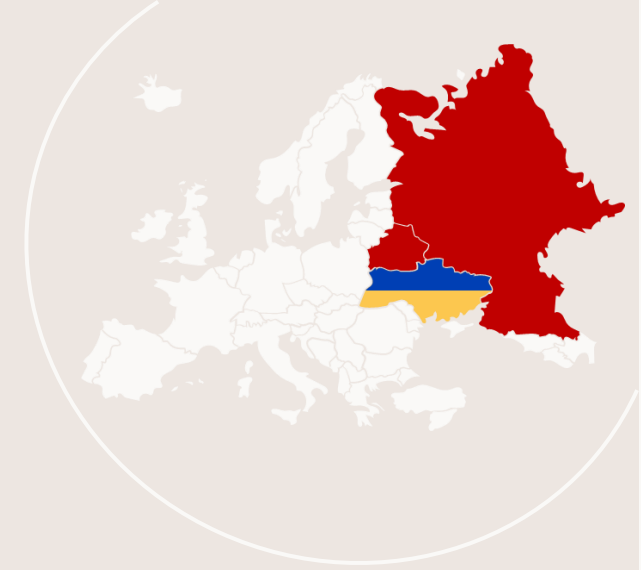


Integrating sustainability into our underwriting  
NORIMA, April 2022



# Effects of current geopolitical turbulence

# Geopolitical turbulence and If impact



## UW exposure

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- SEK ~200bn in risk exposure Ukraine/Russia/Belarus
- T&Cs with exclusion clauses for war related losses
- No new risks written in Ukraine/Russia/Belarus

## Reinsurance

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- Lack of reinsurance at renewal in Ukraine/Russia/Belarus
- Most reinsurance contracts matched with risk exposure

## Claims handling

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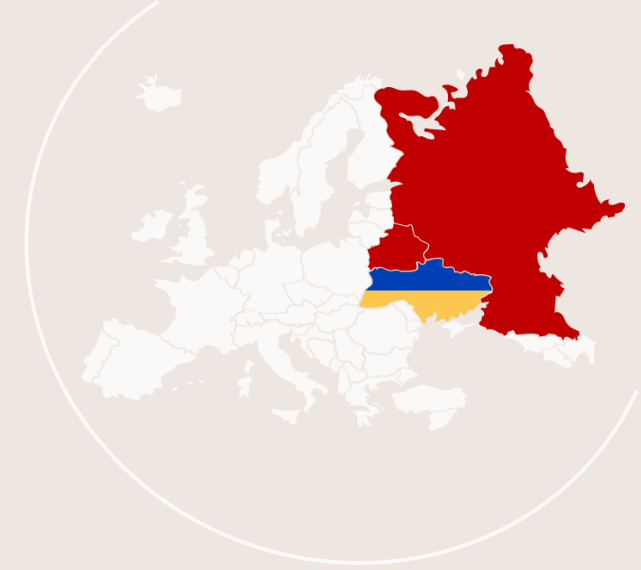
- Difficulties to serve clients in respect of their risks in Ukraine/Russia/Belarus
- Only few claims reported so far on sites in Ukraine

## Sanctions

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- If is complying with sanctions introduced
- If is identifying insurance contracts/payments and investments covered by sanction clauses

# Uncertainties and potential longer-term consequences



1 Having to compensate outside of T&C limitations (war clauses) for indirect losses

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2 Claims inflation due to exchange rates and energy/raw material shortages

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3 Delayed recovery and higher strain on automotive manufacturing supply chains

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4 Risks related to indirect exposures due to cyber attacks

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5 Baltic GDP setback (Russian export share of 10–15%)

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6 Overall economic slowdown with less travel and private consumption

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# ESG in Underwriting

# Our Strategic foundations



## Customer

“Our ambition is to have the most satisfied customers and partners in the Nordics and Baltics”

## Risk

“Our ambition is to be best in risk”

## People & Culture

“Our ambition is to have the most engaged people”

## Sustainability

“Our ambition is to be the most trusted insurance company and actively contribute to a more sustainable society”

# Sustainability - Our three commitments

## Commitment to our **customers**

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- We provide loss prevention services, which reduce risk, increase safety and decrease environmental impact.
- When something happens, we help our customers rebuild and recover, and make sure the claims are handled in a sustainable way.
- We excel in responsible business practices and provide insurance products and services with focus on quality, transparency and efficiency.

