

Environmental Report 2012



About this report

In this report we summarize our environmental impact and actions in the four focus areas based on the environmental policy Employees, Customers, Suppliers and Climate change. The scope and boundaries of the report include our operations in Finland, Denmark, Norway, and Sweden where we share a common environmental strategy.

This is our 4th annual environmental report where we summarize our environmental impact and performance.

The reporting period for information included in this report is 1 January 2012 – 31 December 2012. Our latest report was published in March 2012 on our home page.

We appreciate your feedback on this report. For more information about If's environmental management please contact Kenth Edström, Environment Director.



If kontoret Göteborg, vinnare av Green Tenant Award.

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Our highlights over the years



2008

- Established our Environmental Steering group and started forming our Local Environmental Groups
- Our environmental strategy was developed
- Our environmental policy was developed

2009

- List of 100 activities designed to lead to a greener If
- Meeting management program to reduce traveling
- Climate impact accounting according to Greenhouse Gas Protocol

2010

- Completed the tasks in the list of 100–environmental–action–points
- Green procurement program, If in Sweden and Norway became members of Buy Ecolabelled Network
- If Finland offers wide coverage for natural phenomena as part of our home and real estate insurance packages
- Published our first environmental report summarizing activities and performance 2008–2009

2011

- Global environmental responsibility through carbon offset, CDM project in India
- If Finland and Denmark become the first members of the local Buy Ecolabelled Network
- If launched Europe's first eCustomer center in Lysaker in Norway
- Launched insurance product for liabilities based on the Norwegian Nature Conservation Act

2012

- If Denmark launches emissions–based car insurance for which the premium is determined by the level of CO₂ emissions
- Green Tenant Award 1st prize to our office in Gothenburg
- Our office in Turku was certified as WWF Finland Green Office
- Collaboration in a research project on climate change adaptation and insurance with the Nordic Centre of Excellence (NCoE) NORD–STAR.

CEO message

The core of our environmental policy is that If shall always strive to find the best solutions not only for our suppliers and partners, the company, and our customers, but also for the environment. Our environmental commitment is a natural part of our business. The World Bank stated in its recent research report that a 4 degree increase in the average world temperatures by the end of this century is increasingly likely. To support and advance a sustainable future we need to take serious actions today.

HIGHLIGHTS OF 2012

This year is marked by a number of successful activities aimed to improve our environmental performance. We have implemented several internal measures and also been part of various relevant external initiatives - some highlights include:

- If Denmark launched emissions-based vehicle insurance for which the premium is based on the vehicle's level of CO₂ emissions.
- We have also initiated a program to radically improve energy efficiency in our offices. Thanks to our concerted efforts to improve the energy efficiency and reduce other environmental impacts, our Gothenburg office was awarded 1st place at the Green Tenant Awards.
- Damaged plastic parts for cars instead of replacing them. In 2012 our car repair operations contributed to the reuse of 3146 tons of materials.
- All CO₂ emissions arising from our own operations have been compensated (carbon offset) through a project

focusing on energy efficiency in India certified according to the CDM (Clean Development Mechanism).

- In June 2012, If published our second report as an active member of the ClimateWise network; an insurance business initiative developed to respond to the risks of climate change. If's report scored very well when our climate work was assessed against the six ClimateWise Principles.
- If signed "The Carbon Price Communiqué" - a business led climate initiative which makes the case for setting a price on carbon emissions as one of the main building blocks of an effective and ambitious climate change policy framework.
- As part of our business strategy to mitigate climate change and reduce risk we have taken initiative, together with three other insurance companies, to fund a project through NORD-STAR on developing a web-based tool for visualizing the possible effects of climate change adaptation in the Nordic countries.

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If shall always strive to find the best solutions not only for our suppliers and partners, the company, and our customers, but also for the environment.

