

SUSTAINABILITY REPORT

Protector's annual report on sustainability



20
22

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PROTECTOR'S ANNUAL REPORT ON SUSTAINABILITY

Protector's most important contribution to society is securing life, assets and relieving our customers of economic risk. Moreover, the company contributes to society through upholding human rights, a good working life, anti-corruption measures and limiting our impact on climate and environment.

In recent years, we have experienced that customers, investors and other stakeholders place increasing emphasis on the environment, social conditions and corporate governance (ESG) in their assessment of Protector. In order to meet the market's and the authorities' expectations, reduce own, customer and investor risks and to support the company's growth ambition, sustainability is part of the company's business strategy.

INTRODUCTION

STRATEGY AND OVERALL STATUS

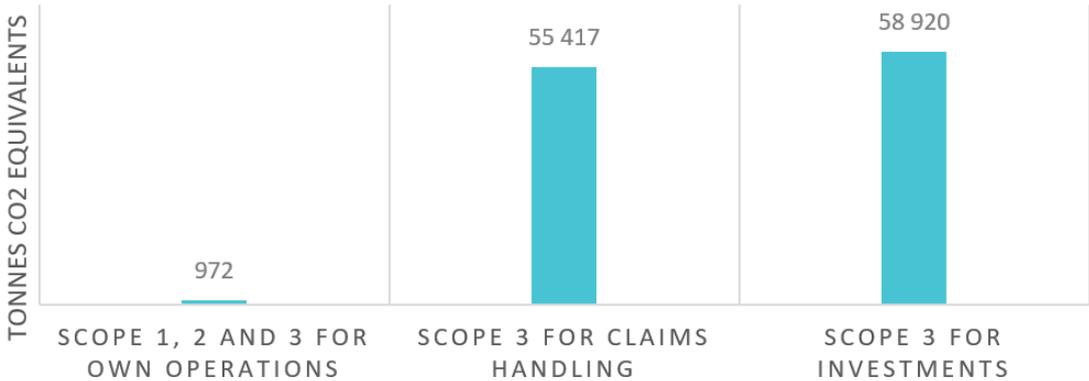
In order to optimize the company’s sustainability efforts, we carried out a materiality analysis to identify possible ESG consequences in our value chain. This was carried out on the basis of key stakeholders’ expectations, market development and strategic priorities. For a summary of this materiality analysis, see appendix B.

Based on the materiality analysis, the company’s sustainability effort is divided into four focus areas: People, climate-efficient solutions, climate resilience, and responsible business behaviour. The company has prepared a roadmap for sustainability within the aforementioned areas through 2025, see appendix C.



In 2022, the company has increased its efforts for sustainability. We have made progress in all focus areas. We have established our first climate account according to the GHG protocol, and signed the UN principles for sustainable insurance (PSI). Our emission in Co2 equivalents for 2022 per million GWP is 16.24 tonnes. This is a validation of the work that has been done, and provides a clear direction for our ongoing efforts.

OVERALL CLIMATE ACCOUNTING FOR 2022



See appendix A for more details on Protector’s 2022 climate accounting.

Protector’s ambition is to report in accordance with the Task Force on Climate-Related Financial Disclosures (TCFD) reporting standard. Furthermore, we collaborate with the insurance industry to best meet the requirements of the EU taxonomy for sustainable activities.

We are using the GRI standard as a framework for planning, structuring and presenting our work on sustainability.

The company's sustainability strategy is mainly based on the following six UN sustainability goals:



In 2023, Protector will increase the momentum of its sustainability efforts.

The following chapter describes how Protector works with the four focus areas. It is split into four sections, one for each area. Each section starts with a figure detailing our strategy for that area.

GRI references

Topic	Description	Indicator	Chapter
Climate accounting			
Scope 1	Direct (Scope 1) GHG emissions	GRI 305-1	Appendix A - GHG Inventory Report
Scope 2	Energy indirect (Scope 2) GHG emissions	GRI 305-2	Appendix A - GHG Inventory Report
Scope 3	Other indirect (Scope 3) GHG emissions	GRI 305-3	Appendix A - GHG Inventory Report
GHG intensity	GHG emission intensity	GRI 305-4	Strategy and overall status
People			
An engaging place to work - training and education	Programs for upgrading employee skills and transition assistance programs	GRI 404-2	People
An engaging place to work - training and education	Percentage of employees receiving regular performance and career development reviews	GRI 404-3	People
An engaging place to work - employment	New employees hires and employee turnover	GRI 401-1	People
An engaging place to work - employee satisfaction	Results from employee satisfaction survey	Customized	People
Equity and diversity - diversity of governance body and employees	Diversity of governance bodies and employees	GRI 405-1	People
Equity and diversity - diversity of governance body and employees	Ratio of basic salary and remuneration of women to men	GRI 405-2	People
Equity and diversity - actual status for gender equality	KPIs in accordance with the Norwegian activity duty legislation	ARP	People
Human and labour rights at our suppliers	Employee training on human rights policies or procedures	GRI 412-2	People
Climate efficient solutions			
Loss prevention - policies designed to incentivize responsible behaviour	Discussion of products and/or product features that incentivize health, safety, and/or environmentally responsible actions and/or behaviours	FN-IN-410b.2	Climate efficient solutions
Loss prevention - inspections, deviations and measures	Number of inspections of public sector customers, number and type of deviations and following measures to close deviations per country or region	Customised	Climate efficient solutions
Reduced climate footprint in claims settlement - circularity of motor	Share of used parts and repair rate of damaged glass	Customised	Climate efficient solutions
Climate Resilience			
Routines and processes for managing climate risk - climate risk exposure	Discussion and qualitative analysis of climate related risk exposure	FN-IN-410b.2	Climate resilience
Routines and processes for managing climate risk - climate risk exposure	Probable Maximum Loss (PML) of insured products from weather-related natural catastrophes	FN-IN-450a.1	Climate resilience
Routines and processes for managing climate risk - climate risk exposure	Description of approach to incorporation of environmental risks into (1) the underwriting process for individual contracts and (2) the management of firm-level risks and capital adequacy	FN-IN-450a.3	Climate resilience
Routines and processes for managing climate risk - climate risk exposure	Financial implications and other risks and opportunities due to climate change	GRI 201-2	Climate resilience
Climate resilience in product development and pricing - climate mitigation and adaptation	Description of activities that are eligible for Taxonomy-alignment	EU Taxonomy	Climate resilience
Responsible Business Behaviour			
Responsible business behaviour in our own operations - anti-corruption assessment	Operations assessed for risk related to corruption	GRI 205-1	Responsible business behaviour
Responsible business behaviour in our own operations - anti-corruption training	Communication and training about anti-corruption policies and procedures	GRI 205-2	Responsible business behaviour
Responsible business behaviour in our external relationships - supplier assessment	New suppliers that were screened using social criteria	GRI 414-1	Responsible business behaviour
Responsible business behaviour in our external relationships - supplier assessment	New suppliers that were screened using environmental criteria	GRI 308-1	Responsible business behaviour
Responsible investments - incorporation of ESG factors in investment management	Description of approach to incorporation of environmental, social, and governance factors in investment management processes and strategies	FN-IN-410a.2	Responsible business behaviour
Responsible investments - portfolio GHG emissions intensity	Scope 1 and 2 emissions of the objects that Protector invest in, divided by each object's MUSD revenue, allocated by ownership	GRI 305-4	Responsible business behaviour

