

Sustainability Policy

1 Purpose and Scope

Protector Insurance recognizes the importance of sustainability in the company's business operations and decision-making process. The company shall implement sustainability management that maximizes value for both Protector and society and is an integral part of the company's governance system.

The company's commitment to sustainability shall ensure that Protector minimizes its environmental impact, promotes social responsibility, and relieves our customers of economic risk. This document outlines the company's approach to addressing key sustainability issues that align with Protector's values and strategic priorities, stakeholder expectations, market development, and regulatory requirements.

Based on the assessment of how Protector can have the greatest positive impact, the company's sustainability approach is built upon four pillars:

- People,
- Climate Resilience,
- Climate-Efficient Solutions,
- Responsible Business Behavior.

Protector Insurance is a signatory of UN's Principles for Sustainable Insurance, and the company's approach to sustainability is aligned with those principles. The company reports its climate account in accordance with the GHG protocol. The climate account shall be used to further optimize the company's sustainability efforts.

2 Relevant governing documents

This document is a part of the company's governance system and has to be viewed in relation to Protector's policy and principles for risk management. This document elaborates on principles for sustainability management set out in the policy and principles for risk management and defines a framework for the company's work with sustainability.

The four pillars affect all of Protector's activities. Sustainability management shall be further detailed in the company's policies and guidelines for all relevant areas.

3 Requirements and Methods

Protector shall be an attractive employer. Climate change, climate efficient solutions, and responsible business behavior shall be an integral part of the company's governance system.

Protector shall have a forward-looking risk focus based on relevant data, promote climate resilience, motivate the insured to choose climate-efficient solutions and have climate efficient suppliers. Responsible business behavior shall be at the core of Protector's operations.

Climate risk shall be assessed on a customer and total insurance portfolio basis. Climate risk is defined as physical risks arising from climate changes, and transition risks posed by preventing or adapting to climate changes. In underwriting, climate risk assessment shall be based on data analysis, modern tools, and on-site inspections. On the portfolio basis, climate risk shall be assessed using recognized tools and methods such as AIR and RMS and taken into account in reinsurance related

decisions. Identification and implementation of loss prevention measures shall be a part of the company's underwriting activities.

Relevant sustainability factors, including climate-related factors, shall be assessed in making investment decisions.

Through implementation of its sustainability strategy, the company shall be dedicated to creating value for its stakeholders and driving positive change. The company shall work collaboratively to address the pressing sustainability challenges and seize opportunities to make a meaningful impact in the industry and beyond, creating a better future for our customers, employees, and society.

This document shall be further developed to accommodate changes in the company's values and strategic priorities, stakeholder expectations, market development, and regulatory requirements.

3.1 People

Protector Insurance is a knowledge company, and the company's employees are its most valuable resource. Protector is committed to creating an engaging, inclusive, and supportive work environment that fosters personal and professional growth.

- a. *Engaging workplace.* Protector shall strive to create an engaging workplace that encourages collaboration, innovation, and continuous learning, enabling employees to achieve their full potential.
- b. *Gender equality and inclusivity.* Protector shall promote gender equality and an inclusive working life, with transparency in its efforts towards achieving these goals, including reporting on wage gaps, gender distribution in different job categories, and more.
- c. *Human and employee rights.* Protector shall be dedicated to securing and upholding human and employee rights in the company's supply chain and ensure responsible practices with its suppliers.

3.2 Climate resilience

Protector recognizes the importance of addressing climate change and its impacts on its business and customers. The company is committed to developing and implementing strategies that promote climate resilience which in turn reduces climate-related risks.

- a. *Climate risk management.* The company shall utilize the best datasets, and model using various time horizons and scenarios, in order to understand and manage climate risk. Protector shall aim to reduce the physical and economic consequences of climate change. This applies to both insurance underwriting, and investment activities.
- b. *Climate resilience in product development and pricing.* Protector shall develop insurance products that account for climate risk, incentivize customers to implement climate resilience measures, and provide financial protection in the face of climate change.

3.3 Climate Efficient Solutions

Protector is dedicated to enabling and motivating the insured to choose climate efficient solutions that minimize their environmental impact and extend the life of their assets.

