

SUSTAINABILITY REPORT

Protector's annual report on sustainability



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2021

PROTECTOR'S ANNUAL REPORT ON SUSTAINABILITY

Protector's most important contribution to society is securing life, values and relieving our customers of economic risk. The company's social responsibility is, among other things, to safeguard human rights, labour standards, the environment and anti-corruption.

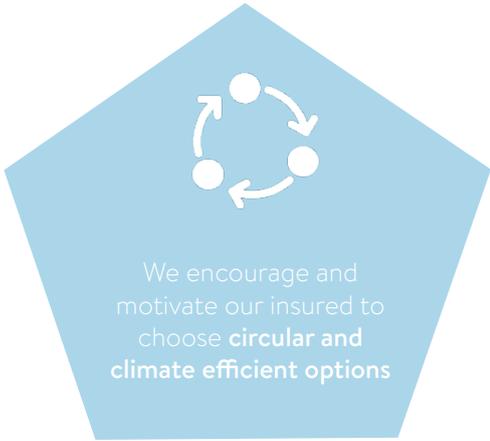
Investors and other stakeholders place increasing emphasis on factors related to the environment, social conditions and governance (ESG factors) in the risk assessment of the company. To support the company's growth ambition, meet market expectations and reduce own, customers' and investors' risks, sustainability related activities need to be tightly integrated into the company's business strategy.

INTRODUCTION

STRATEGY

Protector’s most important contribution to society is securing life, values and relieving our customers of economic risk. The company’s social responsibility is, among other things, to safeguard human rights, labour standards, the environment and anti-corruption.

Investors and other stakeholders place increasing emphasis on factors related to the environment, social conditions and governance (ESG factors) in the risk assessment of the company. To support the company’s growth ambition, meet market expectations and reduce own, customers’ and investors’ risks, sustainability related activities need to be tightly integrated into the company’s business strategy.



Priority focus	<ul style="list-style-type: none"> • Engaging place to work • Diversity and inclusion in our work place • Labour and human rights in supply chain
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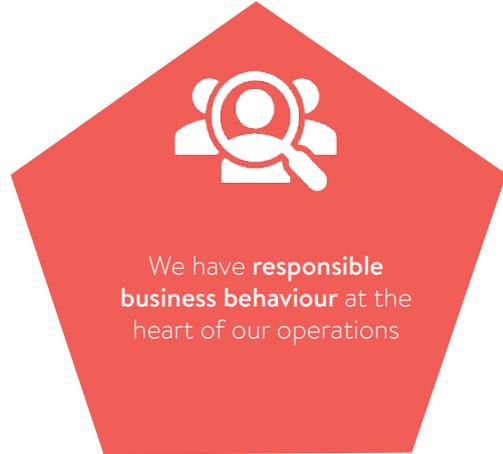
Priority focus	<ul style="list-style-type: none"> • Circularity and use of residual values in claim settlements • Climate footprint in claim settlements • Safety precautions to prevent damages
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Priority rationale	<ul style="list-style-type: none"> • Norwegian Equality and Anti-Discrimination Act, UK Gender Pay Gap Regulation • Norwegian and EU corporate supplier due diligence reporting requirements • Increased pressure and concern on diversity and equality commitment disclosures
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Priority rationale	<ul style="list-style-type: none"> • Public demands to choose circular alternatives whenever possible in claims • Customer expectations that circularity in claims will be of sufficient quality • Requirements of minimum 30% environmental criteria in public procurement
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We focus on **climate resilience** to accommodate market needs, to adapt and mitigate climate change



We have **responsible business behaviour** at the heart of our operations

Priority focus	<ul style="list-style-type: none"> • Climate resilience factors in product development and pricing • Climate risk management routines and processes • Up-to-date climate-related reporting
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<ul style="list-style-type: none"> • Responsible business behaviour in our own operations • Responsible business behaviour in our external relationships • Responsible investments

Priority rationale	<ul style="list-style-type: none"> • EU mandatory climate related financial disclosure • EU Taxonomy • Confirmed physical consequences of climate change that will pose risk to Protector
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<ul style="list-style-type: none"> • EU Corporate Due Diligence • Investors and banks are requesting standardized information and disclosures on risk management and business ethics compliance

We currently have limited data on how we perform in most of our focus areas. Key activities for 2022 will therefore be quantifying our current performance and set specific sustainability targets. 2022 will largely become our baseline going forward. The company has prepared a roadmap for sustainability efforts in the mentioned areas through 2025 (Appendix B).