PEOPLE



At the end of 2022, the company had 434 permanent employees. Of these, 148 are employed in Norway, 110 are employed in Sweden, 51 are employed in Denmark, 104 are employed in the UK and 21 are employed in Finland.

Absence due to illness in Protector in 2022 was 2.8%, compared to 2.9% in 2021 and 1.9% in 2020. There have been no occupational accidents or occupational injuries during 2022.

AN ENGAGING PLACE TO WORK

Protector is a knowledge company, and our employees are our most important resource. Protector is an attractive employer where employees thrive and have good development opportunities.

The company uses several measures to develop committed and competent employees. The measures are categorized as experiential learning, social learning and formal learning. To manage this development, each employee has quarterly performance and development interviews.

Experiential learning is the company's most important measure for developing employees. The company is conscious to give the right goals and tasks to the right employees, so that they develop through their day-to-day work. We provide a lot of responsibility and visibility - regardless of seniority. At the same time, we believe that one must perform together to achieve results. We therefore focus on highlighting teams, and not just individuals. Protector believes that the total of a strong team is greater than the sum of its individuals.

Furthermore, the company invests significantly in formal learning. Our learning portal - "Knowledge Hub" - is constantly being updated. Knowledge Hub currently contains approximately 600 modules.

Protector, in line with society in general, has increased cultural diversity. The company shall be an attractive workplace and strive for equal treatment and equal opportunities in all internal and external recruitment and development processes. As an employer, Protector is concerned with promoting gender equality and counteracting discrimination.

The employees are also offered a range of external courses that provide certification and professional development. Many of the offers satisfy requirements from the insurance industry and the EU.

All new employees participate in our joint onboarding program. This strengthens the connection to Protector, our culture and our One Team philosophy.

Developing new and experienced leaders, we have three leadership development programmes. The purpose of the programmes is to develop people who can inspire their teams to perform at their best. We do this through training in management tools, our values and the building of One Team. The programme promotes Protector's culture and contributes to the exchange of experience across business areas.

Most professional communities in Protector have weekly experience exchange and feedback sessions. In these, for example, the most challenging issues one works on are discussed. This is an important means of achieving social learning.

We carry out annual 270 and 360 evaluations, where employees and managers are evaluated on living the company's values. The purpose of the evaluation is, through strengthening our common culture, to ensure development of each employee and of the company.

Protector has a work environment committee that focuses on a positive working environment in the company. Furthermore, the personnel handbook is continuously revised to better document the employees' rights and duties.

As an indicator of whether we are an engaging place to work, all employees are encouraged to participate in semi-annual employee satisfaction surveys. This consists of a fixed set of questions, and each employee is asked to give an assessment on a scale from 1 to 10. Protector's target is an average evaluation of 8, which is expressed as a score of 80.



We see, for the period we have comparable data, a positive development. The score in spring and autumn 2022 was 75.2 and 75.9 respectively. The overall score is at a good level, but there is still potential for improvement in some departments.



NON-PROFIT ORGANISATIONS

As part of Protector's contribution to creating good societies, the company gives to non-profit organisations. We have a long history of this, including supporting for Friends of Life.

In 2022, we set aside more resources for charity. To ensure that the most relevant non-profit organisations were prioritized, Protector's employees in each country were asked to vote on which organisations the company should support.

In total, Protector gave NOK 2.3 million in 2022 to non-profit organisations.

EQUALITY AND DIVERSITY

All employees shall feel job satisfaction, commitment and security and have the same rights, duties and opportunities regardless of gender, gender identity or gender expression, age, sexual orientation, disability, ethnicity or belief.

This is fundamental to the company. Furthermore, equality and diversity support our performance culture. This enables us to recruit the right people, make best-in-class decisions, innovate and better serve a diverse range of partners and customers.

The work with gender equality and diversity shall be conducted in a targeted manner and in collaboration with our employees. Everyone in the company, regardless of position, has a responsibility to accept each other's differences and respect the dignity that everyone has the right to in their workplace.

As part of onboarding, all employees must sign our EDI policy, which details our work on diversity, equality and non-discrimination, as well as a declaration that they will contribute to an inclusive working environment.

2022 STATISTICS
This reporting is either cumulative for 2022, or the status per 31.12.2022

Job level	Gender balance			Remuneration		
	Number of women	Number of men	Share women	Total	Differences in total remuneration women vs. men	Differences in annual salary women vs. men
Board	3	4	43%	7	77%	-
Protectur Insurance	183	253	42%	434	70.8%	77.2%
Top management	-	9	0%	9	-	-
Middle management	17	27	39%	44	94.4%	91.4%
Team management	23	34	40%	57	61.6%	74.9%
No managerial responsibilities	143	183	44%	324	91.1%	91.6%
Norway	59	89	40%	148	60.3%	69.9%
Top management	-	5	0%	5	-	-
Middle management	7	14	33%	21	106.3%	95.4%
Team management	9	18	33%	27	50.5%	66.5%
No managerial responsibilities	43	52	45%	95	86.6%	87.8%
Sweden	49	63	44%	110	82.2%	84.9%
Top management	-	2	0%	2	-	-
Middle management	3	4	43%	7	63.4%	72.5%
Team management	8	4	67%	12	101.5%	99.9%
No managerial responsibilities	38	53	42%	89	100.5%	101.1%
Denmark	21	30	41%	51	90.7%	93.2%
Top management	-	1	0%	1	-	-
Middle management	3	3	50%	6	105.1%	110.4%
Team management	1	3	25%	4	93.3%	102.6%
No managerial responsibilities	17	23	43%	40	98.0%	99.0%
UK	40	64	38%	104	86.7%	87.4%
Top management	-	1	0%	1	-	-
Middle management	3	4	43%	7	102.7%	99.4%
Team management	5	8	38%	13	115.4%	115.9%
No managerial responsibilities	32	51	39%	83	84.4%	84.2%
Finland	14	7	67%	21	73.7%	74.1%
Top management	-	-	-	0	-	-
Middle management	1	2	33%	3	79.0%	78.6%
Team management	-	1	0%	1	-	-
No managerial responsibilities	13	4	76%	17	108.3%	105.8%

The table above covers permanent employees.

