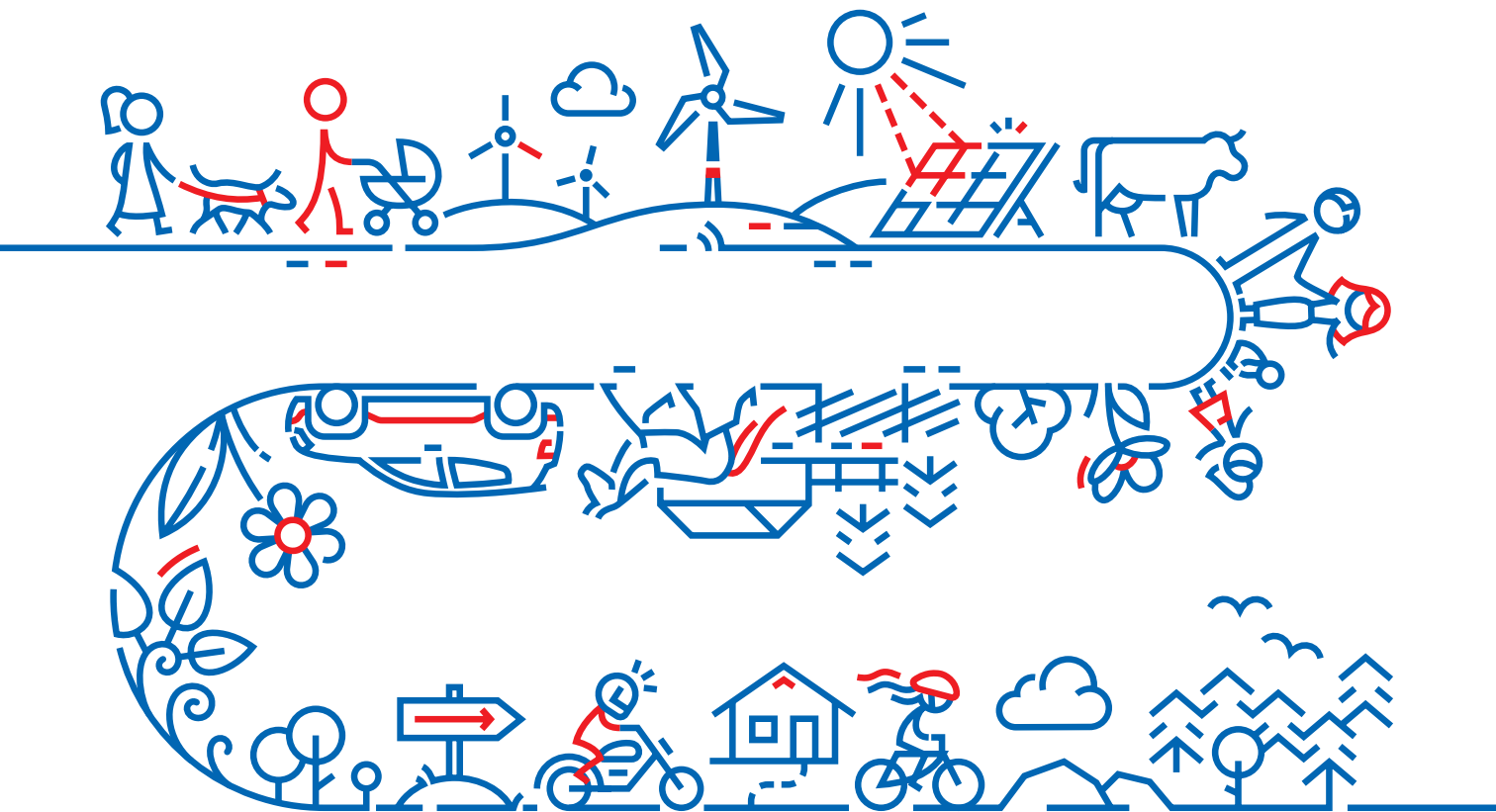


Sustainable insurance 2019

Länsförsäkringar Sak's report based on the
UN Principles for Sustainable Insurance (PSI)



About Länsförsäkringar and the UN Principles for Sustainable Insurance

About Länsförsäkringar

Länsförsäkringar comprises 23 local and customer-owned regional insurance companies and the jointly owned Länsförsäkringar AB and its subsidiaries. Customers are provided with a complete offering of banking, insurance, pension and real-estate brokerage services through the regional insurance companies. The regional insurance companies are owned by the insurance customers. There are no external shareholders, and meeting customer needs and requirements is always the primary task. Long-term respect for customers' money and their security is fundamental. The Länsförsäkringar Alliance jointly has 3.9 million customers and 7,200 employees.

About Länsförsäkringar Sak Försäkringsaktiebolag

The Non-life Insurance business unit of the Länsförsäkringar AB Group comprises Länsförsäkringar Sak Försäkrings AB (Länsförsäkringar Sak) and its subsidiaries Försäkringsaktiebolaget Agria (Agria) and Länsförsäkringar Grupplivförsäkrings AB (Gruppliv). The Non-life Insurance business unit is responsible for the non-life insurance operations, including pet and crop insurance, which have been assigned to Länsförsäkringar AB by the regional insurance companies.

Non-life insurance is divided into the following three business areas: Agria, Health, and Reinsurance and Special Insurance.

The task is to complement the regional insurance companies' offering with specialist products to meet customer needs and to start new business that can be channelled through the regional insurance companies. Business is conducted so that the regional insurance companies can offer customers a broad range of insurance for people, animals and property, and obtain effective reinsurance coverage. Länsförsäkringar Sak underwrites health care, accident and health insurance in the Health Business Area, and commercial special insurance and international reinsurance, as well as manages the Länsförsäkringar Alliance's joint reinsurance cover. Pet-insurance operations are conducted in the subsidiary Agria Djurförsäkring. Group life assurance is underwritten in the subsidiary Länsförsäkringar Gruppliv as an important part of the customer offering in the expanding Health Business Area.

