

# Sustainable insurance 2017

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



# About us 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 with subsidiaries. Customers are provided with a complete solution for 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 customers' needs and requirements are always Länsförsäkringar's primary task. Long-term respect for customers' money and their security is fundamental. The Länsförsäkringar Alliance jointly has

slightly more than 3.8 million customers and approximately 6,000 employees. Länsförsäkringar Sak Försäkringsaktiebolag plays a pivotal role, since the company complements and harmonises with the business of the regional insurance companies and develops new business so that customer needs can continue to be met in the future.

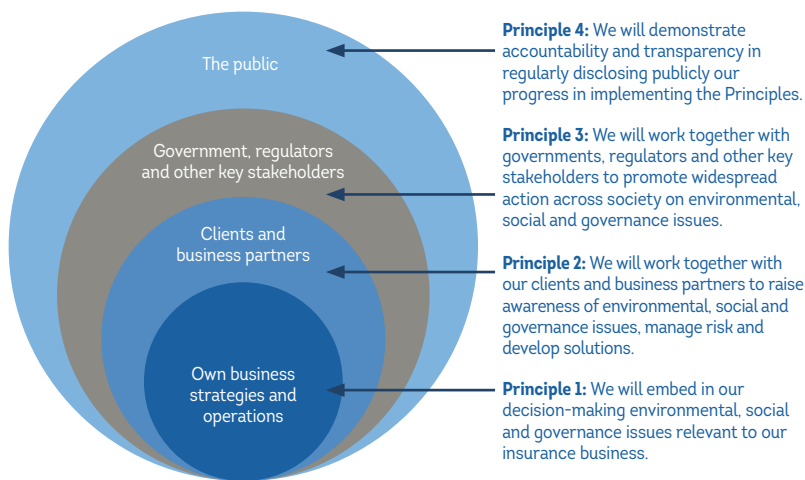
## About Länsförsäkringar Sak Försäkringsaktiebolag

The Non-life Insurance business unit (Sak) of the Länsförsäkringar AB Group comprises Länsförsäkringar Sak Försäkrings AB (LF Sak) and its subsidiaries Försäkringsaktiebolaget Agria (Agria)

and Länsförsäkringar Grupplivförsäkrings AB (Gruppliv). Sak is responsible for the non-life insurance operations, including animal and crop insurance as well as health insurance, which are conducted by Länsförsäkringar AB as assigned 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 of Sak is to complement the regional insurance companies' offering with specialist products to meet the needs of both business and retail customers, 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.



**Principle 4:** We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the Principles.

**Principle 3:** We will work together with governments, regulators and other key stakeholders to promote widespread action across society on environmental, social and governance issues.

**Principle 2:** We will work together with our clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions.

**Principle 1:** We will embed in our decision-making environmental, social and governance issues relevant to our insurance business.

## 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 on integrating sustainability into insurance offerings. All companies that sign the PSI commit to reporting annually on their ongoing work, and publishing the reports on their websites<sup>1</sup>.

Länsförsäkringar Sak Försäkringsaktiebolag (LF Sak)<sup>2</sup> is the first Swedish insurance company to sign these guidelines, in 2016/2017, and this report provides information on the work

<sup>1</sup><http://www.unepfi.org/psi/signatory-companies/>, <sup>2</sup><https://www.lansforsakringar.se/stockholm/om-oss/in-english/financial-reports/lansforsakringar-sak/>  
<sup>3</sup><https://www.lansforsakringar.se/globalassets/aa-global/dokument/ovrigt/aa-om-oss/lf-ab/00000-sustainability-statement-2017.pdf>

performed in 2017 based on the four principles combined with the Sustainability Report produced for Länsförsäkringar AB (LFAB), of which LF Sak is a part. LFAB prepares a Sustainability Report for the Group<sup>3</sup>.

## Sustainability activities based on PSI

Focus during the year was on analysing the activities based on the various sustainability aspects in order to identify gaps and to spread knowledge about the activities, initially among employees and customers. Sustainability activities are based on our vision: Together we create security and opportunities.

Extensive claims-prevention activities are central. 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 and social commitments in various forms. We can reduce the company's sustainability risks and also promote the positive development of society by taking economic, social and environmental aspects into consideration in business development and in business decisions.

