Storebrand

Sustainability in insurance

2024

Content

Introduction 3

What is sustainable insurance for Storebrand 4

Governance 5

Key sustainability initiatives 6

Our focus areas 6

- Loss prevention 7
- Circularity 9
- Climate risk and adaptation 11
- Disability 16

How we work with sustainability in our operations and value chain 17

- Suppliers 17
- Partnerships 17
- Underwriting and product development 19
- Customers 21

Our results 22

Introduction

Storebrand's purpose is clear: We create a brighter future. Our driving force defines that we will be closest to the customer, in a simple and sustainable way, to deliver increased financial security and wellness.

To fulfil our purpose, we are committed to integrating sustainability considerations into our business model. This entails delivering returns to our owners and customers, while also creating positive impacts for society. Our business model prioritises long-term value for shareholders, customers, and society, taking into account economic, social, and environmental aspects during decision-making.

Storebrand has defined and operates according to a set of basic principles for sustainability work:

- We aim for our business activities to achieve the UN Sustainable Development Goals (SDG), we also adhere to international and national commitments for the countries we operate in
- We prioritise our work on selected SDGs that we can make a significant impact on, and that significantly impact us
- We help our customers make more sustainable choices, through the services and products we offer
- We are a responsible employer
- We take sustainability into account in all processes and decisions – from overall responsibility by board and executive management, to execution by individual managers and employees
- We collaborate with customers, suppliers, authorities and partners in our efforts to achieve sustainability
- We are transparent about both our sustainability efforts and the results we achieve

As a financial player, Storebrand can both influence developments in society, and is affected by changes in the environment, social conditions and governance in society. The belief that sustainability considerations provide the best possible risk-adjusted future returns for clients is an important part of our investment strategy. We will explore commercial sustainability opportunities in all our financial products and services.

What is sustainable insurance for Storebrand

Climate change, destruction of nature and overconsumption are major challenges. As a non-life insurance provider, we have a responsibility to contribute to a positive change. We can be a catalyst for the circular economy, encourage loss prevention and reduce climate risk. As a large provider of personal risk insurance products, Storebrand is affected by and may affect the development of demographic and social structures in society and among our customers.

Our insurance strategy is based on four key areas:

1. To promote a circular economy through our product and service offerings and communicate this actively
2. Through loss prevention, repairs and reuse, we shall contribute to a purchasing pattern that increases the demand for circular services, as well as focus on circular claims settlements
3. Climate adaptation through the requirements of the EU taxonomy is a priority, and we will implement climate adaptation measures in line with good loss preventive insurance business and enable ourselves to understand and manage climate risks
4. We shall, in cooperation with the public sector, contribute to reducing the level of disability in Norway and and among our customers by launching preventive measures and targeted efforts, aiming to help disabled young and adult people return to work

Storebrand participates in national and global networks and alliances to help accelerate the transformation of society and share insight that provides a better basis for decision-making for our customers. Through the networks, we will contribute to defining best practices for sustainability work both in the financial industry and the private sector in general. Through our invested insurance premium, Storebrand has a particularly important role as asset owner and asset manager. International initiatives such as the Net-Zero Asset Owner Alliance, the Net-Zero Asset Manager Initiative, the UN Principles for Responsible Investments (PRI) and Climate Action 100+ are examples of such cooperation.

We support UN Environment Programme Finance Initiative's Principles for Sustainable Insurance (PSI), in order 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 excels the sustainability work. National collaboration is mainly covered through Finance Norway, which is an important forum for collaborating and creating common understanding within the sector and its impact on sustainability, where Storebrand currently is represented in working groups on circularity and on loss prevention. We are also active in the business-driven climate initiative Skift, which, among other things, focuses on circularity and sustainability in procurement.

Governance

At Storebrand, we recognise 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 organisation. As a way of operationalising this for the Insurance subsidiary in the Group (Storebrand Forsikring), and as part of our commitment to continuous improvement, we have established a governance framework that further incorporates environmental, social, and governance (ESG) principles into our decision-making processes in the respective parts of the organisation.