About the UN Principles for Sustainable Insurance

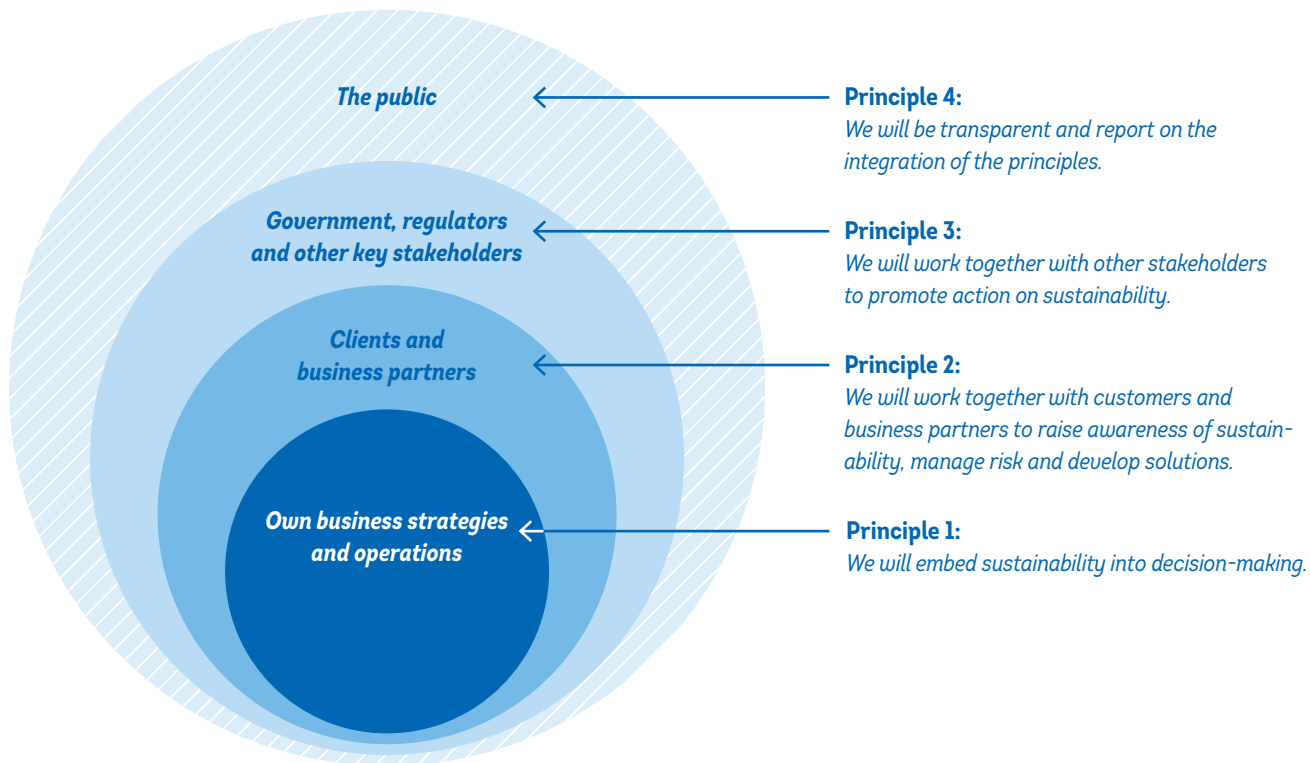
The UN Principles for Sustainable Insurance (PSI) is an initiative directed at insurance companies that consists of four principles. All companies that sign the PSI commit to reporting annually on their ongoing work, and publishing the results.¹⁾

Länsförsäkringar Sak²⁾ is the only Swedish insurance company to sign these guidelines. This report provides information on the work performed in 2019 based on the four principles combined with the sustainability report produced for Länsförsäkringar AB³⁾, of which Länsförsäkringar Sak is part.

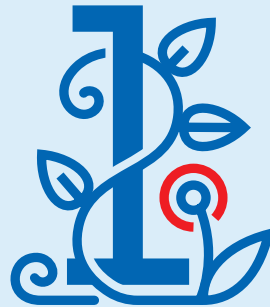
¹⁾ unepfi.org/psi/signatory-companies

²⁾ lansforsakringar.se

³⁾ mb.cision.com/Main/152/3058516/1210478.pdf



Principle



**We will embed
sustainability into
decision-making.**

Sustainable business

Sustainability involves generating greater value for customers and, at the same time, contributing to the sustainable development of society. Sustainability activities are based on the vision of "Together we create security and opportunities". We carry out preventive work on climate change and natural catastrophes, and concerning promotion of health for people and animals, through carefully prepared insurance offerings, preventive efforts, engagement and social commitment in various forms. We can reduce the company's sustainability risks, increase customer and business value and also promote the positive development of society by taking economic, social and environmental aspects into consideration in business development and in business decisions. Extensive claims prevention is central.

Sustainability governance

Länsförsäkringar AB's Board assumes the overall responsibility for governing sustainability activities and decides on the governance documents that form the basis of such work. The sustainability policy includes Länsförsäkringar AB's material sustainability topics and aims to provide managers and employees with guidance in their daily sustainability work. Climate risk has been

identified as the top priority as stated in the policy. The policy also outlines environmental considerations and the precautionary principle. The sustainability policy was updated in 2019 with a few clarifications. During the fourth quarter, management decided that Länsförsäkringar AB's fossil-free vision would be expanded into a climate-smart vision. Alongside the sustainability policy, Länsförsäkringar AB also has other governance documents and guidelines that describe sustainability governance and focus, divisions of responsibilities, targets, activities and monitoring.

In addition to the Group-wide governance documents, Länsförsäkringar Sak has its own company-specific controlling documents, such as a company directive, authorisation manual, investment guidelines, insurance guidelines and guidelines for underwriting business. The governance documents are updated and then approved by the Board once each year. Risk management at Länsförsäkringar Sak is decentralised, which means that the heads of the individual business areas take responsibility for risk management within the parameters established by the Board.

The insurance industry is subject to stringent rules and regulatory requirements so as to ensure financial stability and provide protection for customers. Full regulatory compliance is naturally inherent in all of Länsförsäkringar's operations.

Other policies and instructions that all employees are to comply with regarding sustainability:

- Code of Conduct for Employees
- Personnel policy
- Equality and diversity plan
- Remuneration policy
- Guidelines for company cars and business travel procedures
- Purchasing and procurement policy
- Code of Conduct for Suppliers
- Guidelines on identifying and managing conflicts of interest
- Policy on improper benefits
- Policy on responsible investments and corporate governance
- Credit policy and credit instructions
- Policy on anti-money laundering and terror financing
- Research fund regulations

Monitoring and internal control

Länsförsäkringar AB's corporate governance system aims to ensure healthy and responsible control, risk management and a high level of internal control in the operations. This governance system includes the organisation, internal rules and systems for internal control. Internal control is based on three lines of defence:

- The first line of defence consists of the operations, which are responsible for risk management and monitoring. A deviation reporting system is in place.
- To support internal control, the second line of defence exists whereby Compliance is responsible for independent monitoring and control to ensure that the operations are conducted in full regulatory compliance. Risk Management is responsible for independent risk control and ensuring that the operations are conducted with a high level of risk control.
- The third line of defence consists of Internal Audit, which is the Board's support for quality assurance and evaluation of the organisation's risk management, governance and internal control.

