

Sustainability in Storebrand insurance

2023



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Storebrand's purpose is to create a future to look forward to. We are committed to creating good solutions and products for our customers that economically enable them to live good lives.

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INTRODUCTION

To achieve this purpose, we need a sustainable business model. This means that we will deliver returns to our owners, while creating positive ripple effects for society and managing our business activities in a way that does not deprive future generations. Our business model should provide long-term value for shareholders, customers and society. This means that economic, social and environmental aspects are considered before we make decisions.

Storebrand focuses on sustainability, both in our products, services and in our cooperation with suppliers and partners. This is fundamental to the Group's strategy and brand.¹⁾

Storebrand has identified 10 Sustainable Development Goals (SDGs) (3, 5, 6, 7, 8, 9, 12, 13, 14 and 15) that we have the greatest impact on through our investment activities.

Storebrand has also identified two Sustainable Development Goals in which we can make a difference through our Group business activities. Sustainable Development Goal 8, decent work and economic growth shall ensure access to and an understanding of financial services. Storebrand encourages more people to save for their pensions and secure their personal finances. Through our business activities, Storebrand should also contribute to achieving Goal 5, gender equality.



What is sustainable insurance for Storebrand

In today's world, characterized by large challenges such as climate change, nature degradation and excessive consumption there is an urgent need for change, and it has become evident that our current patterns of resource utilization are unsustainable. As responsible corporate citizens, we recognize the critical role insurance plays in addressing these challenges and striving towards a sustainable future. For the insurance segment, we have identified four focus areas for our sustainability effort: Loss prevention, circularity, climate risk and adaptation and preventing disability. Our work on these areas will be addressed in this report.

We are cooperating to achieve the Sustainable Development Goals (SDGs). In addition to our own operations, we can have an impact through cooperation. One such example is that we support UN Environment Programme Finance Initiative's Principles for Sustainable Insurance (PSI). Committing to the PSI is important to share and disseminate knowledge within insurance and sustainability across global regions. It is also important to align companies on topics such as how to address insurance protection gaps, how to set good standards and create tools to map insurance activities that are sustainable or that will help push towards more sustainability.

Governance

At Storebrand we recognize the critical role that effective governance plays in driving sustainable practices and ensuring long-term value creation. We have established and implemented internal Guidelines for Sustainability for Storebrand ASA, signed by the Board of Directors, that describe objectives, principles, roles and responsibility and internal control and reporting for the organization.

As a way of operationalizing this for Storebrand Forsikring (Storebrand Insurance), and as part of our commitment to continuous improvement, we are in the process of establishing a robust governance framework that further incorporates environmental, social, and governance (ESG) principles into our decision-making processes in the respective parts of the organization.

¹⁾ The following principles form the basis for Storebrand's work within sustainability:

- We base our business activities on the UN Sustainable Development Goals (SDGs).
- Through our products and service-offering, we will help customers make more sustainable choices.
- We are a responsible employer.
- We consider sustainability in all processes and decisions – from the Board and executive management level, who have the overall responsibility, to each individual business manager and employee.
- We cooperate with customers, suppliers, authorities, and partners in our work with sustainability.
- We are transparent about our work on sustainability and what we achieve.

Governance framework for Storebrand Forsikring AS (the P&C subsidiary in the Group)

Storebrand Forsikring ESG Committee:

Our ESG Committee serves as the central governing body responsible for overseeing and coordinating our sustainability efforts. The committee is chaired by the Chief Executive Officer (CEO) and comprises a diverse group of key stakeholders. The CEO is the owner of the ESG Committee, demonstrating the highest level of leadership and commitment to sustainability within our organization.

Regular Meetings:

The ESG Committee meet on a regular basis to review and guide our sustainability initiatives. Initially, we hold quarterly meetings to assess our progress, discuss challenges, and identify opportunities for improvement. These regular meetings will provide a structured platform for the committee to share insights, make informed decisions, and drive the integration of ESG considerations into our business operations.

Ad Hoc Meetings:

In addition to the scheduled quarterly meetings, the ESG Committee will convene when there is a specific need or significant development related to our sustainability agenda. Ad hoc meetings will ensure that emerging issues are addressed promptly and that our responses are aligned with our sustainability goals and objectives.

Participants:

The ESG Committee will include permanent participants who contribute to decision-making processes on an ongoing basis. The CEO for Storebrand Forsikring, as the owner of the committee, will provide strategic direction and leadership. The Chief Risk Officer (CRO) will bring expertise in risk management, ensuring that ESG considerations are effectively integrated. Representatives from Actuary and Data Science, Claims, Product Commercial Market, Product Private Market, and Group Sustainability departments will also be permanent participants, fostering collaboration across various functional areas.