ESG Committee

Our ESG Committee serves as the central governing body responsible for overseeing and coordinating our sustainability efforts. The committee is chaired by Chief Executive Officer (CEO) of Storebrand Forsikring 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 organisation.

Regular Meetings

The ESG Committee meet on a regular basis to review and guide our sustainability initiatives. 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, 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 for the Commercial and Private Markets, and Reinsurance representatives, among others. Their involvement will ensure that we leverage specialised knowledge and diverse perspectives to address sustainability challenges comprehensively.

Key sustainability initiatives

In 2024, Storebrand is developing a climate transition plan. This plan will provide further insights into how we understand climate risk, enhance climate adaptation, and how we consider loss prevention and circularity as key levers for decarbonisation.

Within our four focus areas, we have recently introduced several key initiatives into our processes:

Increased our emphasis on loss prevention

- New strategy on loss prevention
- Increased communication on loss prevention to customers, including market campaigns on water damage and fire prevention
- Established a new role responsible for loss prevention
- Changed pricing to incentivise loss prevention
- Formed new partnerships to help customers implement loss prevention solutions, including offering sensors to measure the water level inside the boat for boat insurance customers
- Participation in industry initiatives on loss prevention through (Finance Norway)

Circularity

- New strategy on circular claims
- Initiatives to map environmental impact related to claims
- Increased use of used parts in repairs
- Prioritise repair over part exchange
- Established an agreement with Miljø Norge to distribute more sustainable fire extinguishers
- Participation in industry initiatives on circular contributions from insurance companies
- Explore new solutions for spot repair
- Participation in industry conversations on circular economy through Finance Norway
- Input to governmental policies on circularity

Climate risk and adaptation

- Enhanced ORSA reporting and better integration of climate risk into risk framework
- In 2023 we made real-estate insurance products aligned with the EU taxonomy, and in 2024 we will focus on motor and travel insurance products
- Informing customers about measures to reduce risk from climate change, including sending text messages to prepare customers for extreme weather events

Disability

- Producing a research report, providing insights into the overall research on the development of disability level in Norway, insight into Storebrand corporate customers' approach towards the topic and providing possible solutions.
- Input to governmental policies on disability, high level of participation in the public debate on the topic
- The implementation of pilot products, bothto assist in the re-integration of work-disabled people into the workforce, ase well asprevention of new cases of work-disabled persons
- Focusing on both adults and children

Our focus areas

For the insurance segment we have identified four 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. Further details can be found in the Storebrand ASA annual report 2023.

Loss prevention

Why

Storebrand has identified loss prevention as the most important measure to reduce the burden on the environment in our non-life insurance business. The first principle of the circular economy is to eliminate waste and pollution[1]. Loss prevention is one of the most important strategic areas within the insurance segment. The business of an insurance company is to replace damaged things and infrastructure. Loss prevention activities contribute to a safer society by preventing accidents from occurring. Attention to loss prevention has also increased among Storebrand's customers. Therefore, this is a priority both in the underwriting process and in our customer engagement.

Our strategy

Our main strategy is through advising our customers. We also collaborate with external actors on loss prevention measures and communication to customers and authorities. The proportion of our customers answering "yes" to the question of whether they have received loss prevention advice increased from 38 per cent in 2022 to 47 per cent in 2023. In terms of collaboration with authorities, Storebrand has, in collaboration with Finance Norway and other non-life insurance companies, committed to sharing injury data, and compare it to the municipalities 'injury data through "Kunnskapsbanken". This helps determine how municipalities should prioritise infrastructure improvements. This is an important outcome of our climate risk assessment, which is explained further below.

Insurance customers in Storebrand who implement measures to reduce the probability of a loss will benefit from discounted insurance rates or lower deductibles. Safety rules for each product describe what customers can do to prevent loss. See our work with EU taxonomy alignment for real estate on p. 14-13 and these two concrete examples:

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

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.

