efforts, both for customers and the regional insurance companies' sakes, need to be added so that as soon as possible solely investments will take place in fossil-free financial instruments.

The composition of the investment portfolio, active corporate governance, compliance with international conventions, as well as preventive and reactive dialogues are the main tools for Länsförsäkringar AB's ambition in sustainable investments, and to as soon as possible become fossil-free. See also paragraph 6 "Commitments".

### 3.2 Sustainable lifestyle

Sustainable lifestyle is about responsibility and proactive sustainability work primarily in the following areas:



Länsförsäkringar AB conducts for customers and together with the regional insurance companies and other partnerships several social commitments:

- prevention of climate change and environmental damage and damage prevention for humans and animals,
- health services for people, animals and society,
- scientific research on human security.

A proactive long-term environmental work is performed through the following actions:

- injury prevention in natural disasters, fire, water and traffic,
- management to reduce carbon emissions and resource use reduction in the business,
- control of indirect impact in reducing greenhouse emissions by influencing the priority stakeholders towards reduced emissions.

Länsförsäkringar AB should have a responsible offering that takes into account the economic, ethical, social and environmental perspective to contribute to long-term profitable business areas such as:

- lending which takes into account environmental and social risks based on the credit instruction,
- insurance that takes into account environmental and social risks of information to the policyholder so that damage can be avoided and health can be promoted,
- borrowing that takes into account environmental and social risks.

The ambition is to be a responsible employer with a good corporate culture and values that attract the best employees, which includes a visible diversity.

The employees of Länsförsäkringar AB should have a high level of expertise in sustainability, particularly in the following areas:

- the environmental and social impacts of the climate change,
- how they can contribute to the sustainability of the offering and the product,
- through their own behavior in the business.

Sustainability requirements on suppliers and partners contributing to a high quality, and to minimize business risk based on the following instructions and working methods:

- procurement policy and code of conduct for suppliers,
- risk assessment in procurement, contract management and delivery,
- in the form of self-assessments and other controls.

Compliance and internal regulations should encourage a high level of ambition in areas such as:

- good business ethics,
- anti-corruption, anti-fraud and money laundering, security and incident reporting, and whistleblowing routines,
- describe Länsförsäkringar AB's values to create security and opportunities so that they are made clear.

Taken together, the business priorities of the selected areas Sustainable investments and Sustainable lifestyle should clarify Länsförsäkringar AB's sustainability. The sustainability work will contribute to create security and opportunities for customers and other stakeholders.

#### 4 Dialogue with stakeholders

Länsförsäkringar AB strives to address those sustainability issues that are relevant and meaningful in banking and insurance where Länsförsäkringar AB is operating and performing business. To engage with stakeholders and incorporate their feedback is crucial to the success of sustainability initiatives as issues and challenges may be of common interest.

#### 5 Reporting of sustainability work

The Sustainability manager of Länsförsäkringar AB measures reports and follows up on sustainability work in accordance with national legislation and international voluntary standards concerning information disclosure. Sustainability work is reported in the sustainability report, which is part of the annual report.

#### 6 Commitments

Länsförsäkringar AB supports the international commitments that make it possible to operate sustainably. Länsförsäkringar AB is committed to protect and comply with the following:

- UN Global Compact
- UN Principles for Responsible Investment (PRI)

Länsförsäkringar AB's commitments and collaborations in sustainability are the following:

- Montreal Pledge
- SWESIF - Sweden's Forum for Sustainable Investments
- Sustainable value creation (Hållbart värdeskapande)
- Carbon Disclosure Project
- Länsförsäkringar Research Foundation
- Agria Research fund
- Financial Coalition against Commercial Sexual Exploitation of Children
- My Dream Now
- Geneva Association's Kyoto Statement

#### 7 Compliance

The CEO and each employee in management positions are responsible for compliance with the Sustainability policy. This includes instructions that are adopted in accordance with this policy. Management controls and operational procedures should ensure good internal control.

#### 8 Revision

Responsible for updating the Sustainability policy is the Sustainability Manager of Länsförsäkringar AB. The Sustainability policy should be addressed and revised by the board once a year whether changes and updates are necessary or not.

This policy does not cover the sustainability work for each regional insurance company.

Adopted by the Board as of June 15, 2016