Self-assessments and operational procedures are applied for the ongoing monitoring of compliance with these governance documents. Policies and guidelines are revised annually. A whistle-blowing function is available to prevent crime or suspected crime in the business.

Governance of sustainability activities at Länsförsäkringar Sak

The President of Länsförsäkringar Sak sits on Länsförsäkringar AB's Sustainability Committee, which comprises Länsförsäkringar AB's corporate management, the Head of Sustainability and the Heads of Asset Management, Strategy and Change Management, Communication and Sustainability, Compliance, Risk Management and Internal Audit. This Committee meets at least four times a year to discuss, decide on and follow up priority sustainability topics. The Head of Sustainability and Business Development reports on the status of the activities under responsible insurance offering to Länsförsäkringar AB's Sustainability Committee twice a year following an annual sustainability agenda.

The Head of Sustainability and Business Development is a

member of Länsförsäkringar Sak's management group and reports directly to the President and management. A Sustainability Manager has been appointed for each of the three business areas – Health, Agria, and Reinsurance and Special Insurance – and is also a member of the management groups of each business area. These managers comprise the Sak Sustainability Group, led by the Head of Sustainability and Business Development. This group works together with the President and Head of Responsible Investments, to reach consensus for efficient sustainability efforts. The group meets at least once every quarter, and Länsförsäkringar AB's Head of Sustainability also attends these meetings. An annual sustainability agenda governs the work. The Head of Sustainability and Business Development regularly reports to the Board on ongoing initiatives.

In 2019, two of the three business areas started sustainability focus groups with representatives from each department to enhance control and improve expertise.

Sustainability framework based on three UN initiatives

Three UN initiatives form the framework of our efforts and the company strives to incorporate the principles into the operations. These initiatives are: Global Compact (corporate sustainability), Principles for Responsible Investment (PRI) and Principles for Sustainable Insurance (PSI).

UN Sustainable Development Goals

The UN Sustainable Development Goals (SDGs) were established to achieve four fantastic things by 2030: ending extreme poverty, reducing inequalities, promoting peace and justice in the world and solving the climate crisis. We need to continue to increase know-how, understanding and commitment in order to contribute to achieving the SDGs and driving Länsförsäkringar's sustainability efforts. Länsförsäkringar AB worked together with the 23 regional insurance companies in 2019 to select the UN SDGs that Länsförsäkringar can support for sustainable development. Thirteen targets under seven goals were identified as most relevant and can be clearly linked to Länsförsäkringar's business. Länsförsäkringar Sak has performed an analysis of the company's offering related to the SDGs.

Länsförsäkringar's focus on seven UN Sustainable Development Goals and relevant targets



- 3.4** Reduce premature mortality from non-communicable diseases and promote mental health and well-being.
- 3.6** Reduce the number of global deaths and injuries from road-traffic accidents.



- 8.7** Eradicate forced labour, human trafficking and child labour.
- 8.8** Protect labour rights and promote safe and secure working environments for all workers.
- 8.10** Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.



- 10.2** Promote social, economic and political inclusion.



- 12.2** Sustainable management and use of natural resources.
- 12.4** Environmentally sound management of chemicals and all wastes.
- 12.8** Ensure people everywhere have information and awareness for sustainable development.



- 13.1** Strengthen resilience and adaptive capacity to climate-related hazards.
- 13.3** Improve awareness-raising and capacity on climate change mitigation.



- 16.5** Reduce corruption and bribery.
- 16.6** Develop effective, accountable and transparent institutions.



The SDGs can only be realised through global partnership and cooperation.

Targets

Integrating sustainability into Länsförsäkringar Sak's operations is a priority area. The long-term objective is that sustainability is to feature throughout the operations. Every year, the Board decides on a business plan for the operations that features sustainability as one of the strategic priority areas with well-defined ambitions of achieving continued advances and progress. Claims prevention is an area in which insurance companies can significantly affect sustainability.

Materiality analysis performed

Länsförsäkringar AB carried out a materiality analysis in 2018 that included Länsförsäkringar Sak, and continues to form the basis for setting priorities. It aimed to identify the most important sustainability risks and opportunities for Länsförsäkringar AB based on the business's impact on the environment and society. As part of the materiality analysis, the most important stakeholders (customers, owners, employees, civil society organisations and asset managers) were engaged to provide a better understanding of key stakeholders' expectations of sustainability activities.

Key sustainability topics

Länsförsäkringar AB has identified eight priority sustainability topics based on the stakeholder dialogue and with the guidance of the Global Reporting Initiative (GRI). The eight sustainability topics are grouped into three focus areas: responsible offering, responsible business conduct and long-term environmental and social responsibility. Länsförsäkringar Sak comprises the "responsible insurance offering" of the "responsible offering" area.

Analysis of our insurance policies

In autumn 2019, Länsförsäkringar Sak analysed all of its product documents, include insurance terms and conditions, based on sustainability. This analysis included the three business areas: Agria, Health, and Reinsurance and Special Insurance. It was initiated to more closely connect the framework and sustainability initiatives to the daily work of the company, and was an important step in continuing to integrate PSI and sustainability into the

insurance business. It resulted in a current status report, areas for improvement, business opportunities and links to the internal and external SDGs. The analysis also enhance employee skills.

Sustainability training

New employees are informed about the content of the sustainability policy and other relevant guidelines in the induction programme. All employees are also to complete a mandatory e-course that includes the Code of Conduct, security and sustainability every year. The President of Länsförsäkringar Sak holds two employee days, known as "Sak Days", every year. Each day has a particular sustainability theme. All new employees at Agria complete the Agria School when they first join the company, which includes a sustainability session. The three Boards of the Länsförsäkringar Sak Group underwent a one-day sustainability training course.

In the autumn of 2019, Länsförsäkringar AB arranged a sustainability day for all employees. The day included presentations and talks on sustainable savings, insurance, biodiversity, climate issues and sustainable food. Employees could also declare a personal climate promise and share tips on how the business can be more sustainable. The President of Länsförsäkringar Sak gave a lecture on the topic of "Sustainable development of the insurance industry".

Health and work environment

Being a responsible employer is important for Länsförsäkringar Sak to both attract new employees and retain existing employees. A focus on diversity, inclusion, skills development, health and a good work environment are key factors in ensuring this. Länsförsäkringar Sak's employees have access to a broad range of mainly internal training courses as well as external courses and seminars.