## Three UN initiatives the framework for sustainability efforts

We have actively made a standpoint for three UN initiatives: The Global Compact (corporate sustainability), Principles for Responsible Investment (PRI) and Principles for Sustainable Insurance (PSI).

## The UN's Sustainable Development Goals

PSI fits well with the UN's 17 Sustainable Development Goals (SDGs). Sustainability efforts will thus be also increasingly associated with the work on these goals. In 2017, the businesses' operations began to be analysed against the 17 goals and their degree of impact. Much of what we currently do is already well aligned with these goals. Responsible investments and claims prevention efforts that affect people, animals and property – as well as responsible reparations and rehabilitation – are important parts. Engaging with policy-makers, customers, employees and other players in society and working together towards the goals are important for achieving the SDGs. The insurance industry continues to have an important role to fill.

## Our President spoke at the UN

When the UN held its annual meeting for the business world – the UN Private Sector Forum – at its headquarters in New York in September, President of Länsförsäkringar Sak Försäkringsaktiebolag Ann Sommer was invited to participate. The theme of the forum was the role of the finance sector in promoting the Sustainable Development Goals. Ann Sommer also took part in a panel discussion concerning climate adaptation held as part of the Sustainable Investment Forum. Here, participants discussed how the public and private sectors, in partnership with investors, can initiate several collaborations to achieve the SDGs.

## We sponsored two initiatives through PSI in 2017

### The letter to the G7 and G20 governments on climate change

In May, together with 217 other investors, we signed a letter that was sent to the G7 and G20 countries. The letter encouraged the governments to continue supporting and to fully implement the Paris Agreement.

### Oceana - protecting the world's oceans

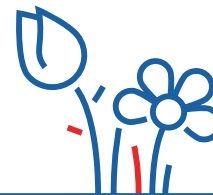
In October, we sponsored the world's first statement on promoting sustainable insurance solutions adapted for international marine shipping and healthy oceans. The statement deals with efforts that can promote the reduction of illegal, unreported and unregulated "pirate" fishing. Leading global insurance companies, including some of the world's largest marine insurance companies, have signed. PSI and Oceana collaborate on developing guidelines aimed at helping insurers avoid agreements associated with pirate fishing. This is entirely in line with Sustainable Development Goal 14.



Ann Sommer, CEO Länsförsäkringar Sak Försäkringsaktiebolag

# Principle 1 – Environment, Social issues and Governance

We will embed in our decision-making environmental, social and governance issues relevant to our insurance business.



## Sustainability governance

### Boards of Directors

The Board of Directors of Länsförsäkringar AB (LFAB) has established a Group manual (the LFAB Group Manual) that states LFAB's corporate governance system, which includes the principles for organisation, governance and internal control, including risk management. The Board of Directors of Länsförsäkringar AB (LFAB) also decides annually on the Group-wide sustainability policy as well as other policies and instructions that all employees are to comply with regarding sustainability:

- Code of Conduct for Employees
- Personnel policy
- Equality and Diversity Plan
- Owner policy
- Policy on anti-money laundering and terror financing
- Guidelines on identifying and managing conflicts of interest
- Policy on improper benefits
- Policy on employees' private transactions
- Purchasing policy
- Code of Conduct for Suppliers

The Board of Directors of Länsförsäkringar Sak Försäkringsaktiebolag decides annually on the above named governance documents, and also on a Company Manual to indicate how operations in Sak are to be organised, governed, and controlled. The Board also decides annually on the business plan, in which sustainability is one of the strategic orientations. The business plan includes well-defined ambitions on advances in sustainability and several activities that support these objectives. Sustainability is an integral part of the quarterly follow-up on business and action plans. One strategic objective for the operations is corporate social responsibility in insurance and investment.

### Executive management and operations, Länsförsäkringar Sak

The President of Länsförsäkringar Sak sits on LFAB's Sustainability Committee, which comprises LFAB's executive management and its Head of Sustainability.

To clarify governance and the development of sustainability activities at Länsförsäkringar Sak, the Board

decided to appoint a sustainability manager – the Head of Sustainability and Business Development – who will be a member of the management group and will report directly to the President. During the year, a specific head of each of the three business areas – Health, Agria and Reinsurance and Special Insurance – were appointed and are part of the management groups of the respective business areas. These employees comprise the Sak Sustainability Group, which meets on a quarterly basis and works to reach consensus for efficient sustainability efforts.