Protector’s ambition is to report in accordance with the reporting standard Task Force on Climate-Related Financial Disclosures (TCFD), which also works to meet future requirements in the EU’s taxonomy for sustainable activities.

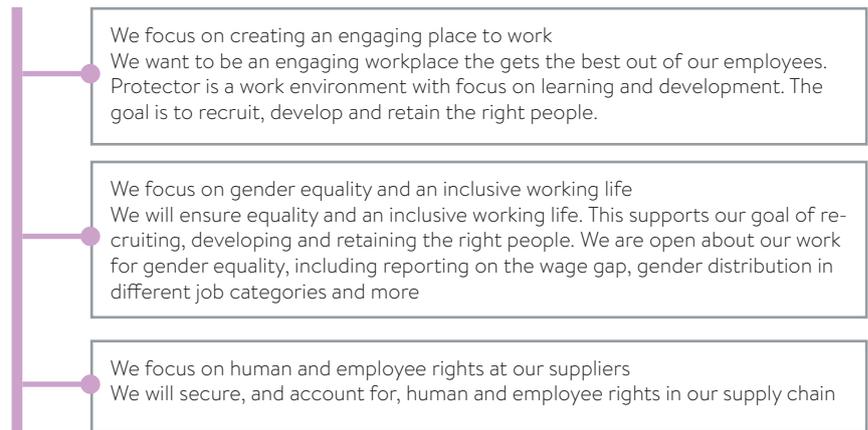
We are using the GRI standard as a framework for planning, structuring and presenting our work on sustainability.

The company’s sustainability strategy is mainly based on the following six (6) **UN sustainability goals**:



The following chapter describes how Protector works with the four (4) focus areas. It is split into four (4) sections, one for each area. Each section starts with a figure detailing our strategy for that area.

PEOPLE



At the end of 2021, the company had 411 permanent employees. Of the company's 411 employees, 155 are employed in Norway, 90 are employed in Sweden, 51 are employed in Denmark, 93 are employed in the UK and 22 are employed in Finland.

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.

AN ENGAGING PLACE TO WORK

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

The company uses a number of 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 we must perform together to achieve results. We therefore focus on teams - 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. In 2021, a solid foundation was built for the company's learning portal - Protector's "Knowledge Hub". This hub currently contains approximately 600 modules, of which over 200 were created in 2021. The employees are also offered a range of external courses that provide certification and professional development. Many of these 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.

To develop new and experienced leaders, we have three leadership development programs. 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.

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.

We see, for the period we have comparable data, a positive development. The score in the autumn of 2021 was 75.8 against 74.2 in the spring of 2021 and 72.9 in the autumn of 2020. The overall score is at a good level, but there is still potential for improvement in some departments.

EQUALITY AND DIVERSITY

All employees must feel job satisfaction, commitment and security and have the same rights, duties and opportunities regardless of ethnicity, nationality, age, gender, disability, sexual orientation, religion or other beliefs. 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.

The company believes that diversity and inclusion are important for several reasons. For the company culture, to attract and retain good people, for innovation, problem solving and to better serve a diversity of partners and customers.

As part of the company's diversity work, the company has committed itself to improving the gender balance by signing the "Women in the Finance Charter", which aims to increase the proportion of women in leading positions in the financial industry in Norway.



Protector has expanded its ambition to include all countries in which the company operates.

Status per 31.12.2021

Job level	Gender balance				Remuneration	
	Number of women	Number of men	Share women	Total	Differences in total remuneration (%)	Differences in annual salary (%)
BOARD	3	4	43 %	7	73,7 %	
Protector Insurance	181	230	44 %	411	62,0 %	74,0 %
Top management	-	9	0 %	9	0,0 %	0,0 %
Middle management	13	29	31 %	42	104,7 %	100,3 %
Team management	20	27		47	74,3 %	80,3 %
Employees without managerial responsibilities	148	165		313	85,7 %	86,4 %