- a. *Loss prevention.* The company shall focus on loss prevention by providing guidance and support to its customers, helping them make informed decisions that reduce losses and extend the life of their assets.
- b. *Climate footprint reduction in claims settlement.* Protector shall work with its suppliers and customers to make claims settlement process more circular by using residual values, reusing components and materials, and making environmentally responsible process choices.

3.4 Responsible Business Behavior

The company places responsible business behavior at the core of its operations, ensuring that Protector maintains the highest ethical standards and acts with integrity in all aspects of business.

- a. *Ethical business practices.* Protector shall have zero tolerance for unethical business behavior, including corruption, fraud, bribery, and money laundering. The company shall implement robust business risk management systems, governance procedures, and promote employee awareness and conduct.
- b. *Responsible external relationships.* The company shall manage and report on business risk management and governance procedures related to customers, suppliers, and other partners. The company shall follow up suppliers to ensure ethical procurement practices in accordance with regulatory requirements and stakeholder expectations.
- c. *Responsible investing.* Protector shall incorporate environmental, social, and governance factors into investment decisions, exercise active ownership, have best-in-class carbon footprint, and maintain transparency in the investments portfolio to meet regulatory requirements and stakeholder expectations.

4 Roles and responsibilities

The Board of Directors is accountable for Protector's sustainability strategy. Roles and responsibilities in Protector for facilitating accountability, oversight, reporting, and effective decision making in sustainability governance are defined as follows:

- a. Senior executives (LMP): accountable for the development of the company's sustainability strategy and setting accompanying business objectives.
- b. Sustainability Lead: a member of LMP accountable for the implementation of the company's sustainability strategy.
- c. Sustainability Officer: responsible for the development and implementation of the company's sustainability strategy. Communicates with internal and external stakeholders on sustainability.
- d. Chief Compliance Officer: ensures adherence to relevant laws, regulations, and industry standards related to sustainability.
- e. Chief Risk Officer: assesses and reports on sustainability risks.
- f. Actuarial function: responsible for including consideration of sustainability risks in the opinion on the company's Underwriting Policy.
- g. Reinsurance Officer: responsible for understanding climate risks on a portfolio level and adjusting reinsurance programs within the framework of the company's Reinsurance Policy.
- h. Head of Human Resources: Responsible for the company's approach to diversity, equity, inclusion, and belonging (DEIB) and the company's system of formal employee training.

- i. Head of Underwriting: accountable for correctly pricing of climate risks, loss prevention efforts and product development (terms and conditions) promoting sustainability.
- j. Head of Claims Handling: accountable for policyholders having access to sustainable suppliers, steering of policyholders towards sustainability within existing terms and conditions and for informing head of underwriting about benefits sustainability can unlock.
- k. Chief Investment Officer: accountable for integrating sustainability factors into the investment strategy and promoting sustainable practices through the management of the investment assets.
- l. Analytics & Reporting: responsible for monitoring, reporting and facilitating target setting on established sustainability KPIs.
- m. Personnel Manager: accountable for diversity, equity, inclusion, and belonging (DEIB) in own unit.
- n. Employees: Actively participate in and contribute to the company's sustainability efforts through daily activities, collaboration, improvement suggestions and continuous learning.

All roles are responsible for establishing routines and processes within their area of responsibility to ensure appropriate management of sustainability related activities.

5 Monitoring and reporting

The company shall regularly track progress and report on sustainability performance to ensure progress, transparency, and accountability.

- a. *Regular review and update.* The sustainability policy shall be regularly reviewed and updated to ensure its ongoing relevance and effectiveness.
- b. *Key performance indicators (KPIs).* KPIs shall be established to measure the performance against the defined sustainability objectives in each pillar. Each business unit is accountable for identifying and reporting on relevant sustainability KPIs.
- c. *Annual internal audit.* Protector shall conduct annual internal audits to evaluate the company's adherence to the policy and identify areas for improvement.
- d. *Annual assessment of climate risk exposure.* The company shall carry out an annual assessment of its exposure to climate risk according to requirements in Solvency II framework.
- e. *Transparent communication.* The company shall communicate its progress to stakeholders, including employees, customers, investors, and regulators, through annual sustainability reports and other communication channels.

6 Follow-up and maintenance

The Board of Directors shall revise the document as needed.

Version no.	Description	Reviewed by	Owner	Approved by BoD
1	1st version		DVV, CFO	07.09.2023