Sustainability permeates our operations, with a high degree of awareness in the organisation.

### Code of Conduct

The Code of Conduct<sup>4</sup> contains rules and guidelines on how employees are expected to act in their professional roles in order to maintain our high level of trust. We must act professionally and sustainably in our professional roles, towards each other as employees and in our contact with external stakeholders,

<sup>4</sup><https://www.lansforsakringar.se/globalassets/aa-global/dokument/ovrigt/aa-om-oss/lf-ab/lfab-code-of-conduct.pdf>

” Innovation and digitalisation improve customer offerings and enhance the efficiency of the operations, which promotes economic, social and environmental sustainability. ”

such as the regional insurance companies, customers, suppliers, partners, supervisory authorities and the media. As expressed in the Code of Conduct, Länsförsäkringar AB dissociates itself from all forms of corruption, which includes not accepting bribes, blackmail or other forms of corruption.

### **Employees**

Länsförsäkringar Sak's high ambition is to be a responsible and attractive employer. The workplace has dedicated and skilled employees and managers who share joint responsibility for the operations and their own development. Länsförsäkringar Sak's internal attractiveness as an employer is measured according to a Net Promotor Score (NPS). This year's NPS in the employee survey increased from 30 to 44. The benchmark is 29, which was the score for high-performing companies.

### **Health and work environment**

We have comprehensive initiatives, based on a holistic perspective, in health and the work environment. In addition to a range of preventive efforts and our investment in health and wellness training, we also take great responsibility for

ensuring that employees who have fallen ill return as quickly as possible and avoid relapses. All employees are offered our own health care insurance.

### **Diversity and equality**

Diversity and integration centre on business value and help strengthen competitiveness and thus increase profitability. The importance of an inclusive culture is considered to be critical for benefiting from diversity and welcoming different perspectives and approaches. A current and external diversity analysis was performed in 2017 in order to realise a diversity shift. According to the employee survey, 85% (85) of employees believe that Länsförsäkringar Sak is an equal opportunity workplace. Länsförsäkringar Sak has long maintained a clear zero tolerance standpoint on victimisation in its personnel policy.

### **Sustainability training**

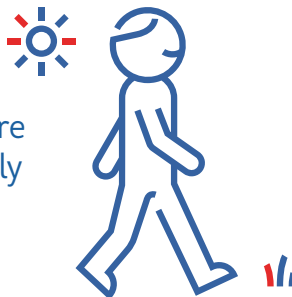
All employees must undergo annual basic online training in the Code of Conduct, security, and sustainability. The President also has two employee

days - known as Sak Days - a year. Each day features an element of sustainability.

### **Product and service development**

Innovation and digitalisation 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. Digitalisation has resulted in enhancements to operational efficiency in several areas. Digital marketing is being used more frequently. Digital stamps, digital signatures and digital authorisation are other services that are being sought after and applied more often. The development of digital services also leads to lower volumes of paper-based communication to customers, which reduces environmental impact while making information more accessible to customers. 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.

” One current trend is increased use of preventive health services, which indicates that more people are getting help with working proactively on health for themselves or their entire working group.”



### Examples of our offers and claims prevention

By incorporating sustainability into our business, we reduce our sustainability risks, promote the positive development of society, and create business value. Claims prevention work is central, and information is also provided on the websites<sup>5</sup>.

#### Health

Health offers group life assurance, accident and health insurance, health care insurance and loan protection, and is one of Sweden's leading operators in the field of health. The task of the Health Business Area is also to determine customer security needs linked to health, to develop offers that meet those needs, and to help our customers obtain the security they need.

The Health Business Area has the vision of creating a healthier Sweden. Preventive work on illness continued during 2017. 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.

#### Health care insurance

We help companies and employees stay healthy. Länsförsäkringar remains a market leader in health care insurance and 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. The insurance also includes personal counselling, manager support via telephone and a number of online individual health programmes. Effective rehabilitation includes work-oriented rehabilitation and treatment for substance abuse.

#### Bo Kvar insurance

This policy provides financial protection in the event of death, illness or unemployment and is an important component in providing financial security

to mortgage customers. The Bo Kvar insurance provides customers with the opportunity to use Länsförsäkringar's preventive health services. A new purchasing service for Bo Kvar was launched in November, allowing customers to take out home loan protection online.