Job level		Gender balance		Part-time employment			
				Part-time employment	Involuntary part-time work		
Number of women	Number of men	Temporarily employed women	Temporarily employed men	Part-time women	Part-time men	Involuntary part-time women	Involuntary part-time men
203	279	11.9%	10.8%	3.5%	2.5%	0%	0%

The figures for temporary employees include summer substitutes, part-time employees and students in addition to temporary positions. As of 31 December 2022, there were four women and three men in temporary full-time positions. The figures for temporary employees do not include employees who left before 31 December 2022. There were no employees in involuntary part-time positions in the company in 2022.

Parental leave		
	Women's parental leave	Men's parental leave
Protectur Insurance	19.6	7.1
Norway	19.2	9.0
Sweden	17.8	6.3
Denmark	19.5	6.0
UK	18.1	-
Finland	30.3	1.0

The parental leave statistics are based on the number of weeks of parental leave per gender, divided by the number of persons of that gender who have taken parental leave.

None of our male UK employees had new babies born in this period. Protector UK provides significant parental leave entitlements beyond those that are statutory.

Job level	Age distribution		
	Proportion of employees under 30 years	Proportion of employees between 30 and 50 years	Proportion of employees over 50 years
Board	0.0%	42.9%	57.1%
Protectur Insurance	38.9%	50.2%	10.8%
Top management	0.0%	66.7%	33.3%
Middle management	13.6%	77.3%	9.1%
Team management	21.1%	75.4%	3.5%
No managerial responsibilities	46.1%	42.3%	11.6%
Norway	30.4%	58.1%	11.5%
Top management	0.0%	60.0%	40.0%
Middle management	14.3%	76.2%	9.5%
Team management	3.7%	88.9%	7.4%
No managerial responsibilities	43.2%	45.3%	11.6%
Sweden	55.5%	35.5%	9.1%
Top management	0.0%	100%	0.0%
Middle management	28.6%	71.4%	0.0%
Team management	50.0%	50.0%	0.0%
No managerial responsibilities	58.3%	31.0%	10.7%

Denmark	27.5%	64.7%	7.8%
Top management	0.0%	100%	0.0%
Middle management	16.7%	83.3%	0.0%
Team management	0.0%	100%	0.0%
No managerial responsibilities	32.5%	57.5%	10.0%
UK	42.3%	45.2%	12.5%
Top management	0.0%	0.0%	100%
Middle management	0.0%	71.4%	28.6%
Team management	38.5%	61.5%	0.0%
No managerial responsibilities	47.0%	41.0%	12.0%
Finland	23.8%	61,9 %	14.3%
Top management	0.0%	0.0%	0.0%
Middle management	0.0%	100%	0.0%
Team management	0.0%	100%	0.0%
No managerial responsibilities	29.4%	5.9%	17.6%

Framework for our work on equality and diversity

The responsibility and work with equality, diversity and non-discrimination is followed up by the Equality, Diversity and Inclusion (hereafter EDI) committee. Its work consists of:

- Identify risks of discrimination and obstacles to equality.
- Plan and implement measures that promote equality and diversity.
- Evaluate the measures.

The committee is involved in key decisions related to recruitment, pay, working environment, promotion, development and facilitation. The EDI committee consists of HR and employee representatives from the countries we operate in. As an extension of the committee and part of the work, we have created reference groups in each country to ensure that the employees are heard and involved in the work and take part in the decisions made.

The company places emphasis on having good notification routines so that situations that are perceived as discriminatory or harassment are easy to report, and that this notification is taken seriously. Routines for reporting objectionable conditions are included in our digital handbooks. These are easily accessible to all employees. Our ethical guidelines include principles for how Protector should act as an inclusive employer and what is expected of its employees with regard to behaviour and working environment.

The work to identify risks of discrimination and obstacles to equality is a continuous process, where we invite and encourage all managers and employees to actively take part in the work. The EDI committee uses a simple structure for monitoring risks, measures and proposals for improvements that is available to everyone. In this way, we manage risks effectively. In addition, the employee satisfaction survey encompasses EDI, which gives our employees another arena for feedback on the topic.

STATUS AND PLAN GOING FORWARD

In 2022, we have worked to reduce the risks to EDI by anchoring our views and attitudes through the following measures:

- Focus on the topic and create commitment among the company's employees. We have done this by arranging professional development days in all countries where we launched our EDI policy, associated training and updated our personnel idea and our values.
- Improved our job advertisements in order to increase the diversity of the applicant pool.
- Increased focus on reviewing unintentional skewed distribution when adjusting pay and determining performance pay.
- Make managers aware of homosocial reproduction (conscious or unconscious favouring of one's own group), double standards (different assessment despite the same background and same characteristics) and "double binds" (same requirements, but different conditions).

We believe that we already see a positive development as a result of these measures. In the employee satisfaction survey for autumn 2022, we achieved an EDI score of 70, which is a positive development of 3% compared to the spring of the same year.

The company aims to achieve an EDI score of 80. For 2023, the EDI committee has prioritized the following focus areas and activities:

- Develop a structured recruitment process that is objective.
- Training of managers and implementation of tools that are supportive in carrying out objective processes.
- Determine statistics for better monitoring of our progress.
- Analyse differences in remuneration.
- Prepare guidelines and templates for conducting exit interviews.

HUMAN AND LABOUR RIGHTS AT OUR SUPPLIERS

Protector's fundamental principle is respect for the individual. Everyone shall be treated with dignity and respect, without discrimination on the grounds of gender, gender identity or gender expression, age, sexual orientation, disability, ethnicity or belief. Children shall not be used as labour and forced labour shall not occur. All new employees receive training on this as part of Protector's onboarding process.

The company seeks to know its suppliers and shall avoid using suppliers who do not satisfy the company's core values or ethical guidelines. We require that our suppliers comply with applicable laws and industry standards. In 2022, we established a company-wide claims procurement unit. This unit strengthens our work for cost effective, high quality and compliant procurement.

In 2022, Protector drew up a new Code of Conduct that all new contractual partners must sign before a collaboration can start. This documents the requirements to qualify for cooperation with Protector. The principles are based on the OECD's guidelines for multinational companies, and deal with, among other things, sustainability, employee rights, child labour, discrimination, corruption and health and safety.