- We have installed additional video meeting facilities to reduce CO₂ emissions arising from our business travel.
- We continued our cooperation with WWF in Finland and completed implementation of WWF Finland's Green Office environmental management program at our Turku office.

This report is intended to provide a picture of what environmental work we have accomplished to date. We are continually monitoring the progress of our activities and recognize that while we have done exceptionally well to improve our environmental performance much remains to be done and it is our steadfast ambition that we will continue to 'walk the talk' of a sustainable future.

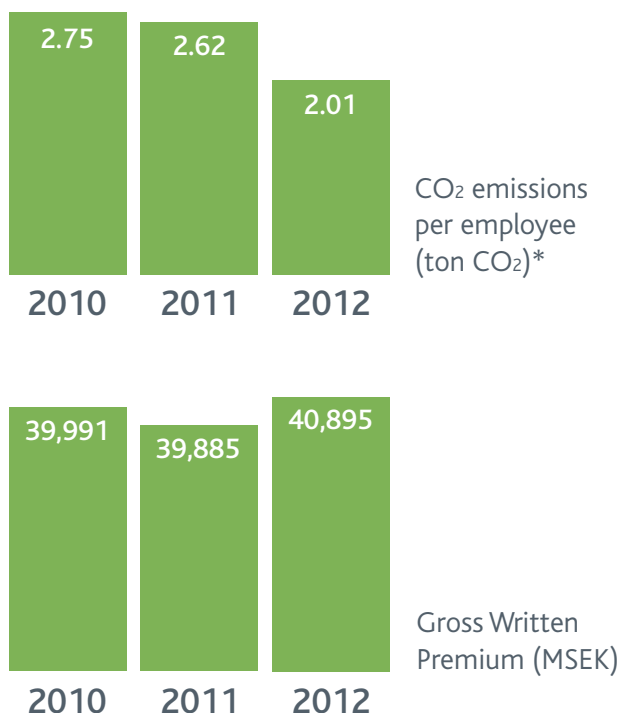
Torbjörn Magnusson
CEO, If P&C Insurance AB



About If

Company name.....	If (If P&C Insurance AB)
Countries of operation.....	Finland, Denmark, Norway, Sweden, Estonia, Latvia, and Lithuania
Headquarters.....	Barks väg 15 Solna Stockholm
Markets.....	Property and casualty insurances for private persons, businesses, and international industrial enterprises
Number of customers.....	3.6 million
Number of employees	6,883
Total CO ₂ emissions 2012* ...	13,853 ton CO ₂

KEY FIGURES



*Includes If's Nordic operations: Finland, Denmark, Norway and Sweden.

OUR MISSION

If offers attractively priced insurance solutions that provide customers with security and stability in their business operations, housing and daily life.

CORE VALUES

Easy to reach and relate to

It is easy to get in touch with If and its personnel. If's products and services are easy to understand

Dedicated

If takes initiative and cares about me

Reliable

If keeps its promises and helps me when needed

Forward-thinking

If is at the forefront of development and continuously creates new insurance products and services

SERVICES

We offer an extensive range of insurance solutions and services including everything from insurance for private cars and homes to customized global insurance programs for international industrial enterprises.

ORGANIZATION

If is a property and casualty insurance company with an integrated Nordic business organizational structure. Supporting functions such as IT, HR and Information are commonly shared among all Nordic offices. We are part of the Sampo Plc group which is listed on the Helsinki Stock Exchange. Our operations are separated by business area such as Private, Commercial, Industrial, and Baltics.

In total, If's market share is equivalent to one fifth of the Nordic market. In Sweden, Norway and Finland, If is one of the leading insurance companies with market shares of 19, 25 and 25 per cent respectively. In Denmark, which is a more fragmented market, If is the fifth largest company with a market share of five per cent.