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

During 2023, Storebrand recruited an employee responsible for loss prevention, as well as a fire risk engineer, to reinforce this effort. It is essential to give customers advice and information to help them take action to avoid losses. Storebrand has established an ambitious strategy on loss prevention that aims to make Storebrand a leading insurance company on loss prevention, where specifically advising the customers is a main pillar. Storebrand was

[1] Ellen MacArthur foundation – principles for a circular economy: What is a circular economy? | Ellen MacArthur Foundation

involved in the public debate about the need for increased efforts of prevention at community level. Several communication and marketing activities were carried out to support loss prevention strategy in 2023, including:

- Offering to check travellers' luggage for bed bugs at Oslo airport during the summer holiday.
- Participation in debates at Norway's largest annual political gathering (Arendalsuka) and in national news stories about climate adaptation.
- Extensive water and fire market campaigns with associated prevention advice, as well as other customer communication activities aiming at preventing damage from small rodents.
- Notify potentially affected customers ahead of extreme weather events, encouraging them to carry out preventive and mitigating measures.
- Advice on loss prevention for corporate customers and housing associations. We have entered into a partnership with a water stop supplier and held a webinar together with Huseierne (The National Federation of House Owners).
- We have also entered a collaboration with Sensar Marine where we offer a sensor solution to our customers that can reduce the risk for the boat to sink, as the system will alert the owner if water is entering the boat and show status of the battery.

Circularity

Why

The second principle of the circular economy is to keep materials in use by circulating products and materials at their highest value[1]. As a major procurer of goods and services, we have the power and opportunity to push for more reuse and repair instead of replacement. By doing so, we can accelerate the transition from a linear to a circular economy.

There is a pressing need to emphasise the circular economy, as global consumption is increasing while circularity is decreasing. The share of secondary materials consumed by the global economy has dropped from 9.1 per cent in 2018 to 7.2 per cent in 2023—a 21 per cent decrease over five years[2]. Going forward, we will be focusing on enhancing our circular approach by repairing more and reusing materials to a greater extent than before.

Our strategy

Storebrand has established a strategy that aims to make circular claims the default in claims processes. We work to exercise our influence through for example supplier partnerships, adapting agreements with setting new limits and requirements and nudging our customers towards sustainable choices.

Storebrand has high standards for our suppliers' responsible operations. All our partners have signed the Group's supplier declaration on sustainability obligations, whereof, near 90 per cent of claims are handled through these partners. Specific requirements have been set, and are monitored.The suppliers must report, among other things, on the degree of repair, reuse of parts and use of environmentally certified materials.

We are collaborating with several suppliers to facilitate a circular value chain. For motor vehicles, we have strategic partnerships with dismantling companies channelling our condemned cars for dismantling. This actively supports utilising 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, and active efforts are being made to limit the damage and consider spot repairs instead of replacing larger areas. There is also a focus on reusing dismantled materials such as panelling, and sophisticated drying methods are used to minimise drying time, we use certified materials where possible and repair rather than exchange where possible.

Some specific examples include:

- Partnerships to increase repairs: We have outsourced our glass handling to Belron Solutions, who we regard to be experts in the processing and handling of glass damage. They are highly skilled at helping us maintain high quality deliveries, ensure cost control and, not least, quality assure the documentation from the workshops, so that those damages that can be repaired are repaired.
- Partnership to re-use by increased availability of spare parts: We cooperate with Bil1din within car parts to facilitate increased reuse of car parts.
- Partnership to recycle by making recycled products available: Miljø Norge and Jernia regarding distribution of recycled fire extinguishers.

Storebrand will continue updating our product terms and conditions to facilitate an increased degree of repair in insurance claims rather than buying new. We work continuously to adapt agreements and cooperation models with our suppliers, and we will continue working with the industry and relevant partners to facilitate circular value chains

[2] Circular Gap Report 2024: CGR 2024 (circularity-gap.world)

in several product areas. Read more about how we work with our suppliers in the chapter "A responsible value chain" in Storebrand ASA annual report and further down in the sub-section "Suppliers".