Relevant Participants:

The ESG Committee will invite relevant participants to join meetings and discussions when their expertise or perspectives are required. This may include the Loss prevention Officer, Chief Procurement Office, Sustainability Generals for the Commercial and Private Markets, and Reinsurance representatives, among others. Their involvement will ensure that we leverage specialized knowledge and diverse perspectives to address sustainability challenges comprehensively.

Permanent Participants

Owner: CEO Storebrand Forsikring

CRO	Claims	Product Commercial	Product Private	Actuary and Data Science	Group Sustainability
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Ad-hoc - participants

Sourcing	Reinsurance	Loss prevention	Sustainability generals Commercial and Private
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Key sustainability initiatives

Under our four focus areas, we have implemented several initiatives in our processes. Here are some key initiatives launched recently:



Increased our emphasis on loss prevention

- Increased communication on loss prevention to customers
- Established new role responsible for loss prevention
- Changed pricing to incentivize loss prevention
- Formed new partnerships to help customers implementing loss prevention solutions



Circularity

- Increased use of used parts in repairs
- Prioritize repair over part exchange
- Established an agreement with Miljø Norge to distribute more sustainable fire extinguishers



Climate risk and adaptation

- Enhanced ORSA reporting and better integration of climate risk into risk framework
- Developing products aligned with EU-taxonomy



Disability

- Implementing pilots on how to get disabled persons back into the workforce and prevent new disabilities
- Focusing on both adults and children

OUR FOCUS AREAS

For the insurance segment we have identified four key focus areas that drive our sustainability agenda: Loss prevention, circularity, climate risk & adaptation, and efforts to reduce disability. These focus areas reflect our dedication to addressing critical sustainability challenges and seizing opportunities to create positive impacts for our customers, within our industry and the broader society. Other important focus areas are our employees and our investment profile, our efforts here are covered by [Storebrand ASA annual report 2022](#).

Loss prevention

Why is this important

Insurance activity involves repairing or replacing damaged things and compensate for other losses. Replacing or repairing damaged products is by its nature not a sustainable activity. Thus, the most important work Storebrand Forsikring can do in terms of sustainability is to actively work towards loss prevention. Therefore, Storebrand has loss prevention as a priority both in the underwriting process and in our customer engagement. We have a dedicated role within the organization to systematically implement loss prevention initiatives in our customer base.

How we work with this

In our products: Insurance customers in Storebrand implementing measures to reduce the probability of a loss will benefit from discounted insurance rates or lower deductibles. In addition, the safety rules for each product describe what loss prevention is expected by the customer. Two concrete examples:

- The insurance price for motor insurances is reduced each year of no injuries through the bonus system.
- The deductible is removed for home insurance if the alarm was active at the time of the damage.

Through partners: Storebrand works together with partners such as Homely, Waterguard and Abra to give our insurance customers access to discounted loss prevention products. Mitigating damages and risks with renewed door locks, heat, and light control systems as well as fire, theft and water detection alarms will result in reduced price for home insurance.

Terms and conditions: The insurance terms set requirements for use, storage, prevention, and maintenance to limit damage through safety regulations and liability limitations. For instance, Storebrand includes requirements for public registration of boats, in order to limit illegal wrecking.

We have prioritized applying for recourse, especially to municipalities, where measures to limit water damage are not carried out. This has led to a collaboration with Finance Norway, committing us to share our damage data, and compare it to the municipalities' injury data. This helps determine how the municipalities should prioritize infrastructure improvements. This is an important outcome of our climate risk assessment, which is explained further below.

Loss prevention measures for Corporate Insurance, are specified in requirements such as safety regulations, documented loss prevention and safety measures found in buildings. Examples of preventative measures can be:

- Approved sprinkler systems
- Protective measures against theft
- Alarms; burglary, water, fire
- Well maintained charging stations
- Fire sectioning

Measures

Storebrand wants to influence our customers to make informed and conscious choices towards a more circular future. The first principle of the circular economy is to eliminate waste and pollution²⁾. Loss prevention is therefore a strategically important area of focus in Storebrand Forsikring. The business of an insurance company is to replace damaged things and damaged infrastructure. Loss prevention activities contribute to a safer society and thereby prevent accidents from occurring.

Strengthening our competence and team on loss prevention:

- Through establishment of a new role, expert in loss prevention, we will reassure our customers through advice and guidance to prevent damage from occurring. This can save our customers from demanding situations, which is profitable for both the customer and us as a company, and furthermore saves the environment and society from considerable resource consumption.
- To further strengthen Storebrand's loss prevention focus and work in the corporate segment, a new risk engineer role has been recruited. The risk engineer will be responsible for preparing fire technical reports, loss prevention reports and training in loss prevention measures.

The intention of both recruitments is that our work should contribute to changing the customer's focus from reactive behaviour to proactive loss preventing behaviour and measures.