#### Hälsoportalen – preventive services

During the year, Hälsoportalen was launched – a special website for those who have, or are thinking of buying, health care insurance or Bo Kvar insurance. The portal was further developed in 2017 by adding more services promoting mental health. At Hälsoportalen, customers can search for information about the insurance, get answers to common questions, and learn about the digital health programme that provides support for making lifestyle changes – for example, reducing stress and establishing healthier living habits. These health services are offered through a partnership with SOS International.

One current trend is increased use of preventive health services, which indicates that more people are getting help with working proactively on health for themselves or their entire working group. 2017 saw a 13% increase year-on-year, with the main increase seen in stress management followed by diet and exercise. Specific work-oriented rehabilitation measures at an early stage can detect problems with mental health and sickness absence so as to prevent lengthy sick leave and to facilitate an early return to work.

<sup>5</sup> [www.lansforsakringar.se](http://www.lansforsakringar.se) och [www.agria.se](http://www.agria.se), <sup>6</sup> <https://lansforsakringar.sosohalsa.se>



### Seniors Insurance

The Health Business Area has taken the demographic trend of an ageing population into consideration through such measures as offering a new insurance called Seniors Insurance. It contains life, accident and health care insurance, and sales began in 2017. It is expected to be an attractive option for seniors with a great deal of purchasing power who have reached the maximum age in their group insurance policy.

### Digital marketing and services

Digital services were developed during the year, mainly focusing on data-driven marketing, customer care and services with offers for the Bo Kvar and health care insurance. It should be easy to find the right insurance cover that matches customer needs and to make use of the policy and receive service via digital channels.

### Agria

Agria is the Länsförsäkringar Alliance's specialist company for animal 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 120 years. Agria conducts operations in Sweden and has branches in Norway, Denmark, Finland and the UK. A branch has been established in France, to commence operations in 2018.

The Swedish operations are divided into two business areas: Pet (insurance for dogs, cats and "small animals" – pets such as rodents, miniature pigs, reptiles

and cagebirds); and Horse and Agriculture (insurance for all horses and horse owners). The business area also provides Sweden's agricultural customers, their animals and their crops with flexible insurance solutions.

For Agria, animal health and animal care is the foundation for everything. Engagement in and responsibility for a sustainable society featuring animals are important parts in 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.

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 media such as Twitter and Facebook. The majority of customers prefer using digital channels. The number of visitors to agria.se increased by about one million during 2017, to a total of six million visitors. 80 percent of visitors in digital channels visit Agria using mobile devices.

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

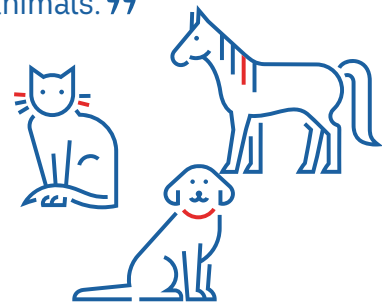
society. Agria has extensive claims statistics that are used by researchers and breed clubs to improve animal health and sustainability. More information can be found under "Examples of research and dialogue in 2017." Through its social commitment, Agria contributes to a healthier society with animals.

As the first company in the Länsförsäkringar Alliance, Agria joined the digital mailbox Kivra in December 2017. All animal owners were given the option of securely receiving and managing digital insurance certificates and invoices. In addition to major savings, this offers faster communication and better customer service while reducing Agria's environmental impact.

### Digital veterinary advice service for customers

In 2017, Agria began offering digital veterinary consultations via FirstVet for all dogs, cats and small animals insured

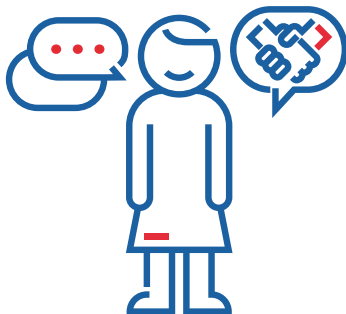
”Through its social commitment, Agria contributes to a healthier society with animals.”



with Agria. The collaboration means that animal owners can benefit from First Vet's veterinary services at no cost – via a videolink, customers can consult a veterinarian free of charge in the event of illness or accident. In connection with the launch, Agria's health care information service increased its hours of operation – from 9:00 am to midnight every day of the week

### Reinsurance and Special

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 Europe's largest purchasers of reinsurance for property and forests. 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, property and foreign markets. As members in the International Network of Insurance (INI)<sup>7</sup> Foreign Markets can offer insurance for risks outside Sweden. INI is an independent insurance network with operations in 120 countries.