Job level	Gender balance				Remuneration	
	Number of women	Number of men	Share women	Total	Differences in total remuneration (%)	Differences in annual salary (%)
Norway	67	88	43 %	155	57,5 %	70,3 %
Top management	-	5	0 %	5	0,0 %	0,0 %
Middle management	4	12	25 %	16	122,9 %	109,9 %
Team management	12	17	41 %	29	64,9 %	70,6 %
Employees without managerial responsibilities	51	54	49 %	105	86,4 %	87,2 %
Sweden	41	49	46 %	90	51,5 %	75,8 %
Top management	-	3	0 %	2	0,0 %	0,0 %
Middle management	4	3	57 %	7	80,0 %	87,5 %
Team management	3	3	50 %	6	50,3 %	60,3 %
Employees without managerial responsibilities	34	41	45 %	75	93,1 %	92,0 %
Denmark	20	31	39 %	51	86,9 %	88,4 %
Top management	-	1	0 %	1	0,0 %	0,0 %
Middle management	3	7	30 %	10	103,0 %	104,7 %
Team management	-	-	0 %	0	0,0 %	0,0 %
Employees without managerial responsibilities	17	23	43 %	40	94,2 %	96,0 %
UK	38	55	41 %	93	81,3 %	81,0 %
Top management	-	1	0 %	1	0,0 %	0,0 %
Middle management	1	4	20 %	5	175,3 %	142,9 %
Team management	5	7	42 %	12	152,6 %	149,9 %
Employees without managerial responsibilities	32	43	43 %	75	76,9 %	77,3 %
Finland	15	7	68 %	22	65,0 %	67,3 %
Top management	-	-	0 %	0	0,0 %	0,0 %
Middle management	1	3	25 %	4	82,1 %	86,9 %
Team management	-	-	0 %	0	0,0 %	0,0 %
Employees without managerial responsibilities	14	4	78 %	18	86,1 %	87,7 %

Gender balance		Temporary employment		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
213	273	16,9 %	16,1 %	3,3 %	2,2 %	0,0 %	0,0 %

The figures for temporary employees include summer substitutes, part-time employees and students in addition to temporary positions. As of 31.12.2021, only four women and one man were in temporary full-time positions. There were no employees in involuntary part-time positions in the company in 2021.

Parental leave		
	Women's parental leave*	Men's parental leave*
Protector Insurance	21,0	6,2
Norway	19,7	6,7
Sweden	24,0	7,9
Denmark	23,8	4,8
UK	13,3	2,0
Finland	31,5	0,6

*Average number of week

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 %
Protector Insurance	32,4 %	56,0 %	11,7 %
Top management	0,0 %	66,7 %	33,3 %
Middle management	11,9 %	83,3 %	4,8 %
Team management	12,8 %	78,7 %	8,5 %
Employees without managerial responsibilities	39,0 %	48,6 %	12,5 %
Norway	29,0 %	58,7 %	12,3 %
Top management	0,0 %	60,0 %	40,0 %
Middle management	12,5 %	81,3 %	6,3 %
Team management	6,9 %	82,8 %	10,3 %
Employees without managerial responsibilities	39,0 %	48,6 %	12,4 %
Sweden	40 %	50,0 %	10,0 %
Top management	0,0 %	100,0 %	0,0 %
Middle management	28,6 %	71,4 %	0,0 %
Team management	16,7 %	83,3 %	0,0 %
Employees without managerial responsibilities	44,0 %	44,0 %	12,0 %
Denmark	21,6 %	68,6 %	9,8 %
Top management	0,0 %	100,0 %	0,0 %
Middle management	10,0 %	90,0 %	0,0 %
Team management	0,0 %	0,0 %	0,0 %
Employees without managerial responsibilities	25,0 %	62,5 %	12,5 %
UK	37,6 %	49,5 %	12,9 %
Top management	0,0 %	0,0 %	100,0 %
Middle management	0,0 %	80,0 %	20,0 %
Team management	25,0 %	66,7 %	8,3 %
Employees without managerial responsibilities	42,7 %	45,3 %	12,0 %
Finland	27,3 %	59,1 %	13,6 %
Top management	0,0 %	0,0 %	0,0 %
Middle management	0,0 %	100,0 %	0,0 %
Team management	0,0 %	0,0 %	0,0 %
Employees without managerial responsibilities	33,3 %	50,0 %	16,7 %

THE WORK ON EQUALITY AND DIVERSITY

Protector has structured the work of ensuring equality and non-discrimination by establishing an Equality Committee. This committee meets quarterly or as needed and consists of HR representatives from all the countries in which we operate, safety representatives, a representative from AMU and employee representatives from the board. The committee ensures the work of promoting gender equality and preventing discrimination using the four-step model which consists of examining obstacles to gender equality, analysing causes, identifying and implementing measures and then evaluating the results.

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 basic principles for how Protector should act as an inclusive employer and what is expected of its employees with regard to behaviour and working environment.

In order to investigate the risk of discrimination and obstacles to gender equality, the Equality Committee, in collaboration with the management groups, has looked more closely at and discussed what the biggest obstacles to achieving greater equality and diversity are, and what we can do to overcome these in recruitment, pay and working conditions, promotion, development opportunities, facilitation or the opportunity to combine work and family life.