Protector shall carry out due diligence assessments in line with the OECD's guidelines for multinational companies. This shall increase accountability and prevent negative impact on the environment from our operations. The assessments are comprehensive and involve investigations into conditions for employees, human rights, environmental impact, bribery and corruption and corporate governance. These requirements follow from the Norwegian Transparency Act which entered into force on 1 July 2022. Protector will publish an account of the specific due diligence assessments carried out on our website by 30 June 2023. The account shall be revised yearly by 30 June, or continuously in the event of significant changes.

CLIMATE EFFICIENT SOLUTIONS



LOSS PREVENTION

The most effective climate measure for a non-life insurance company is to prevent damage from occurring. Loss prevention is central to Protector and our commitment to climate efficiency. Although the effect is difficult to measure, we have great faith in the effectiveness of preventing and limiting damage.

There are two main reasons why we focus on loss prevention:

1. Avoid customers with a poor attitude to risk.

- Poor attitude to risk is revealed through a high number of persistent and critical deviations, for example related to combustible building materials.
- These customers will receive an offer from us that is not competitive. Furthermore, they will receive an explanation as to why they receive an uncompetitive offer.
- We follow up whether they improve within the next tender, and they receive a competitive offer from us if the critical deviations are closed.

2. Assist our customers in closing deviations, and thus avoid or reduce the consequences of undesirable events.

- We issue deviation reports to customers who have insurance with us.
- These reports include photos and descriptions of deviations associated with the customer's properties, information on why it is important to close the individual deviations and potential consequences should an adverse event occur.
- We follow up these reports on renewals and perform audits of objects with critical deviations.

Protector conducts inspections before giving prospective customers a quote. We inspect current customers and undertake post-loss investigations to help reduce the likelihood of repeat losses. Customers receive case-specific bespoke risk management proposals to address any concerns identified.

In 2022, we have continued our work with inspections and documentation of deviations. Statistics from our inspections show that this is an area with potential for improvement.

2022 statistics for property-related inspections

Country	Customers inspected	Buildings inspected	Buildings with deviation	Share of buildings with deviations
DK	3	68	51	75%
NO	47	219	123	56%
SE	76	820	315	38%
UK	57	2085	356	17%
Total	183	3192	845	26%

The large difference in both the number of inspections and the share of deviations between, for example, Norway and the UK, is due to general differences in the risk profile and building type.

We have actively used deviations at renewals. Customers who cannot document closing the deviations receive a premium increase. This motivates the customers to enact loss prevention measures. This initiative has in 2022 resulted in 1/3 of our customers with deviations having closing said deviations by renewal of the insurance policy.

Additional statistics on loss prevention initiatives in the UK for 2022:

- Prepared 25 guidance documents that make it easier for building managers to reduce the risk of damage to people or property.

- Delivered more than 62 tailor-made courses to increase the competence of building managers related to the risk of damage to persons or property and associated recommended measures.
- Carried out 541 customer meetings with the purpose of evaluating risk, identifying risk-reducing measures and preparing a deviation report with recommendations and requirements.
- Conducted three Risk Academy Webinars for relevant target groups.

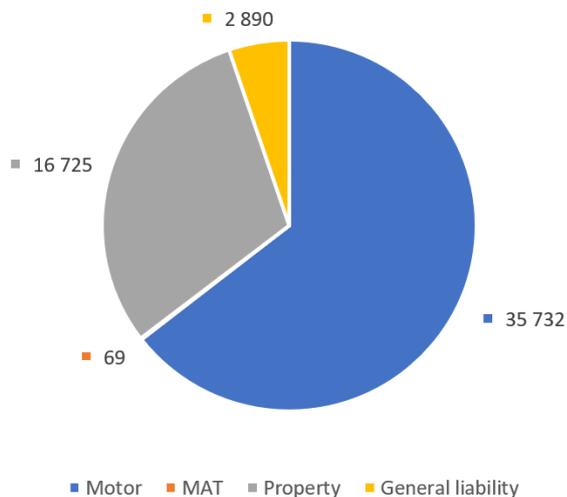
We believe that this focus on loss prevention sets us apart from other insurance companies and adds significant value to our customers. In 2023, together with our customers, we will become ever better at preventing undesirable events from occurring and reducing the consequences of those that do occur.

REDUCED CLIMATE FOOTPRINT IN CLAIMS SETTLEMENT

Protector handles over 152.000 claims annually. Claims represent, as shown in this report's introduction, nearly half of Protector's greenhouse gas emissions. How these claims are settled is one of our biggest opportunities with both sustainability and cost savings. These are opportunities we shall seize, and we shall constantly reduce the climate footprint in our settlements.

In these segments, we work closely with our suppliers and customers to increase the proportion of repair, reuse and recycling when settling a claim, as well as increase the use of climate-friendly materials and processes. We evaluate any damage with the aim of identifying residual values and potential climate measures. We influence, through organisations such as Finance Norway, industry standards to allow for more repairs and reuse. This provides financial gain both for the customer and for Protector. In addition, in those cases where it is difficult to sell damaged but usable items, we donate those to charity.

CLAIMS CARBON IN TONNES OF CO2E



In motor, Protector has recommended workshops for each geographical area. These workshops can document satisfactory operations in accordance with the requirements and quality standards Protector sets, and we follow up these workshops on sustainability.

A requirement we have is that used parts must be used where possible, and for cars older than five years, equivalent used parts must in principle be used. Similarly, we ensure that damaged glass is repaired, rather than replaced, where possible.

We have identified the greatest potential for reduction in our climate footprint in motor and property, and this is where we will have the greatest focus for our further work on sustainability.

Furthermore, we advocate the use of independent workshops. This is because these earn relatively more on repairs than replacement of parts. To ensure significant volume for our recommended workshops, we have limited the number of workshops in each area.