Targets and outcomes for 2012



TARGETS FOR 2012 – WHAT WE PROMISED TO DO

- Reduce CO₂ emissions by 15% from 2011 by the end of 2012.
- Increase the number of suppliers that have undergone screening regarding environmental requirements.
- Lead at least one environmental initiative with our customers in each country of operation. This will be completed by March 1, 2012.
- Improve waste and material handling when managing repairs to increase recycling and efficiency.

OUTCOMES – WHAT WE HAVE DONE

- We have reduced CO₂ emissions by 6%.
- All our significant suppliers have undergone screening regarding our environmental requirements.
- In order to develop environmental initiatives with our customers we initiated collaboration with NORD-STAR to develop a web-based visualization tool for our customers and the broader public.
- We have improved our routines regarding increasing material recycling in car repairs. During 2012 If reused 995 tons of plastic and 2,151 tons of steel and aluminum in claims handling.
- We published a report about our climate work as an active member of the ClimateWise network and scored very well when our work was assessed against the six ClimateWise Principles.

NEW TARGETS FOR THE SHORT TERM

- Reduce the total CO₂ emissions by 12% from 2012, by the end of 2014.
- Reduce CO₂ emissions from energy consumption by 35% from 2012, by the end of 2014 through measures such as purchasing 100% renewable electricity and implementing various energy efficiency measures in our offices.
- Reduce business travel and increase the number or percentage of meetings, which are video-based.
- All significant suppliers should undergo screening regarding If's environmental requirements.
- Continue to improve our ClimateWise ranking in order to become one of the 25 best performing insurance companies in Europe.
- Actively engage in environment and climate-related networks where If is a member (Klimalöftet, Klimatpakten, Climatewise, Svanen etc.).

OUR LONG-TERM TARGET

- Reduce CO₂ emissions by 50% from 2008, by the end of 2015.

Environmental management

By reducing our environmental impact, our aim is to satisfy our customers with regards to our contribution towards ensuring a sustainable future. In 2008 our environmental strategy was developed by our Steering Group for the Environment. The strategy defined our environmental policy and goals and established a basis for the approach to minimize our environmental impact. Our core values remain intrinsic to the strategies we develop to manage our environmental impact. Our approach is to minimize our environmental impact through increasing internal awareness and offering appropriate education and support.

MANAGING OUR ENVIRONMENTAL IMPACT

Values and principles	If's Core values
Key environmental issues	<ul style="list-style-type: none"> Travel and meeting management Education and awareness Environmental impact from claims handling Energy consumption Waste minimization Climate change
Committed organization	<p>The Steering Group – establishes If's environmental strategy and overall goals. The Steering group has 7 members of whom 3 are members of If's executive board. Each member represents a different business area and country.</p> <p>The Nordic Environmental Group – holds responsibility over the management and follow up of implementation of all the environmental measures regarding facilities and procurement.</p> <p>Local Environmental Groups – formulate local action plans and arrange activities for increasing awareness of environmental issues. These groups are present at all larger offices.</p>
Tools and policies	<ul style="list-style-type: none"> Environmental policy Procurement policy in line with Nordic Ecolabel procurement guidelines Supplier assessment principles Climate impact accounting tool based on Greenhouse Gas Protocol standard ClimateWise platform for best practice and exchange of ideas Environmental rules for claims handling
Communication and awareness growing	<ul style="list-style-type: none"> Employees – receive training regarding environmental issues, environmental days and campaigns Customers – environmental related activities in each country of operation, information on home page Suppliers – dialogue during environmental assessments and communication regarding If's environmental goals and requirements Owners – environmental reporting, ClimatWise reporting External stakeholders – campaigns, funding research on climate change



Our environmental policy

If must take substantial measures to improve the environment on a daily basis. We always endeavor to find the best possible environmental solution – for our company, our customers, our suppliers and our partners.

- We must always give our staff the opportunity to act in an environmentally-friendly way through the provision of guidelines and support.
- We are developing products, processes and damage prevention services in order to help our customers act in a more environmentally-friendly manner.
- We encourage and support our suppliers and partners in their efforts to use more environmentally-friendly methods in their operations.
- We must always provide information about environmental risks and participate actively in the public debate concerning climate change.