Through the work of mapping risks of discrimination and preventing gender equality, we found a risk that we formulate our corporate culture in a way that can attract men to a greater extent than women.

The work of recruiting or developing female leaders in top management has been challenging. This shows a risk of discrimination, and we must ensure that we do not have discriminatory elements in our recruitment or development processes.

Protector is to work actively to ensure that there is an even gender distribution in the company. Nevertheless, we have identified that in several recruitment processes there is a predominance of male applicants, and that the contents of our job advertisements may appeal more to a specific gender.

We also see that lack of resources, knowledge and focus on the area can be a risk. No one in the company has had equality and diversity as an area of responsibility. Equality and diversity are complex areas and require resources and good knowledge to ensure that they are continuously evaluated and developed.

The Equality Committee and top management have jointly looked at possible reasons for the identified risks and obstacles. Although we have guidelines and principles against harassment and discrimination, these are rarely focused on. This means that few know about the guidelines and principles, and actively work with them in their day-to-day work. We have concluded that limited awareness around equality and diversity is the main reason for the identified risks and obstacles.

For the year 2021, we have had a special focus on documenting risks and obstacles, as well as planning measures and objectives. We have spent time planning and delegating various measures that we will implement in the coming year to promote gender equality and prevent discrimination.

EQUALITY AND DIVERSITY GOING FORWARD

To ensure a professional recruitment process that targets both genders, we have put in place the following measures:

- We want first and foremost that all our recruiting managers pass an internet-based course where they get an introduction to how to ensure equality and diversity in the entire recruitment process, as well as psychological traps that can arise in interviews.
- We also see that there is a need to professionalise our job advertisements, as we have a predominance of male applicants in several areas. We will therefore take a closer look at the wording of the job advertisements in order to increase the proportion of female applicants.

We want to work to create awareness and anchor equality and diversity in our culture and have therefore implemented the following measures:

- We will design an internet-based learning module on “Equality and Diversity” that all employees in the organization must complete.
- We will prepare an “Equality and Diversity” policy, which all employees must read through and sign as part of our onboarding process.
- We will perform analysis of salary and bonus levels and implement measures to avoid biases
- We will communicate our ambitions internally and externally
- We will strive for both genders to be represented in all recruitment processes and in the final phases
- We will include diversity and gender equality in employee surveys
- We will include diversity and equality in management training and in our values

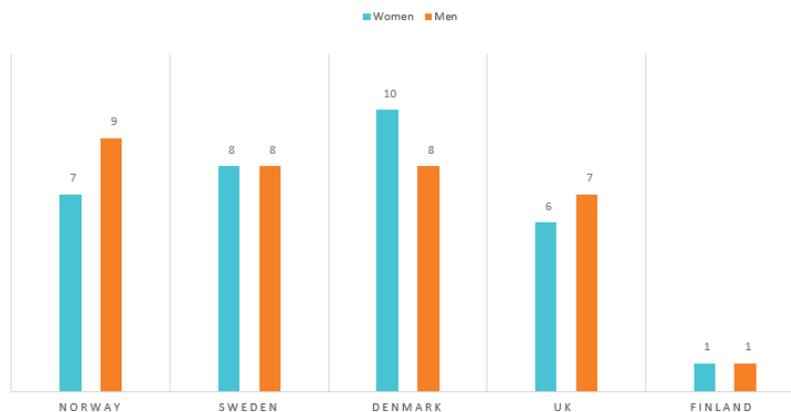
- We will make leaders aware of homosocial reproduction (conscious or unconscious favouritism of their own group), double standards (different assessment despite the same background and the same characteristics) and «double binds» (same requirements, but different conditions)
- We want to facilitate the opportunity to combine work and family life by using a hybrid solution, so that employees can combine being physically in the office with a home office.

In 2021, we have focused on structuring the work, documenting risks and obstacles and planned future measures and objectives. We have not worked on any specific measures in 2021, and therefore have no concrete results to show so far.

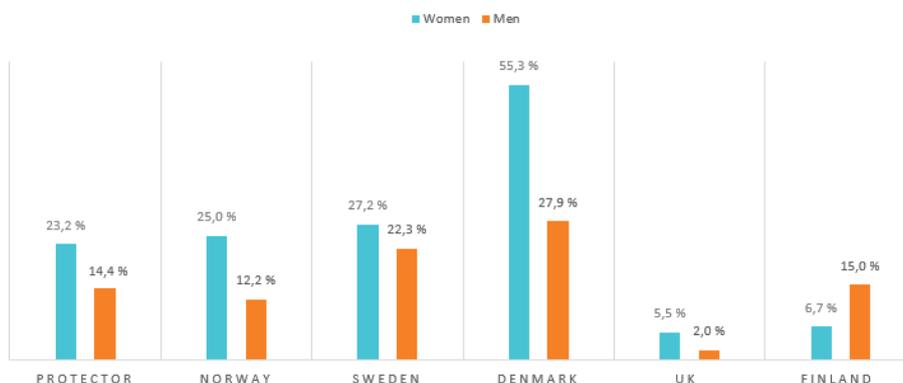
In the coming year, we will implement several measures that we believe can have great impact on our work to promote gender equality and prevent discrimination.