Länsförsäkringar AB had the highest score of all financial companies in Nyckeltalinstitutet's 2019 Health Index, with a total of 125 points out of 180. Compared with other financial companies, the survey shows that Länsförsäkringar AB is advanced in terms of support structures for work environment and health activities and its efforts in preventive health care.

Länsförsäkringar Sak has applied a long-term approach to health and the organisational, social and physical work environment for many years. Proactive work is undertaken to create the conditions to ensure well-being and job satisfaction among employees in a healthy work environment that allows everyone to contribute their commitment, good performance and efficiency in order to attain our business targets. The organisational and social work environment is regularly monitored to prevent stress and unhealthy workloads in accordance with the Swedish Work Environment Authority's provisions (AFS 2015:4). Health care insurance is offered to all employees that includes medical care, consultations, counselling, preventive health services and rehabilitation. In the 2020 business plan, the business areas have activities related to diversity, such as workshops, and a change to the recruitment process that allows for skills-based on un-prejudiced recruitment.

Product and service development

Innovation and digitisation improve customer offerings and enhance the efficiency of the operations, which promotes economic, social and environmental sustainability. Länsförsäkringar Sak produces innovative solutions for its products and processes, and the administration concerning them. Digitisation has resulted in enhancements to operational efficiency in several areas. Digital marketing is being used more frequently and a more digitalised customer process and claims adjustment are being developed. Digital stamps, digital signatures and digital authorisation are other services that are being sought after and applied more often. A specific example is the more than 200 agreements with health care providers for which the contracts, signing and ongoing price negotiations were entirely digital. The development of digital services also leads to lower volumes of paper-based communication to customers, which reduces environmental impact while making

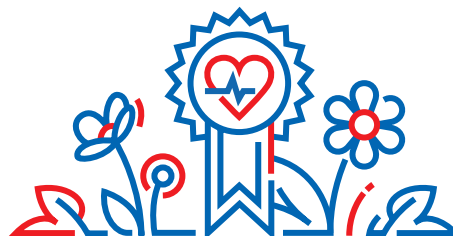


Sustainability training

All new employees are informed about the content of the sustainability policy and other relevant guidelines in the induction programme. All employees are also to complete a mandatory e-course that includes the Code of Conduct, security and sustainability every year.

Best Health Index in finance industry

Länsförsäkringar AB had the highest score of all financial companies in Nyckeltalinstitutet's Health Index, with a total of 125 points (135) out of 180. The average score was 120 points (125). Compared with other financial companies, the survey shows that Länsförsäkringar AB is advanced in terms of support structures for work environment and health activities, and its efforts in preventive health care.



information more available. Development of new services involves extensive approval processes that include analysis of the risks linked with our strategies, our objectives, our customers and the environment.

Examples of our offers and claims prevention

We work to prevent claims since they always have an adverse impact. Preventing a claim is a win for customers, the environment and society. By incorporating sustainability into our business, we reduce our sustainability risks, promote the positive development of society, and create business value. Claims prevention is central and information is also provided on lansforsakringar.se and agria.se.

Health Business Area

The Health Business Area offers group life assurance, accident and health insurance and home loan cover, and is one of Sweden's leading operators in health and health care insurance. The task of the Health Business Area is to determine customer insurance

needs linked to health, to develop offers that meet those needs, and to help our customers obtain the protection they need to promote health and well-being. In turn, this promotes their ability to work.

The Health Business Area follows the motto of "We make Sweden healthier". Preventive measures on the subject of mental illness, which is currently the most common cause of sick leave, continued in 2019. Social sustainability was in particular focus, since the Health Business Area stimulates preventive work in promoting health. The sections in health care insurance enable a sustainable lifestyle, a sustainable working life and a sustainable society. There are many advantages to be had from both a financial and a social perspective for taking preventive measures and action at an early stage when the risk of long-term sick leave arises.

Preventive services via the Health Portal

On Health Portal – a special web portal for customers that currently have or plan to take out one of our health care insurance policies or Bo Kvar insurance – customers can search for



Personal counselling

The personal counselling service included in the health care insurance offers advice, tips and support over the telephone from either a psychologist, lawyer, accountant or health coach.



Health Portal

The Health Portal online service can be used by holders of one of our health care insurance policies or Bo Kvar insurance to search for information about the policies, read answers to frequently asked questions and learn about digital online health programmes.

information about the policies, read answers to frequently asked questions and learn about digital online health programmes based on CBT methods that provide support for making lifestyle changes, for example, reducing stress and establishing healthier living habits. It is also possible to use the portal to create a health profile and monitor sleep, or read about the personal counselling and manager support offered via telephone. These health services are offered through a partnership with SOS International ⁴⁾.

Specific work-oriented rehabilitation measures at an early stage can detect problems with mental health and other types of sickness absence so as to prevent lengthy sick leave and to facilitate an early return to work. Customers can receive help from a rehabilitation consultant to prepare a return to work plan and identify any necessary measures. Treatment for addiction and substance abuse is also included in the insurance policy.

One current trend is increased used of preventive health services, which indicates that more people are getting help with working proactively on health for themselves or their entire working group. The number of unique visitors to the Health Portal reached the target of 40,000 in 2019.

Customer-care communication

The Health Business Area has invested in building up systematic, data-driven sales and customer-care communication to add value for customers, nurture customer relationships and prevent claims, for example, by regularly providing tips on well-being and good health. Using digital technology and data-driven work methods provides knowledge about which topics, articles and services create engagement, which means that we can continuously ensure optimal relevance for our customers.

Communication was provided in 2019 to raise awareness about the importance of physical activity, life balance and a healthy diet. The ultimate aim of this customer-care information is to ensure that customers visit the Health Portal and the related services that can improve their health and well-being.

⁴⁾lansforsakringar.soshalsa.eu

Health and health care insurance

We help companies and employees stay healthy and continue to work. Länsförsäkringar has the most comprehensive products with services that promote health and prevent illness, such as the right care at the right time and effective rehabilitation for those on or at risk of going on sick leave.

The existing full-service offering was expanded in 2019 to meet general needs for a diversified health care insurance offering and specific needs due to the new fringe-benefit tax that came into effect in mid-2018. The health care insurance policies now comprise three alternatives: Health care insurance as a full-service concept, Health care insurance Basic and Preventive and rehab insurance.

Bo Kvar insurance

This policy provides financial protection in the event of unemployment, illness or death and is an important component in providing financial security to mortgage customers. As part of preventive measures, customers with Bo Kvar insurance are also offered access to the Health Portal that contains a wide range of online programmes to promote good health.