Used parts and repairs of glass

Country	Share of parts that were used (2022)	Target share used parts (2024)	Share of glass repaired (2022)	Target share of glass repaired (2025)
DK	5.1%	6.5%	24.3%	30%
NO	1.25%	2%	31%	36%
SE	10.69%	12%	31%	36%

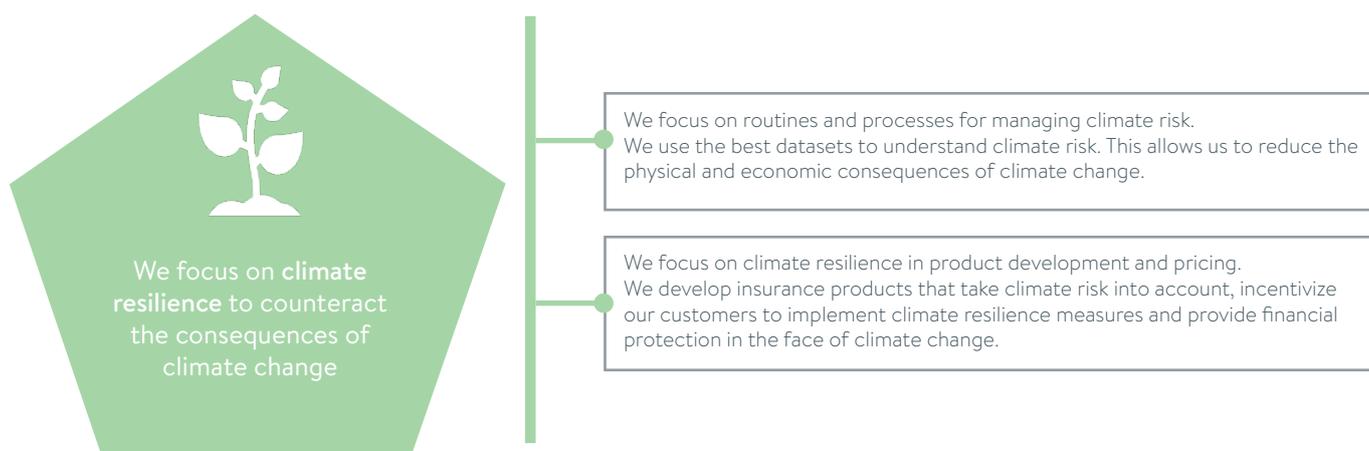
The table above shows shares for used car parts and glass repairs. The practice of how to calculate such shares varies from country to country, therefore these figures are not directly comparable. Furthermore, the age of the vehicles in the portfolio affects whether workshops can use used parts. Due to characteristics of the company's customer mix, the average age of vehicles Protector insures is low.

Within property, approx. 80% of our claims are greater than NOK 1 million. These are primarily related to buildings. The way we handle these claims are of great importance. We therefore use independent and skilled claims appraisers. These are used not only for the appraisal itself, but also to follow up that repairs and reconstruction are carried out in accordance with current requirements.

Our most important sustainability measure for handling property damage in 2022, is our new remediation agreement for Scandinavia. With this agreement, we improve our customers' access to remediation services, which reduces the consequences of undesired events. Furthermore, we have prioritized sustainability in this agreement, and we follow up our supplier with KPIs for, among other things, waste management, environmentally certified building material and emissions from vehicles.

In 2023, Protector will strengthen its work for reduced climate footprint in claims settlement. The company will have more detailed and comparable sustainability targets and implement these in all the markets we operate in. Moreover, we will use our climate accounting to prioritize the measures with the greatest impact. Through product development, loss prevention, claims handling expertise and supplier management, we will achieve our goals.

CLIMATE RESILIENCE



ROUTINES AND PROCESSES FOR MANAGING CLIMATE RISK

We recognize that unwanted weather-related events are becoming more frequent and more severe. Proper assessment of climate risk is important to understand what risk our potential customers are exposed to, and what risk is transferred to Protector through our insurance.

Our general exposure to climate risk, through having only customers in the Nordic countries and the United Kingdom, is relatively limited. Furthermore, the assets Protector insures are largely of the type that are more resistant to extreme weather, such as larger office or municipal buildings in areas close to city centres constructed from concrete/steel.

Protector's underwriting is based on analysis, data, modern tools, on-site inspections and loss prevention. Our tools and methods take climate risk into account, for example by assessing the risk of storms and floods on a per client and location basis. In more vulnerable areas, such as the UK, we use a highly analytical comprehensive 8-step process to carefully understand and manage the current climate risk. Through this process, we will get a correct picture of relevant climate risk and avoid the biggest risks.

The company also assists its customers with loss prevention. Early warning and quick measures are important mitigating factors in the event of a disaster. If, for example, we are able to advise customers before undesirable events occur, this could reduce the consequences of the event.

We evaluate our portfolio's climate risk on a quarterly basis and take this into account through reinsurance. We use recognized tools and methods such as AIR and RMS in our climate risk evaluation. Our reinsurance now covers an estimated 1-in-5,000-year event. In line with Protector's reinsurance policy, our maximum deductible exposure is DKK 100 million, regardless of the type of event that occurs.

Risk assessments related to climate change are part of the company's risk management system. Assessments of potential risk factors and impact on Protector's operations are carried out based on publications from the Intergovernmental Panel on Climate Change (IPCC). This includes analysis of climate change, future scenarios, assessments of risk factors and potential impacts related to climate and climate change conducted by the Task Force on Climate-Related Financial Disclosures (TCFD), the United Nations Environment Program Finance Initiative (UNEP FI) and EIOPA. A more detailed description of the company's risk assessments related to climate change, including breaking climate risk down into physical, transition and liability risk, can be found in the company's Report on Solvency and Financial Position 2022.

Our goal going forward is to continue our profitable growth. To support this goal, we will continually improve our underwriting - including related tools. We are considering further investments in external tools to provide additional benchmarks for said process. Through participation in the "Industry Board risk and damage", the board of the Norwegian Natural Perils Pool and close cooperation with our reinsurance broker, we have broad access to market trends, data, advice and knowledge that is relevant for managing climate risk.

CLIMATE RESILIENCE IN PRODUCT DEVELOPMENT AND PRICING

A changing climate affects which terms and pricing are right for our products. We are already seeing changes to what perils exist; causes of damage such as hailstorms and forest fires are more prominent now than before.

Protector has an annual review of which products and associated terms are to be offered to the market. This is based, among other things, on input from our reinsurance broker, customers, industry organisations and our own claims data. The result is that we develop insurance products that take climate risk into account, incentivize our customers to implement climate resilience measures and provide financial protection in the face of climate change.

Underwriting of climate-related perils will be covered by future taxonomy regulations. Subsequent reports will detail whether these activities meet the criteria to be defined as sustainable.

The goal in product development and pricing is to increasingly understand how climate change affects products, and how these should be priced. This enables us to offer the products the market needs and ensures us continued profitable growth.

RESPONSIBLE BUSINESS BEHAVIOUR



OUR OWN OPERATIONS

We shall contribute to society, support a great corporate culture and avoid fines and penalties.

Protector is a non-life insurance company and operates within a business area where the risk of corruption and money laundering is low. In 2021, we performed a corruption risk analysis for the entire business. Parts of our business are more exposed to corruption than others, and targeted anti-corruption measures have been developed.

Protector’s ethical guidelines state that the company has zero tolerance for corruption. The company has guidelines for gifts and entertainment, and employees of Protector shall not, on behalf of the company, work on cases where they have personal interests, or where it may be perceived by others that they have such interests.