Measures

In our sourcing arrangements, we have defined criteria that we use to assess partners on their commitment to circularity. Examples are share of repairs rather than replacements, use of used parts instead of new parts and share of certified 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. In 2023:

- We increased the proportion of used car parts (proportion of repairs where used parts are used) to 5 per cent from 3,8 per cent. Our target for 2024 is to achieve more than 8 per cent.
- The repair rate for car glass was 35.7 per cent and had a slight decrease from 2022 at 36 per cent. In 2024 our target is to achieve a repair rate of more than 40 per cent.
- We explored the material consumption and greenhouse gas emissions in claims settlements for motor vehicles, in collaboration with Variable, and gained a better understanding of where the most significant emissions are. We continue this collaboration in 2024, now expanding to claims for real estate. The aim is for this to inform our efforts to achieve materials and emissions savings.
- We initiated dialogue with the industry on common methodology for calculating emissions in claims settlements through Finance Norway's working group for non-life insurance and sustainability. Going forward, we will assess how this might be further developed into a common methodology for the industry.

Climate risk and adaptation

Why

Climate change means more extreme weather and consequently more damages. Our customers need assurance that insurance products cover damages resulting from climate and natural events, and that we are capable of handling larger incidents that affect many customers simultaneously. It is therefore important to consider climate risk when calculating risk and to encourage the mitigation of these risks through climate adaptation.

This entail adapting to climate impacts that cannot be avoided. For insurance, this is achieved through preventive measures, which may include the sharing of data or providing inputs to customers and authorities for planning more robust local environments. Such measures can help to reduce the extent of claims and thereby reduce payouts. In this context, the EU Taxonomy has identified non-life insurance as a key contributor to climate adaptation. Storebrand is working on taxonomy alignment for our eligible products – please see below for further details.

In terms of climate-related risk, Storebrand has effective controls in place to manage the direct impact of climate change on insurance liabilities. 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 behaviour, technological developments, and new regulations, will affect the real estate and casualty insurance markets.

Our strategy

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, the Storebrand Group has defined overall risk formulations. 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 relevant common risk formulations for climate risk are:

1. Decreased demand for our products (because the market changes as a result of climate change or the transition to low emissions)
2. Increased costs, higher claims/losses or increased need for technical provisions (as a result of climate change or the transition to low emissions)
3. Lost opportunities from lack of or delayed climate adaptation
4. Non-compliance with new climate adaptation or reporting requirements
5. 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's main non-life insurance 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, including climate risk scenarios, are part of the company's own annual risk and solvency assessment process (ORSA).

Material categories of climate risk – risk that affects stakeholders

Risk related to advisory and satisfying customer needs
Risk related to customers not getting sufficient advice on which insurance coverages they should have or advice on preventive measures, for example measures to prepare their homes for increased high-intensity precipitation, with a risk of water ingress into buildings.

Risk of misleading market communication - "greenwashing"
Market communication could be misleading stakeholders and contributing to "greenwashing". The risk is set as not very likely as Storebrand Forsikring have taken preventive measures to assure that market communication is not misleading.

Risk of not reaching climate mitigation and adaptation targets
Risk that the organisations policies are not contributing enough to climate adaptation, and the goals in the Paris agreement is not met. Leading to more extreme weather and material damages, and in turn increased costs for insurance companies.

Customers must handle insurance risk
In a worst-case scenario customers face the risk of not being able to find insurance, due to the associated climate risk being too high/the cost of insurance is too expensive for the customers. Norway has a unique position with its natural perils pool scheme; therefore, this risk is assessed to have a low impact.