We want to take with us all the lessons, actively test and develop our measures and goals in order to create a work environment where there is room for everyone.

NEW HIRES 2021



TURNOVER 2021



HUMAN AND LABOUR RIGHTS AT OUR SUPPLIERS

Protector’s fundamental guideline is respect for the individual. Everyone shall be treated with dignity and respect, without discrimination on the grounds of ethnicity, nationality, age, gender, disability, sexual orientation, religion or other beliefs. 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 regulatory environment and industry standards. In 2022 we are establishing a company-wide claims procurement unit and expect subsequent annual reports to go more in-depth on how we work with our suppliers.

In 2022, Protector will carry out due diligence assessments in line with the OECD’s guidelines for multinational companies. This will increase responsibility and prevent negative impact on the environment from one’s own business. The assessments are comprehensive and involve investigations of conditions for employees, human rights, environmental impact, bribery and corruption and corporate governance. These requirements are as per the Transparency Act which will be introduced in Norway in July 2022.

GRI REFERENCES

People

Topic	Description	Indicator Reference
1. An engaging place to work		
Training and education	Programs for upgrading employee skills and transition assistance programs	GRI 404-2
Training and education	Percentage of employees receiving regular performance and career development reviews	GRI 404-3
Employment	New employees hires and employee turnover	GRI 401-1
Employee satisfaction	Results from employee satisfaction survey	Customized
2. Equity and diversity		
Diversity of governance body and employees	Diversity of governance bodies and employees	GRI 405-1
Diversity of governance body and employees	Ratio of basic salary and remuneration of women to men	GRI 405-2
Actual status for gender equality	KPIs in accordance with the Norwegian activity duty legislation	ARP
3. Human and labour rights at our suppliers		
Human rights assessments	Employee training on human rights policies or procedures	GRI 412-2

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. We invest heavily in this area. We conduct 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.

Fire prevention has significant social, environmental and climate benefits. This is consequently a focus area for us in the property segment, and we work closely with our customers to implement cost-effective fire prevention solutions.

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

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.

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 assets with critical deviations.

For 2021, we have the following statistics on property related inspections in the Nordics:

Country	Customers inspected	Buildings inspected	Buildings with deviation	Share of buildings with deviations
Norway	14	286	246	86 %
Sweden	82	375	214	57 %
Denmark	75	747	420	56 %
Total	171	1408	880	63 %

Statistics related to our work on injury prevention in the UK for 2021:

- Produced 37 guidance documents, enabling managers to improve their procedures to reduce the likelihood of property damage or injury.
- Delivered over 36 bespoke training courses with a goal of educating clients' building managers, giving them the knowledge and tools to reduce damage or injury.
- 369 client meetings undertaken, with a purpose of evaluating risk, identifying how to improve clients' safety and management procedures, issuing reports with recommendations or requirements.

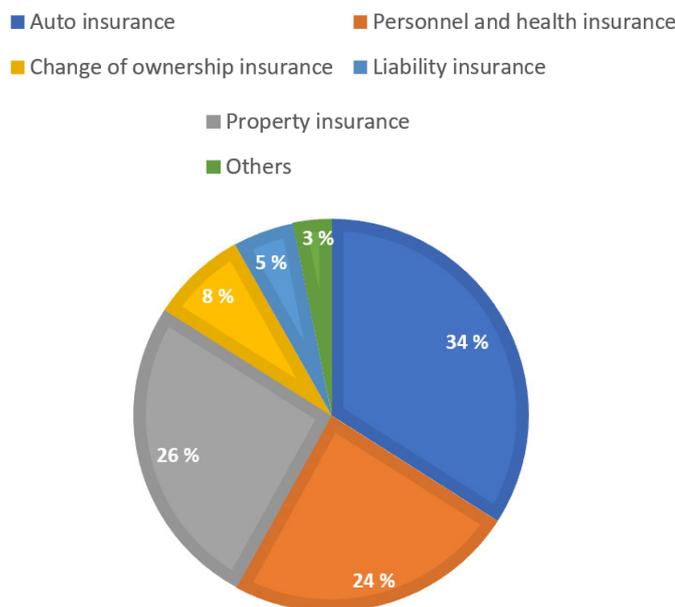
In 2022, we will expand the aforementioned deviation approach to new segments. The largest investment we make in loss prevention in the coming year will be in data quality. We develop systems that give us better and more accurate exposure and damage data. This allows us to earlier capture trends in the claims picture both overall and for individual customers, and we can then more quickly implement targeted damage prevention measures. Together with our customers we will constantly improve on loss prevention.