Protector is required to have a risk-based approach to money laundering and terrorist financing to customers based on customer relationships, type of products and type of transactions. The company carries out a risk assessment in connection with the sale of insurance to new and existing customers, and in the case of claim payments. The risk assessment is comprehensive, and is based on characteristics of the customer, the customer relationship, the product, the transaction, and other relevant factors. In insurance, money laundering will often take place in connection with claim payments. The fight against money laundering takes place by particularly monitoring conditions where we consider the risk of money laundering to be high, and in the event of any suspicion, report the matter to the relevant authority.

The company’s guidelines for anti-money laundering and terrorist financing have been passed by the board. All employees in the company must complete a mandatory e-learning course on anti-money laundering and anti-terrorist financing. All new employees receive anti-corruption training as part of our onboarding.

Protector processes personal data in accordance with the laws and regulations that regulate the collection, storage and use of such data. Company policy and guidelines for the processing of personal data provide additional requirements for implementation throughout the organization. Privacy and information security are essential factors in securing the rights of the individual. Protector’s privacy representative works closely with the business areas and IT to meet the requirements of the regulation for everyone’s security. The company has a well-functioning deviation registration system to register and handle any breaches of personal data security for both customers and employees.

All employees must complete e-learning where they must confirm that they have read and understood the company’s guidelines for the processing of personal data.

We also limit the climate impact of our own operations. Our offices in Norway and the UK are BREEAM certified. All our offices have easy access to public transport, limiting the need to commute by car. We employ strict source separation of waste at all our offices. Moreover, we have, through recent digitalization, permanently reduced our travel activities.

EXTERNAL RELATIONSHIPS

Protector requires its suppliers to comply with applicable regulatory requirements and industry standards. In 2022, the company established a company-wide purchasing unit which will ensure efficiency and quality in Protector's purchases, and ensure that our suppliers comply with laws, industry standards and regulatory requirements.

This process begins with a thorough review of prospective suppliers before entering into any agreements, ideally using tender submissions and supporting documentation. Furthermore, suppliers must sign Protector's Code of Conduct, thereby confirming their adherence to the stipulated requirements. We maintain an ongoing relationship with existing suppliers by conducting meetings, obtaining necessary reports, performing quality audits, carrying out inspections, and utilizing various other evaluation methods.

RESPONSIBLE INVESTMENTS

Protector seeks to achieve the best possible combination of risk and return at the same time as the investments are made in a responsible manner. We expect increased requirements, regulations and higher cost for activities that have a negative impact on the outside world. This view is reflected in our approach to investment.

Protector has a "bottom-up" analysis approach where company-specific factors such as competitive position and valuation are most important. Factors related to ESG are included in the investment decisions. We have increased our emphasis on ESG in 2022, and continued our work on processes related to dialogue and influence, concretization of focus areas and analysis of the carbon footprint in our investment portfolio.

Protector shall not invest in companies that are responsible for or contribute to serious or systematic violations of human rights, that have a major negative impact on the environment or that are involved in corruption. To ensure that our investment universe contains companies that meet generally accepted ethical guidelines, Norges Bank's exclusion list is consulted. Historically, there have been no investments that overlap with this exclusion list.

The Investment Director has overall responsibility for the implementation of ESG in the investment processes in Protector. Analysts and portfolio managers are responsible on a day-to-day basis for implementing assessment of ESG factors in company analysis and investment strategies.

We offer summer and part-time jobs to a large number of students. This provides important early career work experience. We consider this to be part of our social responsibility.

Protector is often a major shareholder or lender. This gives us opportunities to exercise our ownership. We compare the companies we are invested in with each other. In cases where we find major differences, we will use our ownership, influence and access to get management to move in the right direction. If this is not sufficient, we will consider formally exercising our ownership, or exit our position. The exercise of ownership is based on an assessment of how we can have the greatest impact. In some cases, it may be better to retain an ownership position and exert influence rather than exiting our position.

Examples of active ownership:

- Ongoing contact with management through investor meetings.
 - In some cases, we also engage with the board.
- Promote best practice from other companies in the same industry.
- Voting and proposals for general assemblies.
- Review and give input on bond & loan terms.

Protector also seeks to collaborate with other investors to influence companies in matters related to corporate governance and sustainability.

As a starting point, we will not invest in companies that have a history of poor corporate governance. We work to ensure that companies in which we are invested have good governance. We contribute to this by participating in election committees where possible.

In the past year, Protector has been represented on the election committees of several of the companies that were then in our portfolio: eWork, Projektengagemang, Elanders and B3. Historically, we have been active in changing the board composition of some of the companies in order to increase competence and value creation.

In 2022, we have continued to work on what sustainability means to us. Overall, we want to take part in sustainable value creation together with the companies we are invested in. To achieve this, we focus on the following themes in our follow-up of sustainability:

- Zero emissions by 2050 – ambitions and contributions.
 - Focusing on those companies with relatively high levels of carbon emissions.
- Equality, diversity and inclusion.
 - Everyone must have equal responsibilities, as well as equal opportunities and rights, regardless of background.
- Good corporate governance.
 - The boards must act in the best interest of the shareholders.
 - The board members must also be able to contribute perspectives and knowledge to maximize long-term value creation.
 - Compensation of management and the board must be reasonable and not at the expense of the shareholders.

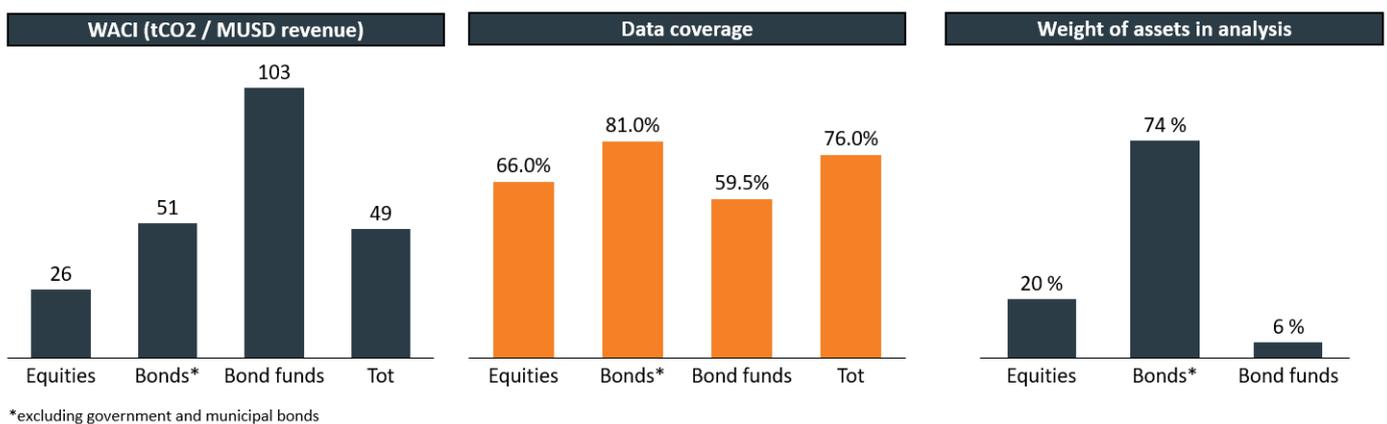
It is important to us that profitability and sustainability go hand in hand. In cases where profitability is temporarily pressured due to necessary sustainability measures, we encourage the companies to share the cost with their value chain over time, or to develop new ways of working to restore historical profitability.