Material categories of climate risk – risk that affects the organisation

Physical climate risk - increased precipitation
The biggest climate-related risk is a higher claims frequency and higher claims for building insurance due to increased high-intensity precipitation. 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 potentially 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 covers all buildings and content that are insured against fire. The natural perils pool scheme does not have good incentives for loss prevention which is a weakness. Other insured objects that could be affected by climate-related events, such as motors, boats, etc. are not included. Storebrand monitors the development in relation to such damage to the other insured objects and currently considers it to have minor consequences.

Storebrand's reinsurance program covers larger events beyond our own retention level. The reinsurance program also covers the risk we bear through our statutory participation in the natural perils pool. There is also a risk associated with the fact that the price of reinsurance increases due to climate change, where damages occur more frequently.

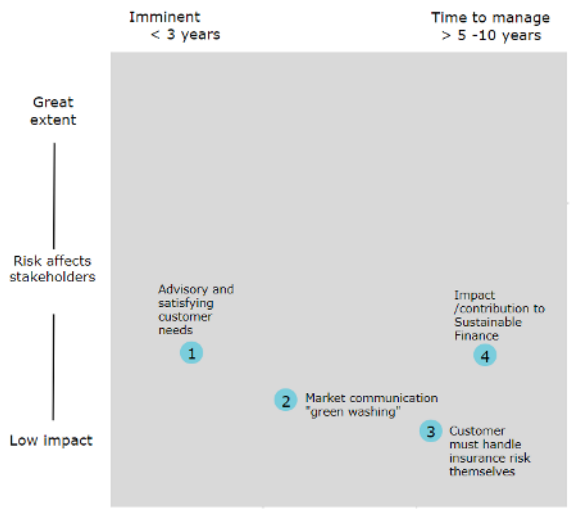
Transitional risk - market structure change
Although physical risk is the most significant for non-life insurance, transitional risk may also arise. One possible risk here is a decline in the demand for our products, for example changes in the travel insurance market could occur because customers travel less and travel shorter distances. As a result, their insurance need could shift towards desiring travel insurance that covers Norway or the Nordic region. One approach would be to offer a travel insurance variant limited to a specific geographical area; this would likely result in lower premium income (reduced risk in the product). Another example is 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, 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

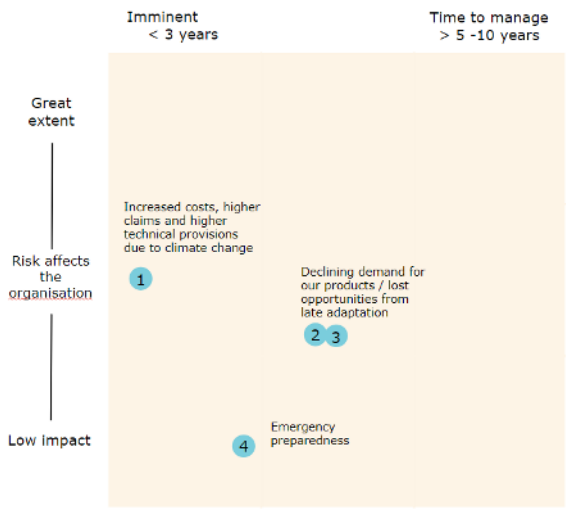
of privately owned cars will also result in changing insurance needs. This, in combination with structural changes (car manufacturers taking a greater role in the value chain), will in the longer term reduce the overall market for car insurance.

Analysts predict that embedded insurance solutions will increasingly dominate the market. With greater significance for car manufacturers, the local insurance company's market potential may be reduced. There is also a risk associated with missed opportunities or delayed sustainability adaptation if we are too late in launching or adjusting products and coverages to meet changing customer needs due to climate change (e.g., travel insurance with geographical limitations or insurance tailored for car sharing). Risk-reducing measures include organising 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. Sustainability risk is an integrated part of our product development process and underwriting (terms, safety regulations, exclusion of certain industries in commercial insurance). Insurance objects in areas with increased climate and natural risks, where the likelihood of recurring damages is higher, will also have a higher premium. 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 specialised 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 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 is prioritised in the event of major claims. In addition to one main supplier, two other major restoration companies are used.