Less paper and digital health care invoices

The Health Business Area has reduced the amount of paper-based communication it sends but instead using the Kivra digital mailbox to send 64,000 documents. Digital invoicing for care providers was expanded in 2019 and usage will increase gradually. 18% of 150,000 invoices per year are now sent digitally.

Agria

Agria is the Länsförsäkringar Alliance's specialist company for pet and crop insurance and Länsförsäkringar's subsidiary brand. Agria has a dedicated focus on and involvement with animals and their owners. The company's roots stretch back more than 130 years. Agria conducts operations in Sweden and has branches in Norway, Denmark, Finland, the UK and France.

The Swedish operations are divided into two business areas: Pet business area, which offers insurance for dogs, cats and

“small animals” – pets such as rodents, miniature pigs, reptiles and cagebirds; and the Horse and Agriculture business area, which offers insurance for horses and horse owners. The business area also provides Sweden’s agricultural customers, their animals and their crops with flexible insurance solutions.

Agria Dog Breed Profiles

The Agria Dog Breed Profile is a globally unique material of analyses of dog diseases and injuries using diagnoses from more than 300,000 dogs. Agria Breed Profiles contain breed-specific injury and disease statistics that could, for example, help promote continued sustainable breeding and healthy animals. The Swedish Kennel Club released new statistics at the end of 2018 and start of 2019. Articles on the website, press releases and seminars for breeders help spread this important information across society.

For Agria, animal health and animal care is the foundation of everything. Engagement in and responsibility for a sustainable society featuring animals are key to continuing to grow with satisfied customers and employees. To safeguard the veterinary

aspect, Agria has employed its own veterinarians.

Agria conducts claims-prevention and health-promotion activities for animals, has several claims prevention industry partnerships and is in continual dialogue with the veterinary industry on preventive efforts.

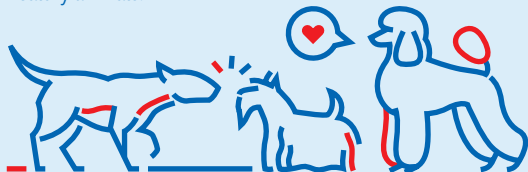
Special campaigns targeted at children and young people increase awareness of different animals and the value of having a pet. Agria’s Research Fund supports Agria’s research on animal health and well-being and the importance of animals to people and society. Agria has extensive claims statistics that are used by researchers and breed clubs to improve animal health and sustainability. Read more under “Examples of research and engagement in 2019”. Through its social commitment, Agria contributes to a healthier society with animals.

Digital marketing and services

Customers are given advice and information via various digital channels such as the Agria app and Pälspodden, a podcast that provides advice and tips for animal owners, as well as via social

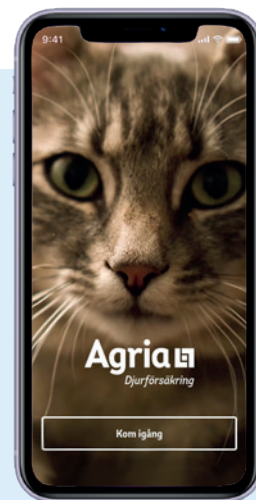
Survey of dog diseases

The Agria Dog Breed Profile is a globally unique material of analyses of dog diseases and injuries using diagnoses from more than 300,000 dogs. Agria Breed Profiles contain breed-specific injury and disease statistics that could, for example, help promote continued sustainable breeding and healthy animals.



Popular digital channels

Agria’s customers are given advice and information via various digital channels such as the Agria app and Pälspodden podcast as well as via social media such as Instagram and Facebook. The agria.se website had a total of 8 million visitors in 2019.



media such as Instagram and Facebook. The majority of customers prefer using digital channels. The agria.se website had a total of 8 million visitors in 2019. 77% of visitors in digital channels visit Agria using mobile devices.

All animal owners were given the option of securely receiving and managing digital insurance certificates and invoices. In addition to major savings, this means faster communication and better customer service while reducing Agria's environmental impact via the digital mailbox Kivra.

Agria also offers digital veterinary consultations for all dogs, cats and small animals insured with Agria. This means that animal owners make use of veterinary services via videolink and can consult a vet free of charge in the event of illness or accident.

Agria achieved its 2019 target of half of the users of digital vet services not needing to physically visit a vet. 75% of 46,000 digital consultations were not referred for physical visits.

Reinsurance and Special Insurance

Reinsurance and Special Insurance conducts operations such as

managing reinsurance for regional insurance companies, leveraging ceded reinsurance and signing foreign reinsurance in selected areas against targets and profitability requirements that have been set. Reinsurance also manages ceded reinsurance for Länsförsäkringar Sak and its subsidiaries. Länsförsäkringar Sak is one of the largest purchasers of reinsurance for property and forests in Europe. To continually monitor and assess risk, Länsförsäkringar Sak has access to a comprehensive claims statistics database. New technology and measurement methods are also applied. The business area is also tasked with conducting insurance business in the product areas of liability, cargo, motor, performance bond, seller liability, property and foreign markets.

Sales of seller liability insurance, which provides cover for the ten years of liability for hidden faults that sellers of private residences have under the Swedish Land Code, are increasing in line with the growth of Länsförsäkringar Fastighetsförmedling.

Länsförsäkringar AB is a member of the International Network of Insurance (INI)⁵⁾, an independent insurance network in 120 countries whose purpose is to help each other issue insurance for risk outside Sweden, which is administered by the international operations of the Reinsurance and Special Insurance Business Area. The number of customised and local insurance solutions for the Länsförsäkringar Alliance's Swedish corporate customers with international interests increased during the year.

The business area pursues product development and conducts targeted efforts to meet new customer needs arising from an increasingly digitised world and to supplement the regional insurance companies' range of commercial insurance products. Claims prevention is central. The business area offers data protection insurance as part of this offering. This policy is a product in the rapidly growing area of cyber insurance. Besides incident management, it provides basic cover for several claim incidents that the Länsförsäkringar Alliance's customers could experience. This offer is targeted to small and medium-sized businesses.

The business area conducts a small portfolio in motor third-party liability and motor insurance as a supplement to the regional insurance companies' motor business. The local brand insurance for Toyota and Lexus was launched during the year. A solution was



⁵⁾ ininetwork.com/en-us

prepared together with the customer, which fully leverages the Länsförsäkringar Alliance's strength in terms of its close relations with policyholders and dealers.

Risk-management system at Länsförsäkringar Sak

The Länsförsäkringar AB Group has established a shared risk-management system, which forms part of the internal-control system. The risk-management system is defined as strategies, processes, procedures, internal rules, limits, controls and reporting procedures needed to ensure that the company is able to continuously identify, measure, monitor, govern, manage, report and have control over the risks to which the companies are, or could become, exposed to.