Circularity

Why is this important

The second principle of the circular economy is to circulate products and materials at their highest value²⁾. As a large procurer of goods and services, we have the power and opportunity to push for more reuse and repair instead of replacement. We can therefore contribute positively increasing the pace of the transition from a linear to a circular economy. We work actively in our supplier chain to repair rather than exchanging parts. We are clear that used goods and repairs are at least as good as a new object. We strive to reduce the use of raw materials, waste, emissions and keep energy consumption to a minimum. This is integrated into our practices across all product lines.

We work systematically to influence the industry and suppliers to make environmentally friendly choices. We have set environmental requirements within construction, furnishings and car repairs, which represents the material claims settlement categories. Moving forward we will further increase our circular focus through repairing more and reusing materials to an even larger extent than before.

How we work

We work to exercise our influence through for example supplier partnerships, adapt agreements with setting new limits and requirements and nudging our customer towards sustainable choices. For motor vehicles, we have strategic partnerships with dismantling companies channeling our condemned cars for dismantling. This actively supports utilizing energy and the recovery of materials to be reused. We have increased the limits for which vehicles are to be repaired and which vehicles are to be sent for dismantling. For the property products, we have strict requirements for the sanitation of properties after a damage, we use environmentally friendly materials where possible and repair rather than exchange where possible.

We work continuously to adapt agreements and cooperation models with our suppliers achieve sustainable solutions. We are also adjusting our insurance terms to provide guarantees also for used parts towards our customers. In the car insurance product, we partner with Belron to repair car glass early to prevent breakage that requires the whole car glass to be exchanged.

Measures

In our sourcing arrangements, we have defined criteria that we measure our partners on circularity. Examples are share of repairs rather than replacements, use of used parts instead of new parts and use of environmentally sourced materials.

We follow-up our suppliers on these KPIs as part of our regular process and provide regular supplier reports where we inform about the ongoing status of reaching our target figures. We actively steer our customers to suppliers that deliver on our circularity ambitions.

Targets for 2023

- Glass repairs: more than 40%
- Spare parts over new: more than 6%

Climate risk and adaptation

Why is this important

Climate change means more extreme weather and consequently more damages. Climate risk is therefore something that need to be considered calculating risk and encouragement mitigate these risks through climate adaptation.

In terms of climate adaptation, this entail adapting to the climate impacts that cannot be avoided. For insurance, this happens through preventive measures, whether it is about sharing data or providing input to customers and authorities for planning more robust local environments and can reduce the extent of claims and thus payouts. Therefore, the EU Taxonomy has identified non-life insurance as a player that can significantly contribute to climate adaptation. Storebrand is working on taxonomy alignment for our eligible products – read more below.

In terms of climate related risk, the direct impact on insurance liabilities from climate change is well controlled for Storebrand. The greatest climate-related financial risk for our real estate and casualty insurance business is physical risk in the form of increased payments due to climate-related damage. Storebrand is a member of the Norwegian Natural Perils Pool (NNPP) together with all other insurance companies writing property insurance in Norway (required by law). The largest short-term climate risk is heavy downpours that are not covered by the NNPP. In the long term, rising sea levels and changes in weather patterns may also have an impact. We believe that transitional risks, such as changing customer behavior, technological developments, and new regulations, will affect the real estate and casualty insurance markets.

²⁾ Ellen MacArthur foundation – prinsipper for sirkulær økonomi: [What is a circular economy? | Ellen MacArthur Foundation](#)

How we work with this

Our approach to climate risk assessment

Climate risk is an integrated part of our risk management process. We assess climate risk in the same framework as other business risks. To ensure a comprehensive assessment, six overall risk formulations have been defined in the Storebrand Group. Each business area can formulate its own risks, but the common formulations are a checklist and make it easier to aggregate risk at Group level. The common risk formulations are:

1. Lower investment returns (as a result of climate change or transition to low emissions)
2. Decreased demand for our products (because the market changes as a result of climate change or the transition to low emissions)
3. Increased costs, higher claims/losses or increased need for technical provisions (as a result of climate change or the transition to low emissions)
4. Lost opportunities from lack of or delayed climate adaptation
5. Non-compliance with new climate adaptation or reporting requirements
6. We do not reach our own climate adaptation targets, or our ambitions are too low (in relation to our net zero-emission commitment or customer expectations)

The climate risk assessment is based on a materiality approach where we have identified what the greatest risks are related to Storebrand Forsikring's main products - real estate and motor insurance. Major incidents that occur suddenly are covered by the Norwegian natural perils pool (property and content) and reinsurance. Increased claims costs that occur over time can be priced in and reduce the risk picture. Climate risk assessment is part of the company's own annual risk and solvency assessment process (ORSA).