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.
- Worked to align real-estate insurances to EU Taxonomy requirements, read more below.

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. As the EU Taxonomy represents a common definition on what is an environmentally sustainable economic activity, Storebrand will going forward also define our volume of sustainable products and services as those aligned to the EU Taxonomy requirements. Where Storebrand aims to be in the forefront when it comes to aligning our products to the EU's taxonomy.

Climate change impacts our considerations when considering risk in insurance, 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.

Storebrand aims for 80 per cent of the eligible non-life insurance premium volume to be in accordance with the criteria in the EU taxonomy by the end of 2024. In 2023, property products (houses, cabins, commercial buildings, residential buildings, household contents) became aligned. This includes the integration of forward-looking climate risk in the risk assessment through Geodata, updated conditions for providing risk rewards for climate adaptation measures for the customer, sharing damage related data through "Kunnskapsbanken" so that it can be used by public authorities and more. Over time, this will contribute to better handling of the effects of climate change. The climate risk models will be further developed based on insights. Based on the experience from the first version of the product changes to comply with the EU taxonomy, the products will be modified further. Storebrand works together with the industry to establish incentives and mechanisms that ensure loss prevention. This will provide increased insight into how, for instance, municipalities should prioritise their infrastructure initiatives. Effective loss prevention at societal level will result in lower consequences for everyone who is not affected by natural damages. Similarly, the use of materials for reconstruction is reduced through effective prevention measures.

Storebrand reported on financial KPIs connected to premiums from aligned and eligible product lines, as well as the proportion of the insurance or reinsurance undertaking's investments that are directed at funding, or are associated with, taxonomy-aligned in relation to total investments, this can be read on page 84-88 in Storebrand ASA annual report 2023. Sustainable volumes from products and services for 2023 was:

Sustainable Insurance Underwriting of 903 MNOK (taxonomy-aligned activities) and total revenues from all insurance underwriting products/services of 3,834 MNOK, which resulted in a percentage of sustainable revenues over total revenues of 23.5 per cent.

Storebrand also showcased our work with EU Taxonomy in a guidance document on transition plans, a work facilitated by UN Global Compact Norway, where Storebrand participated as Expert Member. Read more on p.26 here.

Further focus will be directed towards improved understanding and integration of climate risk as well as increased expertise in climate adaptation to provide better advice to customers. The taxonomy work for other insurance products, such as car and travel insurance, will be conducted in accordance with the EU taxonomy's requirements for a significant contribution to climate adaptation in 2024. Cooperation with strategic partners, including research and professional environments, the insurance industry, municipalities, authorities, and customers, will be strengthened to ensure a holistic approach to climate adaptation.

Disability

Why

The number of work-disabled people in Norway has steadily increased and is now close to 11 per cent of all people in the working age population. The negative development is especially strong among those under 30 years. Each day, more than 65 people fall out of the work force after 12 months of sick leave, and only 30 per cent of those will return back 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 over 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.

Our strategy

Storebrand offers products 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, aiming at contributing to solving the societal challenges of disability, while at the same time creating positive effects for the people affected, the companies who employs them and Storebrand as an insurer. During 2023 and first part of 2024, Storebrand introduced four pilot projects to test out different services; three of the pilot projects, grouped under the name VEL, are preventative health service that focuses on the early stages of illness, the fourth, ReStart, 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 has been 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.

Storebrand is also an active part in the public debate on the disability issue, both internally and externally. In 2024, we published a research report, providing insights into the overall research on the development of disability level in Norway, as well as insight into Storebrand corporate customers' approach towards the topic and providing possible solutions. Through participating in debates in public media, events such as Arendalsuka and other public events, we deliver input to governmental policies on disability.

Measures

In 2023, three pilot projects was 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.
- Reactivating young adults who became disabled due to mental health issues.

In the beginning of 2024, two additional pilot projects were launched. Both are preventive health services.