## Commitment to our **employees**

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- We provide a healthy, safe and attractive work environment to all our employees.
- We provide a diverse and inclusive work environment where everyone is treated fairly and equally.
- We provide environmentally-friendly workplaces, enabling our employees to minimize their environmental footprint.

## Commitment to **society**

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- We adhere to good corporate governance and transparency.
- We contribute with our expertise in risk management in building a more resilient society.
- We set ambitious climate targets and support the transformation to a low-carbon society.

## Background

- If has been working on sustainability for many years, and we are now further increasing our scope and ambition level.
- Sampo and If committed to UN Global Compact in 2019. We already expect our employees, suppliers and the companies we invest in to respect this initiative.
- We are now taking the next step – integrating sustainability into our underwriting. Expecting our clients to respect human rights, labour rights, environment and anti-corruption. .
- We have a responsibility to guide our clients. Our role is to work together to develop and help them contribute to a sustainable society in the regions in which they operate,

## Environmental, Social and Governance (ESG)



### Environmental

- climate change
- resource depletion
- waste
- pollution
- deforestation



### Social

- human rights
- modern slavery
- child labour
- working conditions
- employee relations



### Governance

- bribery and corruption
- executive pay
- board diversity and structure
- political lobbying and donations
- tax strategy



# UN Global Compact

## Human rights

- Principle 1: Business should support and respect the protection of internationally proclaimed human rights; and
- Principle 2: make sure they are not complicit in human rights abuses.

## Labour

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: the elimination of all forms of forced and compulsory labour;
- Principle 5: the effective abolition of child labour; and
- Principle 6: the elimination of discrimination in respect of employment and occupation.

## Environment

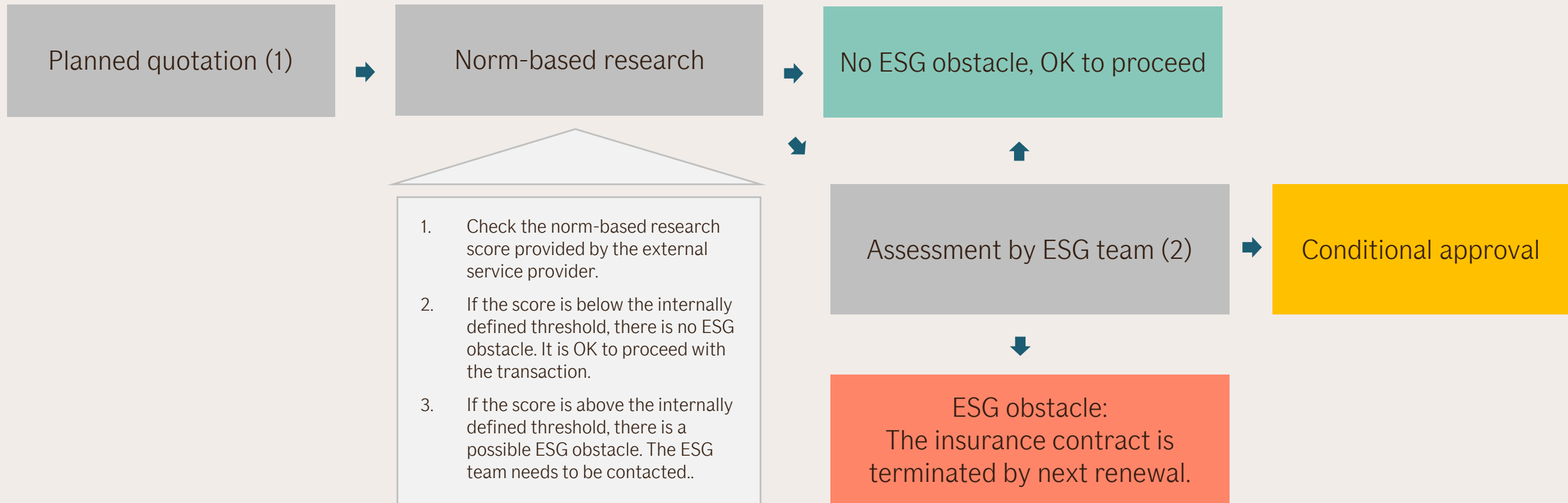
- Principle 7: Businesses should support a precautionary approach to environmental challenges;
- Principle 8: undertake initiatives to promote greater environmental responsibility; and
- Principle 9: encourage the development and diffusion of environmentally friendly technologies.