The Group's risk-management system is described in the Group instructions and a Group-wide risk policy adopted by the Board of Länsförsäkringar AB and approved by the Board of each subsidiary. Each insurance subsidiary then prepares a company-specific risk policy based on the Group-wide policy. Based on this Group-wide risk-management system, the subsidiaries also prepare more detailed rules for managing company-specific risks. The risk-management system comprises an integrated part of the organisational structure and decision-making processes and helps the operations to meet its targets with a higher degree of certainty. In addition to risk management in the operations, it also encompasses the independent risk-management function in the second line of defence. The Compliance and Actuarial functions also have a role to play in risk management. The President is responsible for incorporating the governance documents decided by the Board and each manager in the company is responsible for risks in their field of operations.

The risk-management system and a more detailed description of the risks to which the company is exposed and how these risks are managed are presented in note 2 Risks and risk management of Länsförsäkringar Sak's 2019 Annual Report⁶⁾.

Länsförsäkringar Sak's risk initiatives are governed by a risk policy and technical insurance guidelines in accordance with Chapter 10, Section 23 of the Swedish Insurance Business Act

⁶⁾mb.cision.com/Main/152/3081015/1224058.pdf

(SFS 2010:2043) and the Swedish Financial Supervisory Authority regulations and general guidelines on insurance operations (FFFS 2015:8).

Claims adjustment

In individual claims, the commitments in the insurance contract and the insurance terms and conditions agreed upon will be the starting point for correct claims adjustment, while the objective in managing the matter should always be meeting the customer's needs. The customer often needs help and guidance in the situation that has arisen. Treating the customer with respect and care comprises a natural part of the claims process, which is why claims adjustment must take place promptly based on the situation of the insured party. The ambition is to have active claims adjustment close to the customer, to ensure sustainable damage repairs and to strive to be more economical with resources. In the respective business areas there are organisations for managing customer complaints, which are responsible for treating complaints in accordance with the complaint guidelines the company has adopted.

Investments

The investment portfolios for Länsförsäkringar Sak and Agria are managed by Asset Management in Länsförsäkringar AB, which invests insurance premiums. Active corporate governance and integration of sustainability topics into asset management form the basis of responsible investments.

Risks and investment opportunities are identified by integrating sustainability topics into investment analyses and decisions. The aim is to contribute to sustainable value creation, both financially and sustainably, within the framework of established asset management targets. Länsförsäkringar can contribute to several SDGs through its investment and engagement.

Länsförsäkringar AB has signed the UN Principles for Responsible Investment (PRI), works actively to implement these six principles and reports annually to PRI on its work with responsible investments. The work on responsible investments is based on the policy on responsible investments and corporate governance.

Reduce climate risks in investments

Länsförsäkringar sees financial risks in investing in companies that base their operations on fossil fuels and other companies that have a major impact on the environment. Exclusion criteria for companies exposed to fossil fuels were made stricter in 2019. Mining and energy companies that derive more than 5% of sales from thermal coal and companies that derive more than 5% of sales from oil extracted from oil sand are excluded from Länsförsäkringar's own funds and discretionary mandates. During the year, Länsförsäkringar was also one of the first companies in the industry to introduce transition criteria as a supplement to exclusion criteria. The aim of the transition criteria is to identify and promote companies undergoing a climate transition that support the climate targets of the Paris Agreement and can prove a transition away from fossil fuels.

The carbon footprint of the Länsförsäkringar Sak portfolios is measured and reported on the website.

Increased investments in green bonds

Länsförsäkringar also wants to contribute to a more sustainable transition of society and, for example, makes investments in green bonds that finance climate and environmental projects such as renewable energy, water purification, environmentally certified properties, climate-smart industrial technology and forest investments. Länsförsäkringar Sak is one of the industry leaders in terms of share of the portfolio invested in green bonds. At the end of 2019, about 9% of the total assets in the Länsförsäkringar Sak Group's portfolios were invested in various types of green bonds.

Value-creating engagement

The company pursues active engagement both itself and jointly with other investors on sustainability topics to encourage companies to act responsibly. Engagement takes place reactively after an incident has occurred and proactively for preventive purposes.

Länsförsäkringar participated in several climate-focused investor initiatives in 2019. For example, Climate Action 100+, which

⁷mb.cision.com/Main/152/3058516/1210478.pdf

engages with the 100 largest important GHG emitters in the world, and the Investor Mining & Tailings Safety Initiative, which seeks to engage the global mining sector.

Investments in responsible companies

All listed equities and credit investments are analysed at least twice a year in relation to sustainability-related exclusion principles and also to ensure that they do not violate international conventions on human rights, the environment and anti-corruption.

New exclusion criteria were introduced in 2019 for companies that manufacture tobacco products and also for companies that use white phosphorus and thus are classed as being involved in controversial weapons. A list of all excluded companies can be found at lansforsakringar.se.

Sustainability requirements for external fund managers

Sustainability requirements are included in the procurement of new external managers and in ongoing evaluations. One of these requirements is that the managers must have signed the PRI. All of the Länsförsäkringar Sak Group's external managers had made commitments to and become signatories of PRI by the end of 2019. The share of managers of illiquid assets that became PRI signatories also increased.

Engagement efforts are made with individual managers in the event of shortcomings or if improvements are necessary. A decision to exclude the manager may be made if the case is serious or changes have not been made within the required time.

Strategic development

Asset Management continued to focus on responsible investments both in relation to strategic development as well as operational efficiencies throughout 2019. This work was based on the adopted 2019 business plan and the target areas for responsible investments. More information about responsible investments is available in the 2019 Annual Report⁷⁾.

Principle



We will work together with customers and business partners to raise awareness of sustainability, manage risk and develop solutions.

Engagement and collaboration

Länsförsäkringar Sak participates in UN pilot project on climate risks

Together with about 20 other global insurance companies, Länsförsäkringar Sak has participated in a UN project on climate risks in the insurance industry following the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) since the spring of 2018. The project will develop analytical tools and scenarios to better understand the impacts of climate change on the business. By participating in the project, we are contributing to finding new methods and approaches for modelling the impact of climate change on the insurance industry. Opportunities are also provided for exchanging experience and gaining a better understanding of climate risks in a global perspective together with other leading insurance companies.