This is important to us

To live up to our environmental policy we have defined which actions and measures are important to us. We always strive to take those measures into consideration when managing our environmental impact:

- Increase internal awareness of environmental issues and offer appropriate education and support as needed.
- Minimize waste arising from our operations and reuse and recycle waste when possible.
- Minimize the consumption of energy, water and raw materials in our operations and reuse and recycle when possible.
- Ensure that insurance claims are managed with minimal impact on the environment.
- Apply an environmental perspective to the development of our products and services, in order to ensure maximum advantage to our customers and other stakeholders.
- Promote environmental initiatives through our socially focused activities.
- Ensure that all local, national and international regulatory obligations that pertain to our operations are fulfilled.



Employees

There are over 6,000 people working at If, we consider each one of us as being an environmental ambassador. It is our sincere hope that by increasing environmental awareness in the workplace our employees will make environmentally conscious choices outside the office as well. And it is only because of our employees that we can create an organization where everyone is working together to improve our environment and contribute to a sustainable future. In order to encourage and support our employees in this daily endeavor we provide them with guidelines and support as encouragement to make sound environmental choices.

ONLINE MEETINGS INSTEAD OF TRAVELING

Approximately a quarter of our managers' working time is spent in meetings. These meetings remain essential to the way we work. Being able to see the other person talking is also a vital factor to the quality of meetings, around 55-60% of our communication is based on body language. This is the reason why employees traditionally spend lot of their time on business travel. We believe that it does not have to be so. We have invested effort into implementing online meeting solutions that are simple and preferred by our employees.

We have in total 85 video meeting facilities in our Nordic offices. All employees also have a fully integrated on-line chat and Live Meeting program available on their computers. Being able to simultaneously converse and share presentations or other documents on our monitors constitutes an important feature that makes our online meetings a viable alternative to physical meetings. Video and online meetings offer many benefits including time efficiency and improved work-life balance, reduced environmental impact as well as reduced costs. The fact that video meeting rooms are often booked is also a

proof that our employees actively use the video meeting solutions.

We believe that the video meetings will be used even more in the near future. It is very important to be able to see each other and each other's reactions when we speak. The essential advantage of video meetings is that they enable us to experience a level of meeting quality similar to a physical meeting without the traveling, which many times takes double the time of the meeting itself.

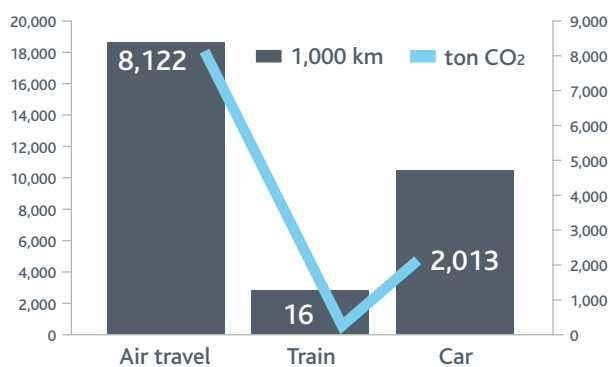
FOCUSING ON TRAINING AND AWARENESS

Introducing how environmental responsibility is integrated into If's processes and operations has been a part of the introduction course to all new employees since 2010. This course consistently receives highly positive feedback from participants. In addition, we have developed a mandatory e-learning course for all employees focusing on environmental responsibility. Approximately 40% of employees have taken the course.