## Anti-corruption

- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.



# Sustainability in underwriting – our process



(1) Part of “Know Your Client” and the “Customer Due Diligence” process.

(2) Internal ESG team conduct assessment based on norm-based research and other relevant sources.

# Norm-based research provided by ISS ESG



## GREEN

- 1 No Allegation
- 2 Past Involvement
- 3 Involvement Beyond Scope
- 4 Undergoing Remediation
- 5 Under Observation

## AMBER

- 6 Fragmentary Information
- 7 Verified Failure to Respect Established Norms, Undergoing Remediation
- 8 Alleged Failure to Respect Established Norms
- 9 Imminent Failure to Respect Established Norms

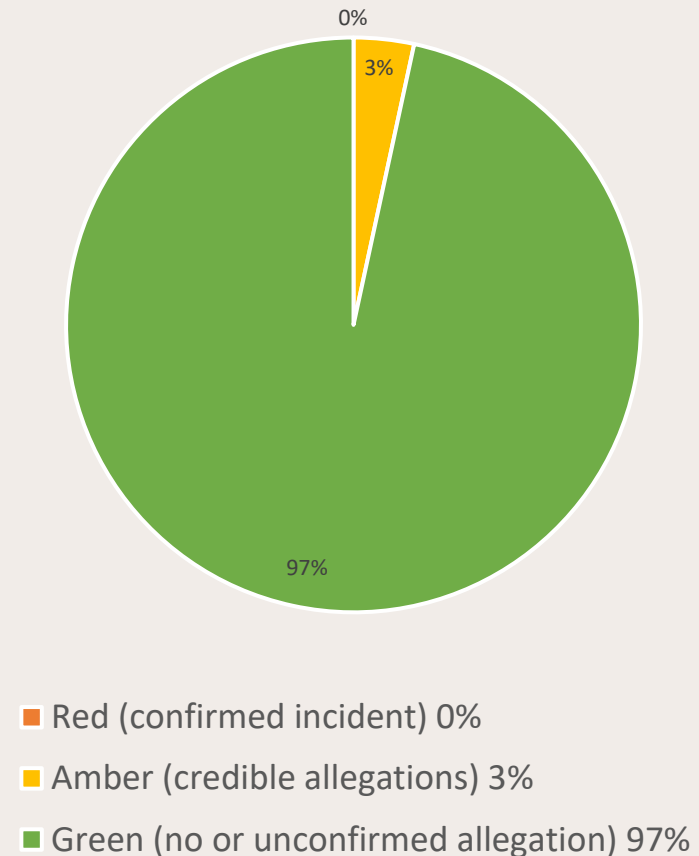
## RED

- 10 Verified Failure to Respect Established Norms

# Implementation status

- If's initial focus has been on large corporate clients (Industrial).
- During autumn 2021, a total of 472 corporate clients were assessed.
- 11 cases were sent for referral to the ESG assessment team.
- No clients were rejected, however the clients were contacted and informed that If has been notified of the alleged breaches and will therefore monitor the actions taken in response to the alleged breaches to ensure compliance in accordance with the UN Global Compact initiative

## ESG assessments corporate clients



# Some examples of cases

CLIENT	SCORE	DESCRIPTION
Client A	8	Human rights: Alleged failure to respect indigenous rights when building new wind power
Client C	8	Labour rights: Alleged failure to respect union rights.
Client B	8	Environment: Not respecting the pre-cautionary principle
Client D	8	Anti-corruption: Alleged failure to prevent money laundering in several countries.