Protector is, as discussed in the chapter on People, a knowledge company. Our most important investment is in our employees' skills. The investment department therefore sets aside time for competence development on sustainability, e.g., through seminars under the auspices of the Association for Finance.

In 2022, we calculated the carbon footprint and intensity of our investment portfolio for the first time. Our calculations are based on scope 1 and scope 2 emissions, allocated by Protector's share of ownership. When calculating intensity, we use each object's footprint divided by its revenue in MUSD.

It is worth noting that we use external managers to a very small extent. Shares and bonds shown in the figure below are 100% internally managed. The analysis now covers 76% of the company's investments, if one takes stocks and corporate bonds as a starting point and disregards cash and derivatives.

Where we are exposed to companies with a high carbon intensity, the companies must have a clear plan to reduce emissions. If this does not exist, we can still invest, but we then will influence the companies to put such a plan in place.



2/3 of the contribution to the carbon intensity in the bond portfolio comes from a single company, Wallenius Wilhelmsen, which is the world leader in shipping cars. Electric cars also need shipping, and Wilhelmsen thus contributes to the green shift. In order to optimize regarding carbon intensity, we could sell these bonds, which looking at market value do not have a large presence in the portfolio.

However, we believe it makes more sense to support such companies in the transition, instead of withholding capital and increasing the cost of financing. Wilhelmsen has stated publicly that they can and will take the lead towards zero emissions as the largest and leading player in their industry.

Estimate, per GHG protocol, for our investments' carbon footprint measured in tCO2 (2022)

Type	Coverage	Data	Estimate	Total
Equities	66%	6292	3242	9534
Bonds	81%	37 377	8777	46 154
Bond funds	59%	1891	1341	3232
Sum				58 920

*excluding government and municipal bonds

In 2022, we have contacted the companies in our equity portfolio with the largest climate footprint with the goal of improving sustainability. Many of these already have good initiatives underway. An example is Duni, which today has a large carbon footprint, but a goal of net zero by 2030.

In future, Protector will seek to be the best among comparable insurance companies in terms of carbon intensity in the investment portfolio.

Preliminary assessments indicate that we are far better than comparable insurance companies when it comes to the carbon intensity of the investment portfolio. The analysis also shows that our internally managed bond portfolio has a carbon intensity that is half of that of the bond funds in which we are invested.

APPENDIX

APPENDIX A

Protector GHG Inventory Report

APPENDIX B

Materiality analysis

APPENDIX C

Roadmap



GHG Inventory Report – Protector Forsikring ASA

This report is made per the GHG Protocol Corporate Standard and the Scope 3 Standard requirements. The report includes scope 1, scope 2, and material scope 3 emissions. This covers all material value chain emissions for the company.

Descriptive information

Descriptive information	Company response
Company name	Protector Forsikring ASA
Description of the company	Protector offers P&C insurance to large and medium-sized companies as well as to the public sector in Norway, Sweden, Denmark, Finland and the UK
Chosen consolidation approach (equity share, operational control or financial control)	Equity share
Description of the businesses and operations included in the company's organizational boundary	P&C insurance underwriting and claims handling in Norway, Sweden, Denmark, Finland and the UK
The reporting period covered	1.1.2022 - 31.12.2022
A list of scope 3 activities included in the report	Category 1: Purchased goods and services Category 5: Waste generated in operations Category 6: Business travel Category 7: Employee commuting Category 11: Use of sold products Category 15: Investments
A list of scope 1, scope 2, and scope 3 activities excluded from the report with justification for their exclusion	Rest of the Scope 3 categories have been excluded from the report because they are not considered material for a P&C insurance company. Use of agents/brokers potentially could be a material scope 3 for later reporting. In category 15 (Investments) 83,7% of assets are included. Municipal bonds are the main assets not included due to lack of supplier data.

The year chosen as base year and rationale for choosing the base year	Year 2022, since it is the first year when a full GHG inventory has been prepared. Year 2022 will serve as the base year for future reporting
Once a base year has been established, the chosen base year emissions recalculation policy. If base year emissions have been recalculated, the context for any significant emissions changes that triggered the recalculation.	N/A (Does not apply)

Greenhouse gas emissions data

Scopes and categories	Metric tons CO ₂ e
Scope 1: Direct emissions from owned/controlled operations	1.43
Scope 2: Indirect emissions from the use of purchased electricity, steam, heating, and cooling	167.13
Upstream scope 3 emissions	
Category 1: Purchased goods and services	388.21
Category 2: Capital goods	-
Category 3: Fuel- and energy-related activities (not included in scope 1 or scope 2)	-
Category 4: Upstream transportation and distribution	-
Category 5: Waste generated in operations	1.42
Category 6: Business travel	205.25
Category 7: Employee commuting	208.96
Category 8: Upstream leased assets	-
Downstream scope 3 emissions	
Category 9: Downstream transportation and distribution	-
Category 10: Processing of sold products	-
Category 11: Use of sold products	55 417.00
Category 12: End-of-life treatment of sold products	-
Category 13: Downstream leased assets	-
Category 14: Franchises	-
Category 15: Investments	58 920.00

Description of methodologies and data used

Scope	Methodologies used to calculate or measure emissions, providing a reference or link to any calculation tools used
Scope 1	One company-owned vehicle in Sweden and its tailpipe emissions, assuming per year mileage of 15,000 km.
Scope 2	Market-based calculation of indirect emissions from the purchase of electricity and district heating / cooling, based on kWh from each building and the chosen energy mix

Scope and category	Description of the types and sources of data used to calculate emissions	Description of the data quality of reported emissions	Description of the methodologies, allocation methods, and assumptions used to calculate emissions	Percentage of emissions calculated using data obtained from suppliers or other value chain partners
Upstream scope 3 emissions				
Category 1: Purchased goods and services	IT equipment and cloud services, based on data from Protector and service providers	Accurate spend data and emission factors	Spend-based calculation with emission factors from service providers	100%
Category 2: Capital goods	-	-	-	-
Category 3: Fuel- and energy-related activities (not included in scope 1 or scope 2)	-	-	-	-
Category 4: Upstream transportation and distribution	-	-	-	-
Category 5: Waste generated in operations	Waste generated per employee, based on	Average waste generation per	Activity data (nr of employees at Protector)	0%