We have also developed an e-learning course for managers focusing on how to make meetings more efficient and

Traveling compared to video meetings		
Year	Number of flights*	Number of video meetings
2007	24,784	3,000
2008	21,404	9,199
2009	17,210	14,040
2010	16,563	19,581
2011	17,359	19,177
2012	16,599	16,585
Change	-33%	453%

*Internal business travel



Travelled distance compared to CO₂ emissions

environmentally friendly; including choosing the right type of meeting (physical, video, online), and defining responsibilities for meeting participants. Currently this course is available in Denmark, Norway and Sweden and is being implemented in Finland. Additional information on how to reduce environmental impact is published through our internal web site, where we provide tips both at work and at home, as well as on posters in our offices.

EMPLOYEE ENGAGEMENT THROUGH THEME WEEKS

We are convinced that environmental responsibility is everyone's responsibility. If has participated in the Earth Hour campaign since 2008 and together with that we traditionally arrange theme weeks for employees, which focus on environmental responsibility. This year employees had the opportunity to learn and reduce paper consumption and waste through simple measures. We arranged seminars and competitions focusing on how to reduce paper consumption and sort waste, serve organic food in our canteens, and set up recycling stations for collecting second hand clothing in the offices. We also distributed environmental tips and encouraged our employees to use climate-smart transportation. Next year the theme week will focus on energy efficiency.

EVERY OFFICE HAS AN ENVIRONMENTAL MANAGEMENT GROUP

Every larger If office with 200 employees or more has its own management group focusing on environmental issues to create an environmentally sound workplace for everyone. Our ambition is to ensure that caring about the

environment in all of our offices is made easy. In case that is not enough, employees can always leave suggestions for improvements in our Suggestion Box or are encouraged to contact the local environmental group.

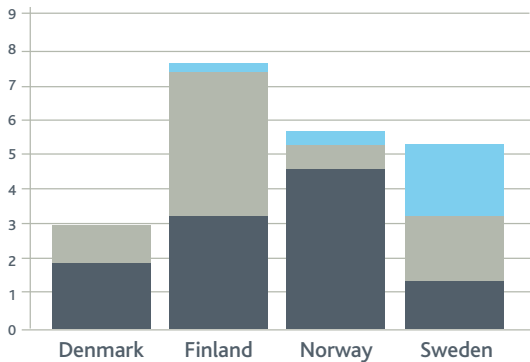
The local environmental groups develop the local environmental management plans, arrange theme weeks, and implement the recommendations suggested by the employees. The common target areas during 2012 included an increase in the amount of waste recycled, energy savings, reduce paper use, and green procurement. Further to this, the local environmental groups form part of a larger network through which the members can collaborate.

EVERY OFFICE HAS AN ENVIRONMENTAL PROGRAM

This includes everything we do to reduce the environmental impact of our operations; from green procurement and recycling to training and awareness. The environmental program in each office is developed and implemented by the local environmental groups.

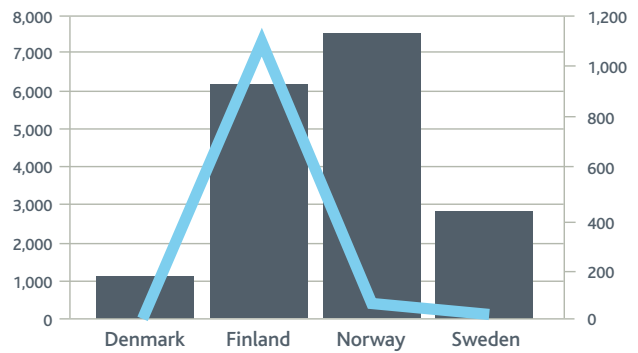
The central part in the environmental management program is our action plan for improving energy efficiency in our offices. As an initial step we mapped how well our different offices performed in terms of energy efficiency. Out of 18 large and medium size Nordic offices many (10) fall into the category E or F in a scale of A-G where A means high energy efficiency and G means low energy efficiency. As a pilot case we introduced energy efficiency measures in our office in Gothenburg in 2011 and reduced energy consumption by 35%. We continue this work by

■ District cooling ■ District heating ■ Electricity



Consumed energy per employee 2012 (MWh)

■ MWh electricity ■ ton CO₂



Consumed electricity compared to emissions (2012)

discussion with our landlords in other regions how we can find effective solutions for improving energy efficiency in our offices.