Material categories of climate risk

• *Physical climate risk – increased precipitation*

The biggest climate-related risk is a higher claims frequency and higher claims for building insurance due to increased precipitation, which leads to more water ingress into buildings, especially for buildings with basements. Climate change is likely to increase the frequency of storms with heavy rainfall. In the event of heavy rainfall and surface water in a concentrated area many insurance objects in a large area are affected. These losses are not covered by the NNPP. We use input from Geodata and Eiendomsverdi, including ground conditions, the character of the property (e.g. basement), terrain location etc. as variables in our tariffs.

The natural perils pool scheme does not have good incentives for loss prevention. The Norwegian Parliament has therefore

requested that the scheme should include loss prevention incentives. The natural perils pool covers all buildings and content that are insured against fire. Other insured objects that could be affected by climate-related events, such as motors, boats, etc. are not included. Storebrand Forsikring monitors the development in relation to such damage to the other insured objects and currently considers it to have minor consequences.

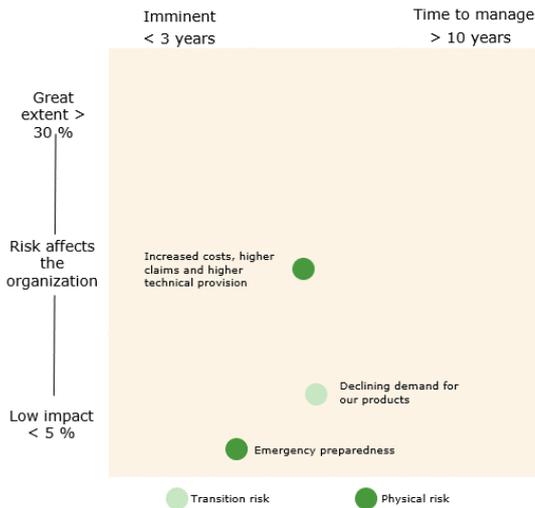
• *Transitional risk – market structure change*

Although physical risk is the most significant for non-life insurance, transitional risk may also arise. One possible risk here is a decline in the demand for our products, for example if fewer people want or need to own their own car. Measures to curb climate change could accelerate such a trend. The market for car insurance may shift from a private market to a large customer market if the market shifts towards collective ownership for cars. This constitutes a threat for a small player such as Storebrand Forsikring, which has a large proportion of its customers in Eastern Norway and densely populated areas, where cars may to a greater extent be owned in collectives or owned cars are used for sharing. Increased use of car sharing of privately owned cars will also result in changing insurance needs. This, in combination with structural changes (car manufacturers taking a greater role in the value chain), will in the longer term reduce the overall market for car insurance.

Risk-reducing measures include organizing for ordinary insurance to also apply to private rental (car sharing). In 2022, agreements have been entered into with car-sharing schemes as a strategic adaptation. However, there is a risk that we will not be able to adequately adapt to the "new" market.

• *Emergency preparedness risk*

There is also a risk in terms of emergency preparedness - insurance companies often use four or five restoration companies with specialized expertise in damage restoration and first aid. In the event of major incidents, all insurance companies will be affected, which will put pressure on restoration companies and further down the value chain. The consequence is that response times will increase and not everyone will be able to receive emergency first aid at the same time. To reduce this risk, Storebrand Forsikring has chosen a strategy of using fewer restoration companies than traditionally. As a small player with a low market share, we have therefore steered most of our volume to one main supplier. By doing this, we are No. 1 and 2 of the main supplier's largest customers depending on the area. Strict SLA (service level agreement) requirements have also been established for suppliers, which means that Storebrand Forsikring is prioritized in the event of major claims. In addition to one main supplier, two other major restoration companies are used.



Declining demand for our products: As a result of the population taking measures to mitigate climate change by using their cars less, fewer people want or need their own car. A large proportion of Storebrand Forsikrings customers are in Eastern Norway and densely populated areas where car transport can be offered to a greater extent as a transport service or access to a car is offered through various car sharing services. Reduced demand for cars leads to lower car production and, in combination with new technology, this incentivizes further structural changes in the car market, with car manufacturers taking a greater role in the value chain at the expense of importers and distributors, and analysts predict that solutions with embedded insurance will take an increasing share of the market. With greater importance for the car manufacturer, the market potential of the local insurance company may be reduced.