During 2024, all pilot projects will be evaluated, and adjusted based on gained insights. The pilots will continue into the next phase for 2024 and 2025.

How we work with sustainability in our operations and value chain

Sustainability criteria are incorporated when Storebrand 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, including social responsibility, environmental- and ethical considerations. And we follow the overarching requirements on sustainability that applies to all Storebrand contract suppliers (read more here). Among other, this includes that:

- We weight sustainability at least 20 % in all our procurement processes to incentive sustainable solutions.
- We expect suppliers to set science-based climate targets. The first step is for suppliers is to account for Greenhouse Gas emissions. This will help Storebrand to recognise the suppliers' emissions from claims processes and to follow up on the suppliers' emission reductions.

We assess suppliers based on the extent to which sustainability is integrated into the supplier's strategy, what results and goals they have for their climate work and increased diversity, and the extent to which the supplier uses environmental, quality and management systems. We also require our suppliers to be certified by, for example, Eco-Lighthouse or ISO 1400, Ecovadis or similar.

For Storebrand Forsikring specifically:

- We closely monitor all our contractual partners and ensures that our sustainability expectations have high priority when we communicate with our partners. Both at a strategic level and at an operational level.
- We have committed our suppliers/partners both on property and motor to repair more, requirements for waste management and recycling, and requirements to use more used quality parts.
- Our partners are required to use as many eco-labelled building materials as possible.

Partnerships

In addition to the sustainability requirements set in Storebrand's procurement policy, we cooperate with partners on several issues which relate to our sustainability areas. 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 delivers the expected quality and safety. Instead of replacing all car windows after claims, almost 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, 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 a high proportion of environmentally certified materials.

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)** is a certification scheme for sustainable forestry and traceability in the value chain.
- **FSC (Forest Stewardship Council)** is a 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.
- **M1** Building materials for interior use, such as paints, can be classified according to the compounds they emit into the air. The M1 class is for materials that emit extremely low levels of compounds into the room. The brand appears on several different product groups, from building chemicals to building panels.
- **If a product is labelled Emicode EC1 or EC1+,** it means that products are very low in emissions. The mark appears primarily on sealants.

Storebrand covers the extra cost of the certified products and materials, because 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 Finance Norway, the insurance companies and NHO Service and Trade and 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 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 24 per cent in 2022 to 31 per cent for 2023.

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 damage incidents 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 our decision-making. We work in different ways to integrate ESG considerations.

Authorisation process: We have three levels of underwriting and authorisation 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 authorisation.
- High-risk cases are lifted to level three, the Underwriting Committee with product managers and senior management.

For corporate insurance, we have an additional level with specialised underwriters. They consider risk that goes beyond the sales mandate for assessment and approval. An underwriter is a person with authorisation delegated from the Product & Price manager to approve which risk is to be allowed to be included in Storebrand's portfolios. The specialised underwriters follow an established 5-step process, where the first step considers risk of the insured company (including insured objects and company governance), in which ESG is an integrated part, in the second step the risk is considered in light of own guidelines and risk appetite- including exclusions based on ESG (see more below).

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.
- Companies with high-risk activities/operations.

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 or 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.

In 2023, ten high risk cases were escalated to further review in the UW committee, where ESG was a part of the reason for escalation.

Exclusion criteria and sensitive sectors for corporate insurance

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 possibility of integrating 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's 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 prioritised. 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.

Our results

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

Topic	KPI – target	2021	2022	2023
Circularity	Glass car repairs : Target > 40% (glass) for 2024 Spare parts in car repairs (spend based): Target > 8% for 2024	New New	36 % 3,8 %	35,7 % 5,0 %
EU Taxonomy	Share of non-life insurance premiums is Taxonomy aligned	New	0 % aligned 98 % eligibility, see full reporting on p. 267 in Storebrand ASA Annual report.	24 % aligned see full reporting on p. 84-88 in Storebrand ASA 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 %	100 %