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 activities are central.

In 2017, the business area prepared a Sustainability Plan and implemented a Claims Prevention Plan for all product areas – the right action for the right customer, and customisation of the offering. For example, articles on claims-prevention activities have been written in the media and the company held lectures on claims prevention for managers at a technical consultancy. A spare parts theft project was carried out in partnership with a major supplier of cars and motorcycles to find claims prevention methods for avoiding theft claims. Training and education for inspectors is conducted on a continual basis. Focus is on coming closer to customers, highlighting claims-prevention activities, reducing the number of claims and costs for both customers and the company, and increasing the understanding of our risks.

Improved services for those customers in need of cargo insurance

were developed during the year. Customers can now apply digitally on our website and receive pricing information immediately – a solution that none of our competitors currently have.

### Risk and claims management

Risk Management is a form of support for a board, a President and the rest of management in maintaining an efficient system for governing and managing the risks of their operations. Every risk analysis carried out via the approval process we have includes analysis of risks linked to strategies, goals, customers and the environment. The main purpose of risk management is to ensure that risks are identified and managed, that risk assessment is impartial, and that own funds are adequate in relation to the risks taken.

Länsförsäkringar Sak's operations give rise to various types of risks. Market risks primarily arise due to changes in the level or volatility of interest rates, financial asset prices and exchange rates. Exposure to underwriting risks includes non-life insurance risks such as premium, reserve and catastrophe risk as life-assurance and health-insurance risks arising in the health products. A more detailed description of the risks to which the company is exposed and how these risks are managed is presented in our Annual Report<sup>8</sup> (Note 2 Risk and capital management).

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

<sup>7</sup><http://www.ininetwork.com/ini-the-global-network.html>

<sup>8</sup><https://mb.cision.com/Main/152/2471432/805062.pdf>



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

### Claims management

In individual claims, the commitments in the insurance contract and the insurance terms and conditions agreed upon will be the starting point for a 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 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 work more for sustainable damage repair 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 Sak and Agria are managed by Asset Management in LFAB. LFAB has signed the United Nations Principles for Responsible Investment (PRI), works actively to implement these six principles and reports annually to PRI on its work with responsible investments. This work is based on several parts. The basic view is

that well-managed companies are a better investment in the long term. Corporate governance initiatives are based on the Owner Policy.

Sustainability requirements are placed on external managers during the procurement phase. One of these requirements is that the managers must have signed the PRI. Since 2014, the

### ” Another focus area is redirecting towards climate-smart investments such as green bonds.”

proportion of managers who have signed the PRI has increased. At the end of 2017, 19 of Sak's 22 managers had signed the PRI. The managers' work on integrating sustainability in investments is followed up annually, and the objective is to require that they further develop their work.

All investments are examined twice a year in order to ensure that they do not violate international conventions on human rights, the environment, and business ethics. Engagement and collaboration with other investors is the primary tool for influencing companies. As a last resort, companies can be divested when dialogue does not work. In 2017, a small number of companies linked to the violation of aboriginal rights in North America were divested. No investments are made in controversial weapons (nuclear weapons, cluster munitions, landmines, biological and chemical weapons). A list of excluded

companies can be found at [www.lansforsakringar.se](http://www.lansforsakringar.se)

One goal is to reduce climate risks in investments. This is done through dialogue with companies, and divestment in coal companies. Coal burning is one of the largest contributing factors to carbon emissions, which negatively affect the climate. In 2016, 80 mining and energy companies with more than 50 percent of their revenue from coal were divested. The limit was lowered to 20 percent in 2017, and led to a further 50 coal companies being excluded.

Another focus area is redirecting towards climate-smart investments such as green bonds. In 2017, Asset Management developed a plan for continued work on responsible investments. The objective is that investments will contribute to a positive impact and sustainable value creation for customers and society in general. Five focus areas have been identified:

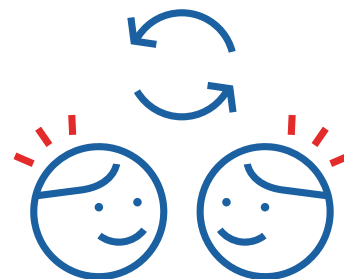
- Promote sustainable investments.
- Reduce climate risks in the portfolios, and measure the carbon footprint of various assets.
- Ownership efforts that create value, with more proactive dialogue.
- Collaborate with the most sustainable and responsible external managers.
- Invest in responsible holdings and minimise those regarded as controversial.