Increased costs, higher compensation/ losses and higher technical provisions: The Norwegian natural perils scheme covers all buildings and movable property insured against fire. Other insured objects that could be affected by climate-related events, such as motors, boats, etc. are not included. Climate change is leading to an increased number of weather events and weather events are becoming more extreme. The greatest climate risk Storebrand has is therefore related to more and higher claims on building insurance due to increased precipitation, which among other things leads to more water ingress into buildings. This mainly affects buildings where the lowest floor is below ground level but can also lead to other building damage. Storms with heavy rain in a concentrated area occur more frequently and also affect densely populated neighborhoods. Such events are characterized by the fact that many objects are affected at the same time and that it is necessary to have good preparedness to deal with them. These are claims costs that are not characterized as natural perils and must be covered by the company's own account. Storebrand purchases reinsurance that covers major incidents beyond the own account level for its own customers. Storebrand is also at risk through our statutory participation in the Natural perils pool for natural perils throughout Norway based on our market share. Storebrand has also taken out reinsurance for this risk. Increased claims costs that occur over time can be priced in and reduce the risk picture.

Emergency preparedness: insurance companies often use four or five restoration companies with specialized expertise in damage restoration and first aid. In the event of major incidents, all insurance companies will be affected, which will put pressure on restoration companies and further down the value chain. The consequence is that response times will increase and not everyone will be able to receive emergency first aid at the same time.

Climate risk matrix for Storebrand Insurance for physical and transtional risk in the short and medium term

Measures

Our most important initiatives to mitigate climate risks are:

- Risk assessment and pricing: climate factors are included in risk assessment and pricing in the underwriting process
- Diversified risk through national plan: Participation in Norwegian natural perils pool is statutory and provides joint reinsurance protection linked to property insurance for property and content insurance
- Rewarding loss prevention: We actively communicate with our customers, encouraging loss prevention measures, such as securing property during periods prone to flooding
- Circular collaboration: Cooperation with car repair partners to repair vehicles with used car parts
- Support green transition: Increase our insurance offering to electric vehicles

EU Taxonomy and climate adaptation

Storebrand is following the EU sustainable finance action plan closely. In the EU Taxonomy, non-life insurance has been defined as an economic activity that can substantially contribute to the environmental objective of climate adaptation. Storebrand aims to be in the forefront when it comes to aligning our products to the EU taxonomy.

Climate change impacts our risk considerations, this entails considering new forward-looking impacts based on climate science. Rising water levels, precipitation, heat, flooding or other natural hazards impact all insurers' product lines. To be aligned with the EU taxonomy, requirements include data sharing with public authorities, innovative insurance product solutions and designing products.

For 2022 Storebrand Forsikring screened our product lines for eligibility and reported on financial KPIs connected to premiums from eligible product lines, this can be seen on page 267 in [Storebrand ASA annual report 2022](#).

For 2023 we are in the process of mapping our products eligible products to the alignment criteria and setting target for taxonomy alignment:

- Storebrand Forsikring have started to work towards taxonomy alignment. This entails a gap-analysis of the requirements against eligible product lines for both private and corporate insurance. This gap-assessment will be concluded in June 2023. For the next step, prioritized products will be amended during the fall in order to achieve taxonomy alignment from selected product lines. A preliminary finding is that the property product is considered a good place to start due to size of portfolio and maturity against requirements.
- Storebrand Forsikring also uses the industry organization Finans Norge to discuss the topic with the insurance industry in order to have a harmonized understanding of the requirements and similar interpretation. Finans Norge has also conducted a gap-assessment of the taxonomy requirements against the Norwegian Natural Perils Pool.

Disability

Why is this important

The number of work-disabled people in Norway has steadily increased and is now close to 11 % of all people in the working age population. The negative development is especially strong among those under 30 years ³⁾. From Storebrands own statistics preliminary results show that only 30 % of our customers who get disability pension pay outs, return to work. This is a huge cost for society, the employer, the employee, as well as for Storebrand. As a large provider of disability pension, Storebrand has a yearly cost of 2 billion NOK due to work disability. The challenges regarding work disability are not something that can be solved by one part only, it needs to be a collective effort.

How we work with this

Storebrand offers products and services that provide economic security in case of disability to the employees of our customers in the commercial market. We want to extend this offer beyond economical services and do more to prevent sick leave and disability. During 2023 and first part of 2024, Storebrand will run two pilot projects to test out two different services; the first pilot project is a preventative health service that focuses on the early stages of illness, the second targets employees with long term sick leave with the goal of helping them back to work.

Storebrand also offers individual disability coverage in the retail market, both for adults and for children (integrated into the child insurance product). For children, a separate pilot will be implemented to evaluate the potential for helping children onto the workforce in the future. This applies to children/young people (> 18 years) who receive a disability pension. In addition, preventive work for young people struggling with mental health (> 14 years). The aim is to prevent future disability and increase the chances of reactivation/recovery for those who are already disabled in the target group for those who have become disabled is 18-30 years old.

Measures

In spring 2023, two pilot projects have been implemented:

- Preventive health services, with the goal of reducing sick leave
- Reactivating workers who have fallen out of the work force due to long term illness, with the goal of increasing the number of disability pension customers who return to work.
- In fall 2023, an additional pilot will be launched targeted towards children.