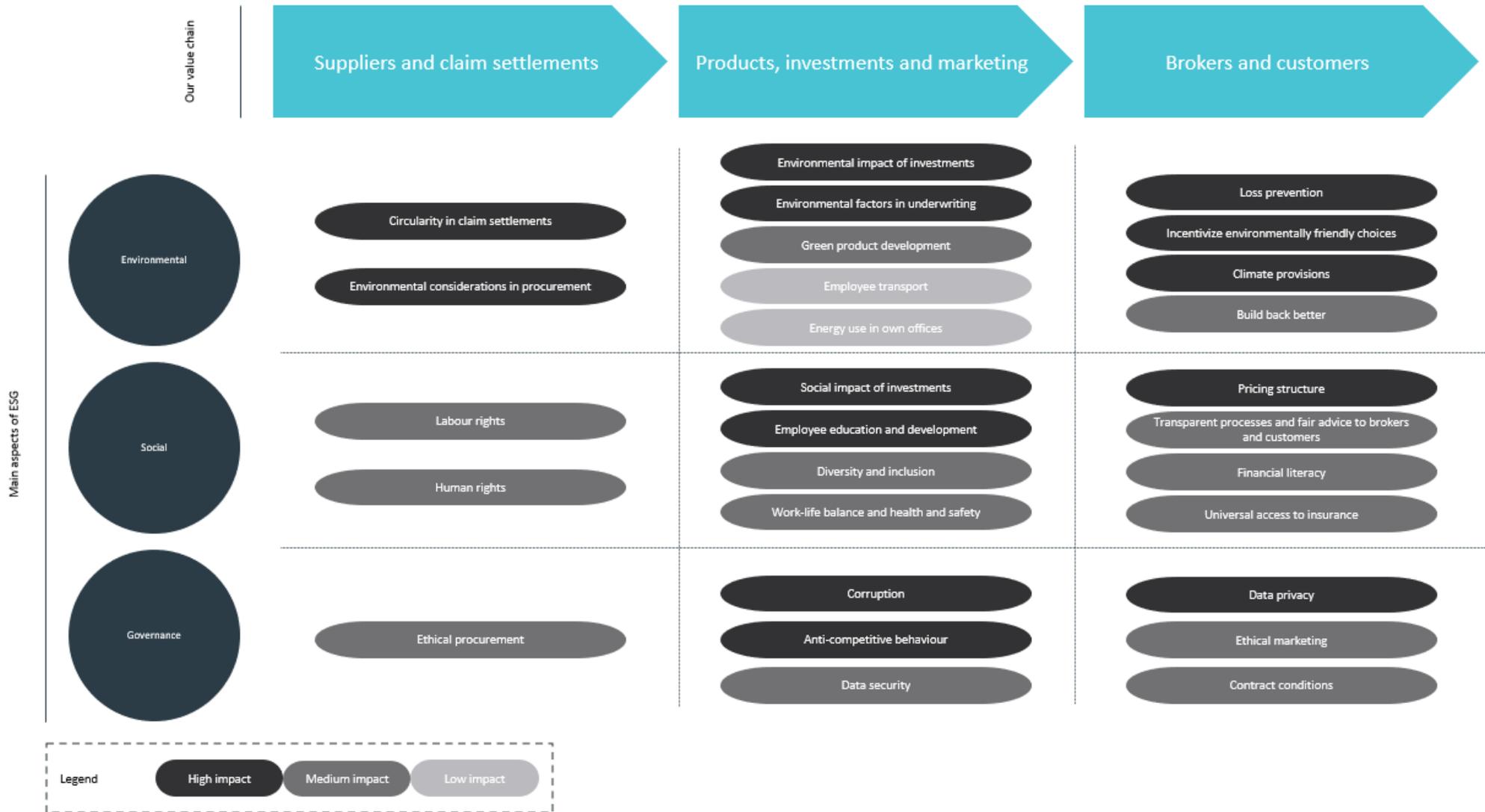
	employee data from Protector and industry averages	employee in the insurance industry	and average emission factors derived from insurance industry's sustainability reports	
Category 6: Business travel	Air travel, accommodation, and business travel with own vehicle, based on spend and activity data from Protector	Medium quality data for air travel and accommodation. Accurate activity data for own vehicle usage.	Estimated no of flights and hotel nights in Northern Europe using spend based activity data. Using the industry's average emissions per flight and hotel nights. Accurate activity data for own vehicle usage in km and average tailpipe emissions	0%
Category 7: Employee commuting	Commuting with own vehicle and with public transit, based on activity data from Protector	Accurate activity data and average emission factors	Accurate activity data (km) for both own vehicle and public transit usage. Average tailpipe and public transit emission factors	0%
Category 8: Upstream leased assets	-	-	-	-

Description of scope 3 methodologies and data used (continued)

Scope and category	Description of the types and sources of data used to calculate emissions	Description of the data quality of reported emissions	Description of the methodologies, allocation methods, and assumptions used to calculate emissions	Percentage of emissions calculated using data obtained from suppliers or other value chain partners
Downstream scope 3 emissions				
Category 9: Downstream transportation and distribution	-	-	-	-
Category 10: Processing of sold products	-	-	-	-
Category 11: Use of sold products	Indirect emissions that stem from claims handling when repairing or replacing insured assets, based on claims data from Protector and emission factors from vehicle manufacturers and average intensity factors for property and liability claims	Accurate claims data from Protector and emission factors from vehicle manufacturers for motor claims. Average emission intensity factors for property and liability claims	For motor claims, emission calculation is based on all claims from 2022 (paid, reserved, and IBNR). For property and liability claims, emission calculation is based on eligible claims volume multiplied with insurance line specific emission intensity factors derived by Claims Carbon	64%
Category 12: End-of-life treatment of sold products	-	-	-	-

Category 13: Downstream leased assets	-	-	-	-
Category 14: Franchises	-	-	-	-
Category 15: Investments	Indirect emissions from asset allocation in stocks and bonds, based on data from Protector and Bloomberg	Accurate investment data from Protector and Scope 1 and 2 emission data from investment objects	Scope 1 and 2 emissions of the objects that Protector invest in are allocated by ownership, and summarized over all investments according to the Scope 3.15.A instruction of GHG protocol	100%

Appendix B: Materiality analysis



Appendix C: Roadmap