Publication of a climate report following the TCFD's guidelines

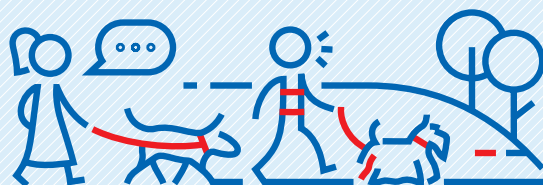
Länsförsäkringar supports the TCFD and actively applies its recommendations throughout the business. In January 2020, Länsförsäkringar AB published a climate report⁸⁾ following the TCFD's guidelines for the first time. The report looked at climate-related risks and opportunities, including how Länsförsäkringar manages climate risks in investments, in lending and in its insurance offering. Some of the improvements made and mentioned in the report are continued training for Board members, expanding the focus of climate risk to also include the opportunities arising from climate activities and forward-looking scenarios of the effects of climate-related physical risks and transition risks.

Agria

Ethics in animal care is an important issue. Agria takes responsibility for engaging with veterinarians around ethical positions in the treatment of sick and injured animals. Agria develops insurance products that create security for animals and animal

Agria Dog Walk

Through its social commitment, Agria contributes to a healthier society with animals. One activity that is very popular is the Agria Dog Walk, a health-promotion activity for animals and people. The dog walk took place in 17 towns in six countries in 2019.



owners, tailored to customers' various needs, in close collaboration with animal-owner organisations⁹⁾ in the world of dogs, cats, small animals and horses. This collaboration means that Agria's insurance products are the best possible as a result of many animal organisations taking part in Agria's product forums, which provide input for improvements and ideas for new products. One shared task is improving animal ownership, animal husbandry, and animal care. In many ways, Agria gives its collaborating partners the opportunity to profile and improve their operations.

Through its social commitment, Agria contributes to a healthier society with animals. One activity that is very popular is the Agria Dog Walk, a health-promotion activity for animals and people. The dog walk took place in 17 towns in six countries in 2019. A total of 6,700 teams took part, with Agria donating SEK 50 per team to dog charities.

⁸⁾ lansforsakringar.se/globalassets/aa-global/dokument/ovrigt/aa-om-oss/rapporter-och-undersokningar/klimatrapport_2019.pdf

⁹⁾ agria.se/om-agria/agrias-samarbetspartners

Health - Independent medical examination

Independent medical examinations (IMEs) are used to ensure that mediated health care is based on medical grounds and provides the best long-term results for customers. The aim is for health care providers to follow national guidelines and evidence for the relevant forms of treatment, for example, physiotherapy in the first instance instead of an operation, which results in better results from treatment, lower risk of unnecessary operations and lower risk of unnecessary use of health care.

Reinsurance and Special Insurance

In 2019, the business area continued its work on a Claims Prevention Plan for product areas - the right action for the right customer, and customisation of the offering. Focus on coming closer to customers, highlighting claims prevention, reducing the number of claims and costs for both customers and insurers, and increasing the understanding of our risks.

Reinsurance and Special Insurance work continuously on informing stakeholders about the data protection insurance policy. A webinar for ICMIF (International Cooperative and Mutual Insurance Federation) was held in June 2019.

Code of Conduct for Suppliers

The choice of suppliers is based not only on quality and competitiveness in the products and services, but also on suppliers' compliance with social, ethical and environmental principles. Länsförsäkringar AB's Code of Conduct for Suppliers is an integral part of its purchasing and procurement policy, which defines the basic requirements for human rights, labour, environment and anti-corruption. This applies to potential and existing suppliers and their sub-suppliers, and is published on Länsförsäkringar's external website in a Swedish and an English version.

Länsförsäkringar Sak performed a sustainability analysis of supplier contracts for Sak and Agria in 2019. The results showed that the majority of suppliers signed the Code of Conduct or the sustainability appendix. Work is continuing with a focus on potential measures to be taken.

One part of the reinsurance operations is regularly engaged with the reinsurance companies that it collaborates with to encourage them to sign Länsförsäkringar AB's Code of Conduct for Suppliers, or support the principles of the UN Global Compact. The 2019 benchmarking confirmed an increase of 2%, meaning that 80% of the reinsurance companies could meet at least one of these criteria.



UN pilot project on climate risks

Länsförsäkringar is the only Swedish company to participate in an international UN project on climate risks in the insurance industry. The project will develop methods and models for using forward-looking climate scenarios to understand how climate change affects the industry. The project supports the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Green light for sustainability in non-life insurance

Länsförsäkringar Sak received a green sustainability rating in Söderberg & Partner's report on sustainable non-life insurance in 2019.



Principle



**We will work together
with other stakeholders
to promote action on
sustainability.**

Governments, regulators and other decision makers

Dialogue is being conducted with government authorities and regulators in order to develop integrated methods for risk management and risk transfer solutions. We have an important role in being part of influencing decision makers, customers, employees and other operators in society and in working together for a sustainable future.

Länsförsäkringar actively participates in the public debate on good health and a sustainable working life and provides supplementary employment security solutions to promote health and reduce sick leave. In 2019, Länsförsäkringar's activities included many press releases on the topic of good health, and participating in several external events with, for example, the Swedish Association of Local Authorities and Regions to promote mental health.

At the annual Almedalen political week in Visby on Gotland, where representatives of the Swedish political parties and a variety of civil society organisations and companies gather to discuss politics and social issues, Länsförsäkringar arranged this year a four-day innovation event #mindshift focusing on mental health. Every day was filled with important discussions, lectures and talks from those with first-hand experience, researchers, politicians and employers. The aim was to identify causes, discover new ideas and create solutions to work together to move from reactively talking about and treating mental illness to actively starting to work on nurturing mental health on all fronts. Länsförsäkringar also took part in a number of other seminars focusing on healthy workplaces and mental health.

Overall collaboration and memberships

Global Compact

The Global Compact is a UN initiative for the business world, with ten principles concerning human rights, labour, environment and anti-corruption. Länsförsäkringar is a member and submits annual reports to the Global Compact on the implementation of these principles.

PRI - Principles for Responsible Investment

A UN initiative of six Principles concerning the integration of sustainability in investment decisions, engagement and collaboration. Länsförsäkringar is a member and submits annual reports to PRI on the implementation of these principles. Länsförsäkringar participates in investor initiatives to influence other companies and stakeholders in sustainability topics.

Insurance Sweden

An industry organisation working to promote good business conditions for the insurance industry and to increase confidence in the industry and knowledge of the importance of private insurance in society. Länsförsäkringar sits on the Board and in several committees.

Swedish Insurance Society

The Swedish Insurance Society promotes sound and suitable development of insurance matters in Sweden by improving the specific professional and general knowledge of its members concerning insurance.