HOW WE WORK WITH SUSTAINABILITY IN OUR OPERATIONS

Sustainability criteria are incorporated when Storebrand Forsikring performs product development, risk management, underwriting, pricing, legal terms, and settlement. In this section, we will describe further how we work with our suppliers, through underwriting and with our customers.



Suppliers

In our operations and for all suppliers and business partners, we set strict criteria for sustainability, social responsibility, environmental considerations, and ethics. We weight sustainability at least 20 % in all our procurement processes to incentive sustainable solutions. By 2025, the goal is that all suppliers and business partners have set short- and medium-term verifiable emission reduction targets.

In 2017, Storebrand Forsikring terminated all previous agreements with car repair shops, with the purpose of building a more robust supplier network with good coverage in terms of geographical area, in line with Storebrand's customer portfolio regarding current car types, especially also with respect to the growing portfolio of electric vehicle insurance. The ability to influence fewer, more significant partners in terms of their work on sustainability was also an important factor.

Since the end of 2020, we have increased our focus on environmental sustainability, and we have set clear requirements for the increased use of environmentally certified building materials in construction in relation to residential damage. Therefore, we set requirements for restoration companies, which in turn affect building material suppliers.

Storebrand's use of contract partners has increased from less than 10 % to over 90 % in the last 6 years. Of course, controlling the claims volume has been important in improving our cost structure, but also to increase the bargaining power by being able to set clear requirements for partners. We are now in a position where, when renegotiating existing and entering into new agreements, we can impose requirements that a supplier must have documented environmental certification such as an Eco-Lighthouse or similar or must commit to attain this within a given period, as well as requirements on the use of used parts, more environmentally friendly equipment, use of the smart-repair concept and the like. In addition, we have acquired good data quality on our repairs, which means that we can report back to the suppliers to a greater extent on our expected level of customer satisfaction. We work actively to ensure that the suppliers who make a proven choice with regard to sustainability are prioritized when it comes to cooperation with Storebrand Forsikring.

3) <https://www.nav.no/no/nav-og-samfunn/statistikk/aap-nedsatt-arbeidsevne-og-uforetrygd-statistikk/uforetrygd-statistikk/notis-uforetrygd-utviklingen-per-mars-2023>

Partnerships

In addition to the sustainability requirements set in Storebrand's procurement policy, we have established cooperation with partners who help us become more sustainable. Here are two examples.

Motor: We recycle and repair when possible. We have several strategic key suppliers. For example in regards to glass damage, we have collaborations with Hurtigruta Carglass and Riis Bilglass. These car glass suppliers have a very high focus on repairs instead of replacements. Several of our agreements have clear Service Level Agreement (SLA) requirements that the

supplier should achieve that supports sustainability. We always attempt to repair a damage as long as this is economically sound and delivering the expected quality and safety. Instead of replacing all car windows after claims, four out of ten windows are now repaired via our partners. This helps reduce waste: 40 replaced car windows fill a trailer with waste, while the waste of 40 repaired car windows can be held in the palm of your hand.

Buildings and property: Storebrand has several large restoration agreements, for with high service standards on delivery and quality. We have several environment and material selection related KPIs to be followed up by the supplier and on to its subcontractors. Specifically for buildings, there is a requirement to focus on repair, and also to have as high proportion of environmentally certified materials. More than 60% of used materials have some form of environmental certification that affects production, raw material use, energy, climate during construction, and not least the indoor climate in a home for a customer.

Measurement of the proportion of eco-labelled/certified building products is based on current certifications



Svanemerket (Swan label) is the official Nordic environmental label. The label sets environmental requirements for products in a life-cycle perspective, from extraction of raw materials, during production, during use and to the product as waste. There are Nordic Eco-labelled products in many different product groups.



PEFC (Programme for the Endorsement of Forest Certification) – certification scheme for sustainable forestry and traceability in the value chain.



FSC (Forest Stewardship Council) – certification scheme for sustainable forestry and traceability in the value chain.



The EU-Ecolabel (Blomsten) is the official European ecolabel. The EU's Ecolabel is an equivalent environmental label to the Swan label.



If a product is labeled M1, it means that little emissions from the product have been documented. The brand appears on several different product groups, from building chemicals to building panels.



If a product is labeled Emicode EC1 or EC1+, it means that few emissions from the product have been documented. The mark appears primarily on sealants.

Storebrand in turn covers the extra cost of the environmentally friendly / certified products and materials, based on the fact that we believe it will be the best option for the customer. Moreover, we want to push the insurance business to integrate sustainability into the way claims are handled. The partnership is one of a kind in Norway, and it gives us the possibility to calculate, and in turn communicate the environmental footprint of a settled claim. Both for internal use, but also in our communication with customers. We believe this will help clarify to our customers the potential environmental impact they can have in their everyday lives and push the insurance industry to be better.