REDUCE CLIMATE FOOTPRINT IN CLAIMS SETTLEMENT

Protector handles over 141 thousand claims annually. How these claims are settled is one of our biggest opportunities in 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 in claims settlement, 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 industry standards to allow for more repairs and reuse. This provides financial gain both for the insured and for Protector. In addition, in those cases where it is difficult to sell damaged but usable items, we donate those to charity.

CLAIMS SETTLEMENT PORTFOLIO, BROKEN DOWN BY VALUE. FOR 2021



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

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, including requirements related to climate and HSE.

In auto, Protector has recommended workshops for each geographical area. These workshops can document satisfactory operation in accordance with current requirements as well as quality standards Protector requires.

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. 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.

However, we have not documented the effect of our efforts to reduce the climate footprint in claims settlement and have consequently not set specific targets for our further efforts.

In 2022, we will establish a baseline for this work, and then set targets for further efforts. The following are among the topics we will establish a baseline and targets for during 2022:

- The proportion of our suppliers that offer preservation of residual values and reuse
- The proportion of our geographical areas where we have an agreement with at least one independent workshop

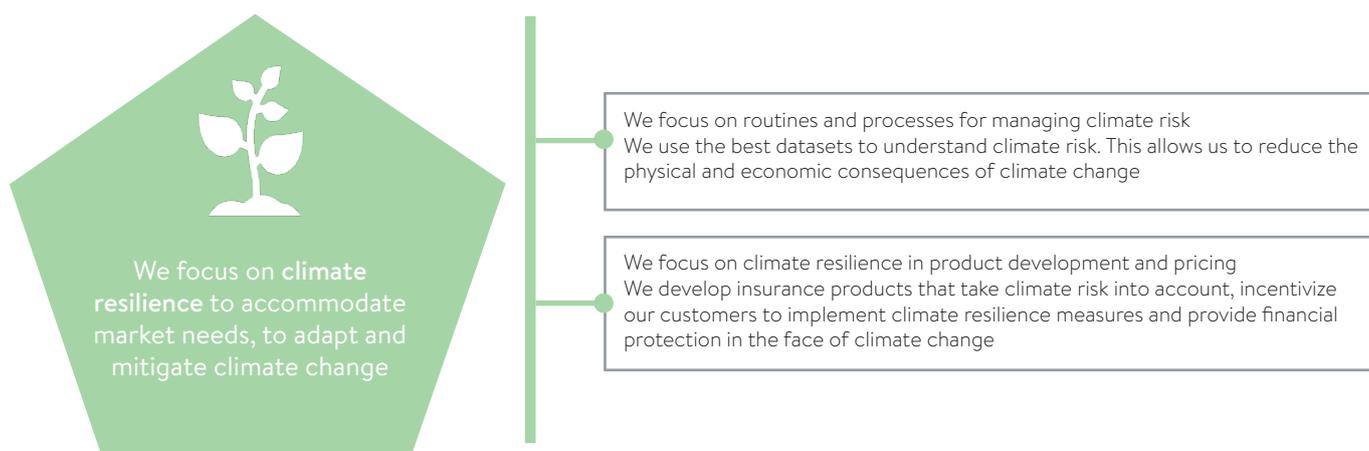
- Proportion of claims where we have made climate measures
 - Preservation of residual values (repair rather than replacement)
 - Reuse (quality assured used parts purchased from third parties)
 - Climate-efficient repair processes
 - Reconstruction to a higher climate standard
- Financial results of the climate measures

Long term we will quantify how our climate measures affect the climate footprint, including Co2.

GRI REFERENCES

Climate efficient solutions		
Topic	Description	Indicator
1. 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
Loss prevention	Number of inspections of public sector customers, number and type of deviations and following measures to close deviations per country or region.	Customised

CLIMATE RESILIENCE



ROUTINES AND PROCESSES FOR MANAGING CLIMATE RISK

We recognize that unwanted weather-related events may become 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.