Länsförsäkringar safeguards transparency, which is why the work on responsible investments is reported annually in separate Corporate Governance Reports<sup>9</sup>.

<sup>9</sup><https://www.lansforsakringar.se/globalassets/aa-global/dokument/ovrigt/aa-om-oss/10621-agarstyrningsrapport-2017-januari-december.pdf>

# Principle 2

We will work together with our clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions.



## Engagement and collaboration

Limiting and reducing the risk of climate impact and other sustainability risks is always desirable. Engagement, including collaboration with various stakeholders, takes place through measures such as responsible investments, claims-prevention activities and sustainability requirements on damage control in the insurance offering, sustainability requirements on suppliers, financing research, engagement and claims-prevention activities in the aspects of long-term environmental efforts and social commitment.

## 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 owners<sup>10</sup>, tailored

to customers' various needs, in close collaboration with animal-owner organisations 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. Through this collaboration, we want to create added value for our customers.

## 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 the same guidelines for the forms of treatment that are

recommended for various complaints, such as physiotherapy treatment instead of an operation, which means that health care and rehabilitation have better results for customers.

## Examples of social commitment

Reinsurance operations have made a difference on the island of Dominica, one of the Caribbean islands hit hardest by the severe hurricanes last autumn, primarily Maria. The two largest hospitals were destroyed. In partnership with other operators in reinsurance, Länsförsäkringar Sak made a donation that allowed a mobile health care unit to be purchased.

Through its social commitment, Agria contributes to a healthier society with animals. One activity that is greatly appreciated is the Agria Charity Dog Walk, a health-promotion activity for people and animals. Two such Dog Walks

<sup>10</sup> <https://www.agria.se/om-agria/agrias-samarbetspartners/>, <sup>11</sup> <https://www.agria.se/hund/artiklar/evenemang/succe-for-agrias-hundpromenad/>

were held on Djurgården in Stockholm in 2017. In total over SEK 130,000 were collected for the benefit of homeless dogs<sup>11</sup>.

In 2017, Agria, Länsförsäkringar Göinge Kristianstad and the Viarp Riding Club worked in partnership on integration issues, with horses as a part of the integration project. With focus on horses and a welcoming stable environment, the club offers a new meeting place for newly arrived children and young people. Integration is in progress throughout the project, from caring for the horses to riding sessions to group breaks and collaboration exercises after riding. The only language used is Swedish; if people do not understand each other, they use gestures and body language.

### **Code of Conduct for suppliers**

Our business operations are based on a high level of business ethics.

Free competition under applicable laws is crucial for our operations. The choice of suppliers is based not only on quality and competitiveness in the products and services, but also on the supplier's observance of social, ethical, and environmental principles. LFAB's Code of Conduct for suppliers is an integral part of its purchasing policy, which defines the basic requirements for human rights, working conditions, the environment and business ethics. 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. The Code of Conduct is based on the UN Global Compact and defines Länsförsäkringar's basic requirements on human rights, working conditions, the environment and business ethics.

One part of Reinsurance has engaged with the reinsurance companies that it collaborates with regarding the need to

sign Länsförsäkringar AB's Code of Conduct for suppliers, or supporting the principles of the UN Global Compact. Benchmarking took place in the autumn of 2016, which showed that 74 percent of the reinsurance companies could meet at least one of these criteria. For the remainder of the reinsurance operations, benchmarking will begin in 2018.



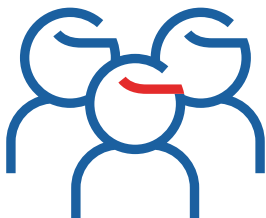
# Principle 3

We will work together with governments, regulators and other key stakeholders to promote widespread action across society on environmental, social and governance issues.