The profile of the two partners in the strategic partnerships is a good fit, as we are all in the forefront of sustainability in our respective fields and strive to make real world impact for the environment. The partnership pushes the limits for sustainable insurance claims settlements on the product side, in transportation – both of fossil free deliveries and otherwise reduced emissions from collective deliveries and pick-ups. This is positive for the customers, and for Storebrand.

Being sustainable also needs to be profitable, and with this bold partnership, we intend to speed up the transition to a low carbon economy while at the same time increasing about sustainability both for our customers, suppliers, and our employees.

In addition to the above, Storebrand is also active in industry groups such as the sustainability work that is done between Finans Norge / the insurance companies and NHO Service and Trade / the claims limitation industry. Here we work to create good intensives and common norms and standards for the industry, so that we all work purposefully to achieve our common important goals.



Underwriting and product development

Pricing and product development

Storebrand Forsikring has incorporated environmental aspects into insurance pricing and product development. Sustainability is one of the subjects that shall always be covered in the process of developing new insurance products.

For all car insurances, the price is linked to type of engine and engine size, where larger fossil engines lead to higher insurance prices. Annual premium of electric cars, as part of the total motor insurance portfolio, has increased from 21 % in 2021 to 24% in 2022. Products that might cause damage to the environment could mean higher risks, and might result in increased prices, reduced coverage or not offering insurance. If insurance is offered for these high-risk products, Storebrand is particularly concerned with preventative and mitigating measures for the customers.

We increase the price in areas where we see that climate change and other causes lead to repeated injuries of the same kind.

Exclusion criteria and ESG integration in the underwriting process

By integrating ESG considerations into underwriting practices, Storebrand can better manage ESG risks and inform decision-making. We work in different ways to integrate ESG considerations.

Terms and conditions: At Storebrand, terms of conditions limit coverage of unwanted risk and behavior. Examples are exemptions for driving on racetracks and iced lakes/sea, illegal tuning/rebuilding of vehicles, private vehicles used in transport and other commercial use and the use of vehicles beyond what has been agreed on with the company. The conditions also set limits for vehicles being wrecked after an accident with demands for repairs – often with the use of used parts.

Authorization process: We have three levels of underwriting and authorization documents. Our escalation process is as follows: the lowest level is available to all sales personnel, level two is handled by sales personnel with special authorization, and high-risk cases are lifted to level three, the Underwriting

Committee with product managers and senior management. For Corporate Insurance, we have one level of underwriting and authorization documents.

- Sales mandate (not an underwriting level). Persons holding a sales mandate can sell Storebrand's products within the following framework:
 - Storebrand's tariffs
 - Storebrand's standard terms
 - The regulations in force at any given time (general and product-specific)
- Underwriting (UW). Risk that goes beyond the sales mandate must be sent to UW for assessment and approval. An underwriter is a person with authorization delegated from the Product & Price manager to approve which risk is to be allowed to be included in Storebrand's portfolios.

High risk cases: High-risk cases such as large, expensive cars or boats with high emissions or special buildings are to be assessed by underwriting and here, the underwriting instructions clearly define that sustainability principles are to be assessed in terms of, and under what conditions insurance can be offered. Most of the underwriting cases are defined as high risk ESG cases:

- Large expensive cars with large fossil engines and large electric vehicles with large damage potential if involved in an accident
- Large expensive boats with large fossil engines and large damage potential if involved in an accident
- Large buildings with large damage potential in case of fires or water damage
- Buildings in areas with high risk of flooding
- Buildings with special building materials, in poor condition or otherwise with large damage potential

Some examples of the ESG related underwriting risks factors that are considered in high-risk cases are:

- Objects that are in particularly high-risk areas must be given a higher price. This can be a risk of water damage from for example flooding or areas that are particularly vulnerable to burglary
- Sustainable, environmentally friendly and in other ways less risk prone homes must be given a discount / lower price
- Sustainable, environmentally friendly and in other ways less risk prone vehicles must be given a reduced price
- Particularly expensive / special / damaged / polluting vehicles must not be insured or may be considered separately. If they are to be insured, the price must be increased and / or coverage reduced

ESG integration and exclusion criteria in the underwriting process

We exclude all the sectors that we consider sensitive. Therefore, we do not currently underwrite:

- Coal
- Unconventional oil & gas
- Heavy process industry, such as pulp and paper, steel works
- Chemical production industry
- Pharmaceutical & Biotech Industry



Customers

We engage with our customers on business risks and opportunities within our insurance operations. As stated in the beginning of the document, loss prevention is the most important factor when it comes to sustainability in insurance. No matter how environmentally friendly a damage repair is, it will never be less environmentally degrading than no damage at all. The most important way we can reduce damages is through engaging with our customers on using preventive measures.