SNS

The Centre for Business and Policy Studies (SNS) is an independent think tank that brings together the worlds of academia, business and government for knowledge-sharing and dialogue on key societal issues. Länsförsäkringar is a member.

ICMIF - International Cooperative and Mutual Insurance Federation

ICMIF is a civil society organisation for mutual and cooperative insurance companies, with its registered office in the UK. Its purpose is to spread knowledge about mutuality and to support the development and construction of mutual or cooperative insurance companies around the world. A great deal of information and experiences, including around sustainability, is exchanged among members. Länsförsäkringar sits on the Board and in several network groups.

AMICE - Association of Mutual Insurers and Insurance Cooperatives in Europe

AMICE is a corporate lobbying organisation for mutual and cooperative insurance companies in Europe, with its registered office in Brussels. The purpose is to take members' interests into consideration and to ensure equal conditions for all insurance companies in Europe regardless of their legal form. The organisation represents the particular interests of mutuality, above all in issues of European legislation, and works for the exchange of information and experiences among its members. Länsförsäkringar sits on the Board and in several working groups.

Eurapco

Eurapco is an alliance between eight European mutual insurance companies working in 18 countries with around 40 million customers. The members exchange information and experience. Länsförsäkringar is an active member of several committees and working groups.

INI - International Network of Insurance

A network of more than 120 market-leading insurance companies all over the world who work together to help each other's corporate customers that have foreign operations but local insurance solutions.

Kyoto Statement of the Geneva Association

An initiative that encourages the world's insurance companies to work together with customers, policy-makers and industry colleagues to help reduce environmental impact. The Geneva Association, which has existed for more than 40 years, also has a global partnership on economic, political and social issues in the insurance industry. Länsförsäkringar is a signatory.

NMC - The Swedish Association for Sustainable Business

A professional association and cross-industry platform for sharing of knowledge on running a sustainable business, contributing to sustainable development. Länsförsäkringar is a member.

Increased regulation

Requirements to integrate sustainability topics, the implementation of climate scenario analyses and transparency will increase. The European Commission Action Plan for Financing Sustainable Growth, aimed at harmonising standards and assessment criteria for sustainability topics and steering investments towards sustainable solutions will impact Länsförsäkringar's operations. Länsförsäkringar AB has established a work group to coordinate implementation of the new rules throughout the Länsförsäkringar Alliance.

Examples of research and engagement in 2019

Länsförsäkringar contributes to financing research, which constitutes a part of its social commitment. The idea of creating security for customers and society today and tomorrow is a driving force.

Health-promotion efforts for people

The SDG target 3.4 is to reduce by one third premature mortality from non-communicable diseases through prevention and treatment, and to promote mental health and well-being. This is a challenge for society both globally and in Sweden and we know that preventive efforts are incredibly important for achieving this target. Länsförsäkringar focuses on reducing the risk of lifestyle diseases such as diabetes, high blood pressure and heart disease, and on promoting mental health in both the working population and young people.

Länsförsäkringar continued its research partnership with the Mind non-profit organisation in 2019. Preparations for new research were made in the autumn that will result in an international survey in 2020 into the mental health of young people and tested methods and models for preventing illness. A pilot research project will be conducted focusing on efforts made in Sweden today to improve the mental health of young people and review needs for both digital and non-digital tools and models to help to this end. A number of regional insurance companies are involved in this pilot project and together with researchers are arranging focus group interviews with young people and professionals working closely with young people.

In addition, Länsförsäkringar is engaged in continuous dialogue with representatives from authorities, civil society organisations, health care providers, politicians, scientists and practitioners from the health care sector and other central welfare organisations. The purpose of such network dialogues is to enhance knowledge and awareness of health and sustainability, the insurance industry's role in future welfare and an endeavour to develop the health and medical system so that it is more efficient and sustainable.

Agria

Agria's research fund was founded in 1938, meaning that the fund has financed animal research for 80 years. During the past year, the research fund was developed to encompass three areas: small animals, horses and farm animals. Agria's research fund supports research into the types of animals that Agria insures. This takes place in collaboration with the Swedish Kennel Club, through the Agria and SKK Research Fund, the Swedish-Norwegian Foundation for Equine Research and the Swedish Farmers' Foundation for Agricultural Research. Agria earmarked SEK 10 M for veterinary research in 2019. Research applications are processed by independent, qualified appraisers. Research grants are targeted at animal health and the importance of animals to people and society.

Agria works through various initiatives for increased animal health, and also to raise awareness of animals' contribution to society as a benefit to human well-being.

Partnership to combat mental illness

Länsförsäkringar continued its research partnership with the Mind non-profit organisation in 2019. Preparations for new research were made in the autumn that will result in an international survey in 2020 into the mental health of young people and tested methods and models for preventing illness.



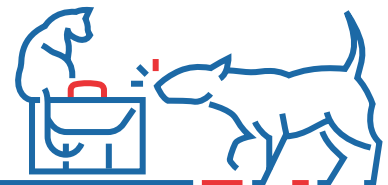
Health-promotion efforts for animals

The majority of horse injuries are due to lameness. The research supported by Agria increases expertise in preventing lameness, which is spread through the #stoppahältan project. Under the framework of #stoppahältan, Agria publishes expertise about how riders affect their horse and what is needed to reduce the incidence of lameness. Agria published the book "Sustainable training for sustainable horses" during the year that summarises this project and the training philosophy behind Agria's outdoor riding grounds. Agria has also commissioned two new bloggers to share their experience of sustainable training. The blogs are updated every week.

A total of eight mini research seminars were arranged during the year, four focusing on research into horses and four looking at dogs. The first four were directed toward riding schools, equine science students and farriers to promote horse health. The target groups for the dog research seminars are breeders and veterinarians.

Pälspodden podcast

Agria has a podcast, Pälspodden, to increase communication of research results. The episodes feature selected researchers who discuss their projects with a well-known personality in the field in question. Seven episodes of the podcast were produced in 2019 with more than 127,000 downloads.



Agria's Research Fund

Agria has financed animal research for 80 years. The aim is for research to provide a solid basis for successful breeding, better animal health and animal keeping, and enhance knowledge about the importance of pets to people. More than SEK 10 M was awarded in 2019.

Principle



We will be transparent and report on the integration of the principles.

The ambition is, in our various business relations, to be part of influencing customers, companies, municipalities and decision makers to be socially responsible. By informing them about our work, we can promote increased knowledge and thereby enable more central players in society to be socially responsible, which in turn leads to positive changes in society.



More information about our sustainability initiatives is available at lansforsakringar.se and agria.se