## Government authorities, legislators and other decision makers

Dialogue is being conducted with government authorities and legislators in order to develop integrated methods for risk management and solutions for transfer of risk. 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. One example is Almedalen Week, which takes place annually in Visby on Gotland, where representatives of Swedish political



parties and a variety of civil society organisations and companies gather to discuss politics and social issues. The debates in 2017 dealt with such themes as: “Can a healthy lifestyle prevent climate change? How can we have healthy citizens and a sustainable society at the same time? Living sustainably requires us to be aware of our lifestyle and our consumption” and “Can the government afford to counteract efforts that make employees healthier?”

Länsförsäkringar engages with Parliament and the Government on the health care insurance being debated in Sweden. In 2017, Länsförsäkringar submitted its own statement on a proposal for consideration, regarding the proposal to introduce a tax on health care insurance paid for by employers. Parliament will take a decision in late April or early May 2018. Länsförsäkringar is in close dialogue with politicians to highlight the facts

and consequences around the proposal for a tax on benefits. In particular, the crucial role of insurance as a form of support in employers’ work on the social and organisational working environment.

In December 2015, the Financial Stability Board (FSB) appointed a “Task Force on Climate-Related Financial Disclosure” (TFCD) committee, which was tasked with producing recommendations for reporting that would help operators on the financial market understand their climate-related risks and opportunities. The final report was published in 2017, and from that the Swedish Financial Supervisory Authority called a meeting at the end of 2017 in which Länsförsäkringar was represented. Dialogue was conducted and information provided on what non-life insurance companies in Sweden are doing today, which climate risks are being analysed and how they are being linked to the business model. This work will continue over the coming years.



### **Overall collaboration and memberships** **Global Compact**

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

### **PRI - Principles for Responsible Investment**

PRI is a UN initiative for investors, with 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 also participates in investor initiatives to influence other companies and stakeholders in sustainability issues.

### **Insurance Sweden**

Insurance Sweden is a trade organisation that works to enable the creation of good conditions for Swedish insurance companies, for a high level of trust in the insurance sector and for increased knowledge of the significance of retail insurance in society. Länsförsäkringar sits on the Board of Directors for Insurance Sweden, and is represented on several of the organisation's 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.

### **ICMIF - International Cooperative and Mutual Insurance Federation**

ICMIF is a civil society organisation for mutual and cooperative insurance companies, with its registered office in England. 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 is an active member.

### **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

## ” Agria earmarked nearly SEK 10 M for veterinary research and the importance of animals to people and society in 2017. ”

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 also works for the exchange of information and experiences among its members. Länsförsäkringar is an active member.

### Eurapco

Eurapco is a collaboration between eight European mutual insurance companies working in 18 countries with around 40 million customers. Its members exchange information and experiences. Länsförsäkringar is an active member of several committees

### Kyoto Statement of the Geneva Association

The Kyoto Statement of the Geneva Association is 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 over 40 years, also has a global partnership on economic, political and social issues in the insurance industry.

## Examples of research and engagement in 2017

Länsförsäkringar contributes to financing research, which constitutes a part of its social commitment. The idea of creating security for customers and society in general is a driving force. Health and Agria conduct dialogue and collaborate with academic institutions and researchers in order to incorporate sustainability issues in research and training programmes in the insurance industry.

### Hälsa

- The Network for Personalised Lifestyle Medicine and Karolinska Institute's research into the effect of lifestyle intervention on patients
- The Swedish Heart-Lung Foundation's research on prevention of cardiovascular diseases.
- Umeå University's research on prostate cancer.

### Agria

Agria's research fund was founded in 1938. During the past year, the research fund was developed to encompass three areas: Agria's Research Fund supports research into the types of animals that Agria insures. This takes place in colla-

boration with the Swedish Kennel Club, the SKK Research Fund, the Swedish-Norwegian Foundation for Equine Research and the Swedish Farmers' Foundation for Agricultural Research. Agria earmarked nearly SEK 10 M for veterinary research in 2017. 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. One example is a research study at Uppsala University into the reduced risk of heart and lung disease in dog owners. The study, which was financed through the Agria and the SKK research fund, received widespread national and international attention.

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. In 2017, Pälspodden had 7 episodes: Diabetes in Cats, Horse Breeding, Foaling, Sustainable Competitive Horses, Cancer in Pets, Dog Owners Are Healthier and #stoplameness.



# Principle 4

We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing 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 [www.lansforsakringar.se](http://www.lansforsakringar.se) and [www.agria.se](http://www.agria.se)

” Preventing a claim is always a win for the environment and customers. ”