For Corporate Insurance, there may also be a path to sustainability through a strict risk selection through underwriting guidelines and advice in connection with the sale. The customer will inform us about their overall risk profile so that the company receives sufficient technical information for the process to begin. In this process, risks will be identified, exposures will be assessed, the risks will be checked against underwriting guidelines (UWGL) and whether an offer will be made.

The channels that are used for customer engagement are:

- Storebrand.no - this is probably one of the best places for our customers to attain information on how to prevent damages. In recent years, the information has to a larger degree also included prevention of damages from a changing climate
- Advisor's dialogue with the customer, this can be internal sellers, agents and brokers
- Season based newsletter (e-mail) to all customers
- Storebrand Facebook page
- Media exposure – interacting with media on insurance related topics

All engagement channels outlined above cover 100 % of our customers.

Sustainability nudging

In order to nudge our home insurance customers to behave more sustainably, we offer a grant of up to NOK 150,000 for installation of climate-friendly or safety-related measures beyond what is required by law or regulations when rebuilding insured houses after a total loss. Climate-friendly measures are defined as fixed installations, construction methods and use of building materials that are intended to reduce carbon emissions and energy consumption.

Storebrand's car insurance customers are offered a cash compensation if they choose not to use a rental car while their car is being repaired, nudging the customer to use more environmentally friendly transportation in this period.

In addition to reducing emissions further, we operate by a strict safety policy stating that environmental issues are to be prioritized. We have a defined safety regulations when handling buried oil and kerosene tanks in insured homes (an issue in the Norwegian housing market). In line with marine laws and regulations we specify in boat insurance conditions that we aim to remove wreckages at the bottom of the sea, which means that all sunken boats are to be raised, safely handled, repaired, and disposed when necessary.

Storebrand's strategy is to be a 100 % digital insurance provider, and today 89 % of our customers are digital. As of 2020, we have introduced a significant fee for customers who want to receive their insurance documents on paper in the mail, and electronic insurance documents the default option.

OUR RESULTS

These are some of the results from our work with our focus areas, targets and KPIs.

Volume of sustainable products and services in Storebrand Forsikring AS

Storebrand Forsikring provides insurance products to private customers and to corporate customers. Storebrand offer differential pricing for low-carbon alternatives (such as low-emission cars/electric cars and homes) in all our products, except travel and other insurance. We have currently defined ESG products as low-carbon alternatives. Currently we are working on taxonomy alignment of eligible product lines, these will in the future be a part of the volume of ESG products and services. Our insurance products are distributed in the following way:

- Motor insurance: 56 % of Storebrand's insurance revenue. Motor insurance includes all type of car, motorcycle, among others, to retail and to corporate customers. We differentiate on risk characteristics, such as car type, engine size, usage, and previous claims, among others.
- Property insurance: 31 % of Storebrand's insurance revenue. We differentiate on age, condition, building characteristics, safety measures such as fire alarm, burglar alarm, sprinkler, etc. Coverage may also be limited to fire only if e.g., the property is in bad condition.
- Content insurance: is differentiated on security measures such as theft and fire alarms.
- Travel insurance: 5 % of Storebrand's insurance revenue.
- Natural perils pool insurance: 2 % of Storebrand's insurance revenue.
- Other insurance: 6 % of the portfolio includes among other liability insurance, transport insurance, occupational injury insurance, sick leave insurance and accident insurance.
- On the settlement side, the same principles and conditions are built up in the same way with security regulations to ensure sustainable behaviour of the customer.

Total revenues from non-life/non-health (re)insurance business:
2 682 MNOK

1. Total revenues from travel insurance and other insurance:
292 MNOK
2. Total revenues from ESG based non-life/non-health (re)insurance products: 1 - 2 = 2 391 MNOK

In order to calculate the percentage of ESG based non-life product lines vs total revenues from non-life/non-health insurance at Storebrand Forsikring, we use the following calculation (with numbers from above):

$$3) / 1) * 100 = 89\%$$

Topic	KPI - target	2021	Results 2022
Circularity	Glass car repairs: Target > 40%	New	36 %
	Spare parts in car repairs (spend based): Target > 6%	New	3,8 %
Percentage of Sustainable products and services	Percentage of Sustainable products and services	90%	89%
Taxonomy	Share of non-life insurance premiums is Taxonomy-eligible	New	98% eligibility, see full reporting on p. 267 in annual report
Client engagement	Percentage of clients we have engaged with and/or informed about ESG related risks and opportunities in non-life/non-health insurance sector	100%	100%