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. In more vulnerable areas, such as the UK, we use a 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.

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-10,000-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.

We use recognized tools and methods such as AIR and RMS in our climate risk evaluation. Our reinsurance now covers an estimated 1-in-10,000-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 on the basis of 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 can be found in the company's [Report on Solvency and Financial Position 2021](#).

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 organizations 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 which products are right, and how these should be priced. This enables us to offer the products the market needs and ensures us continued profitable growth.

GRI REFERENCES

Climate Resilience		
Topic	Description	Indicator
1. Routines and processes for managing climate risk		
Climate risk exposure	Discussion and qualitative analysis of climate related risk exposure	FN-IN-410b.2
Climate risk exposure	Probable Maximum Loss (PML) of insured products from weather-related natural catastrophes	FN-IN-450a.1
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
2. Climate resilience in product development and pricing		
Climate mitigation and adaptation	Description of activities that are eligible for Taxonomy-alignment	EU Taxonomy

RESPONSIBLE BUSINESS BEHAVIOUR



OUR OWN OPERATIONS

We shall be a positive contributor to society, support a great company 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 tailor-made anti-corruption measures have been developed. No confirmed cases of corruption have been identified.

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 with 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 claims 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 claims 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 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

We require our suppliers to comply with current regulatory requirements and industry standards. In 2022, we will establish a company-wide purchasing unit, and we expect subsequent annual reports to go more in-depth on how we work with our suppliers. Among other things, we will introduce a reporting structure where suppliers must actively answer whether they comply with defined guidelines, standards and requirements.

As a part of Protector's social responsibility the company supports a Norwegian voluntarily organization working to reduce illiteracy and give Gambian children a better start in life. We renewed this agreement in 2021, and it now runs through 2025.

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 costs for activities that have a negative impact on the outside world. This view is reflected in our approach to investment.

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 are involved in corruption.

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, but are not the starting point for which companies are assessed.

To ensure that the 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.

Protector is often a major shareholder or lender. This gives us opportunities to exercise our ownership. As a starting point, we will not invest in companies that have a history of poor corporate governance.

Furthermore, 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. In addition, Protector supports the local community by sponsoring a Norwegian handball club's young players. In 2022, we will expand this type of support to local communities to all countries in which we operate.

In portfolio companies, we work to ensure that the companies have a good board. We contribute to this by participating in nomination committees where possible.

Active 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.

Other examples of the exercise of ownership are:

- Voting and proposals towards general assemblies
- Dialogue with the board and management
- Promote best practices from other companies in the same industry
- Review and give input on bond terms

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

In 2021, Protector has been represented in the nomination committees of several of the companies that were then in our portfolio: eWork, Projektengagemang, Multiconsult and B3. In several of the portfolio companies, we have been active in changing the composition of the board to increase competence and value creation.

Protector will keep its focus on being a responsible investor. We are a sparring partner and part of an initiative from Stamdata for a new reporting service on ESG factors. The goal is to improve the quality of data on bond issuers' ESG profile and the service has plans for launch in 2022. The service will improve the quality of data on ESG factors and can influence investment decisions.

TOTAL INVESTED ASSETS

See Note 4 and Note 9 in our 2021 [annual report](#) for disclosures on our financial risk and investments.

Our 10 largest investments exiting 2021 are as follows:

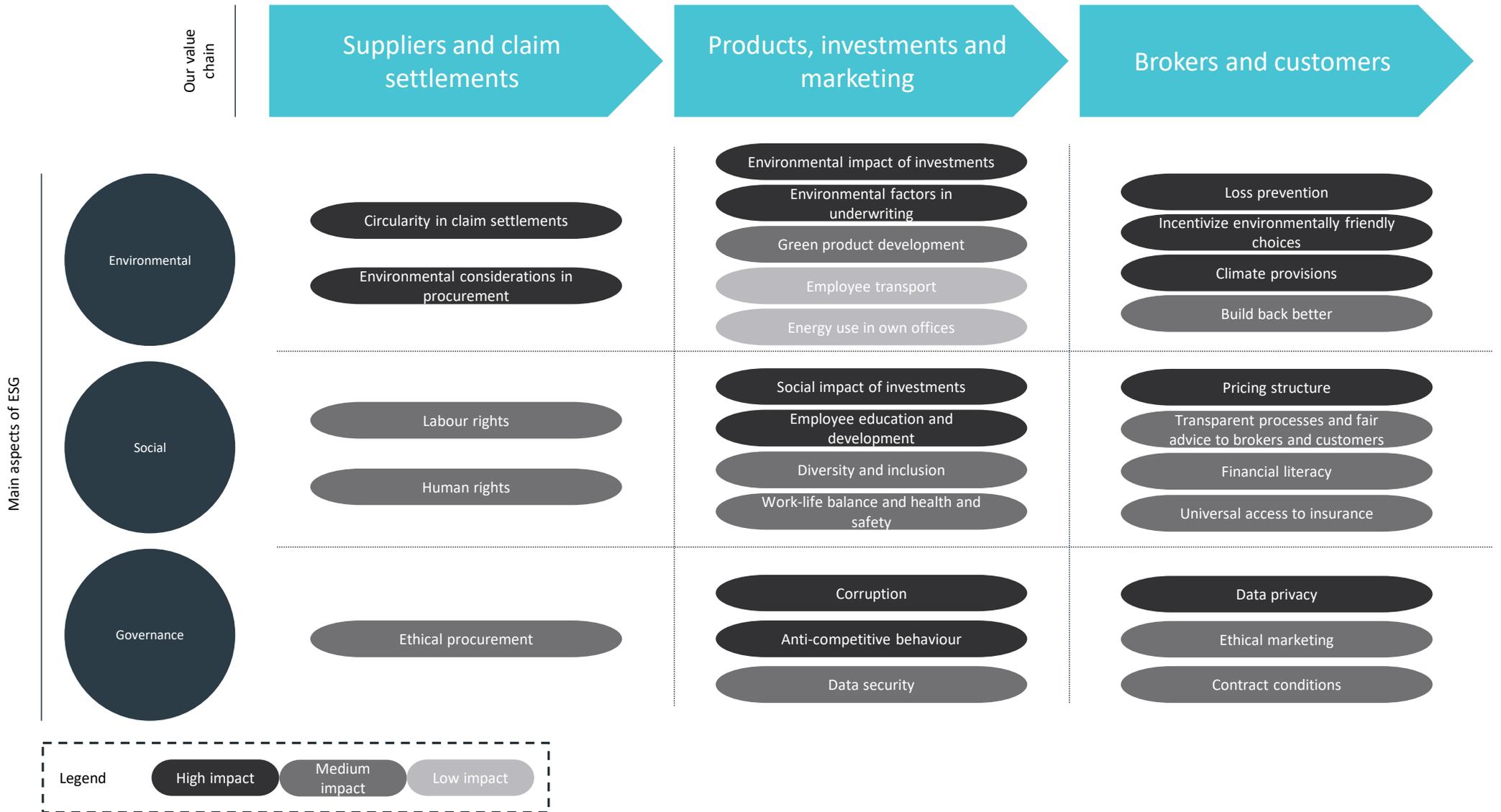
Stocks and bonds by sector		
Sector	Value (in MNOK)	Share of total (in %)
K64 - Financial service activities, except insurance and pension funding	5992	57,7 %
M70 - Activities of head offices; management consultancy activities	1396	13,5 %
O84 - Public administration and defence; compulsory social security	460	4,4 %
J62 - Computer programming, consultancy and related activities	381	3,7 %
G46 - Wholesale trade, except of motor vehicles and motorcycles	356	3,4 %
L68 - Real estate activities	274	2,6 %
M74 - Other professional, scientific and technical activities	225	2,2 %
K65 - Insurance, reinsurance and pension funding, except compulsory social security	212	2,0 %
H50 - Water transport	193	1,9 %
C20 - Manufacture of chemicals and chemical products	119	1,2 %
Total top 10 industries in stocks and bonds	9608	92,6 %
Total investments in stocks and bonds	10376	100,0 %

The investments are distributed after level 2 (divisions) in the NACE system. Bond funds and fixed rate deposits are not included in this table. Investments in stocks and bonds by sector, using the Statistical Classification of Economic Activities in the European Community, or NACE.

GRI REFERENCES

Responsible Business Behaviour		
Topic	Description	Indicator
1. Responsible business behaviour in our own operations		
Anti-corruption assessment	Operations assessed for risk related to corruption	GRI 205-1
Anti-corruption training	Communication and training about anti-corruption policies and procedures	GRI 205-2
Anti-corruption incidents	Confirmed incidents of corruption and actions taken	GRI 205-3
2. Responsible business behaviour in our external relationships		
Supplier assessment	New suppliers that were screened using social criteria	GRI 414-1
3. Responsible investments		
Total invested assets	Total invested assets, by industry and asset class	FN-IN-410a.1
Incorporation of ESG factors in investment management	Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment management processes and strategies	FN-IN-410a.2

APPENDIX
Appendix A



Appendix B