Here is a short summary of examples of activities, which demonstrate how we manage the environmental impact from our offices:

- Local Environmental groups
- Targets and action plan
- Environmental tips on the internal website
- Course in environmental responsibility at If
- Video and online meeting solutions
- Earth Hour campaign and theme week
- Green procurement through the network Buy Ecolabelled
- Reduced paper consumption and unnecessary printing through measures such as printing on both sides, and documents that are not retrieved manually are not printed
- Reuse and recycling of electronic equipment
- Recycling and reducing mixed waste. Some offices have already removed all conventional bins and have only recycling stations (implementation is in progress)
- Implementing energy efficiency measures in cooperation with our landlords
- Electricity from 100% renewable sources is used in our Danish and Swedish offices and our offices in Finland will begin to use green electricity in 2013.

In Finland we have also certified the environmental management program in our Turku office according to WWF Finland Green Office program (2012). Our office in Espoo will undergo this same certification process next year.

GREEN IT

Using modern technology and solutions in our IT systems improves functionality and facilitates reducing our environmental impact from business-related activities. During 2012 we continued our work with on reducing the number of servers and introducing an automatic 'user-habit adjusted solution' for stationary computer switch-off and wake-up in order to reduce energy consumption. Through reducing the number of servers we have saved approximately 259,000 kWh of electricity. Another focus area has been to improve our video meeting solutions as part of meeting management program.

While we are improving our IT systems we also work actively to reuse and recycle electronic equipment (computers, screens, phones etc.). During 2012 we recycled 2,800 kg of computers and have taken 1,440 computers back into use. This represents an important measure towards reducing our environmental impact. To illustrate this, the production of one computer results in approximately 700 kg CO₂ emitted, 1,500 liters of water used and 2,100 kWh electricity used.

Case: Green Tenant Award 2012

In November, our office and employees in Gothenburg were awarded 1st place at the Green Tenant Awards for their efforts and commitment to reduce the environmental impact of the Gothenburg office. The Green Tenant Award is a Swedish award designed to encourage office tenants to engage actively in reducing the environmental impact of their operations and offices.



In order to encourage and support our employees in this daily endeavor we provide them with guidelines and support as encouragement to make sound environmental choices.



Customers

Risk, safety, and protection – are what we work with daily. We therefore know which solutions increase our customers' safety the best while also reducing environmental impact. Our priority is to help our customers manage risk and provide assistance when accidents happen. By providing our customers with guidance on how to prevent damages we can help them save money and protect the environment.

PREVENTION IS BETTER THAN CURE

Loss prevention is the most important issue we discuss with our customers. We also provide information on loss prevention on our home page under "Advice and tips". This serves as the primary reference point for advice and documentation regarding loss prevention. Readers can find information on measures such as how to prevent fire, burglary, and water damages at home etc. It is not possible to measure how many accidents we have avoided thanks to our loss prevention activities, however we monitor how often people visit our loss prevention web page and download material.

In addition to providing useful information we also offer different products that help prevent accidents such as smoke detectors, reflective vests, child safety chairs etc. We also offer customers a discount when they follow our recommendations for avoiding accidents.

However, when an accident has occurred we focus our efforts on making the reparations as convenient and efficient as possible while mitigating the negative envi-

ronmental impacts. This means we have implemented rigorous programs to reuse materials and well-functioning parts in the reparation process while also holding our repairs suppliers to very high environmental performance standards.

WE CARE ABOUT THE ENVIRONMENT EVEN WHEN WE REPAIR DAMAGES

If handled over 394,000 damaged cars and 379,189 properties during 2012. These damages could contribute to negative environmental impact if waste and damaged materials is not handled properly. During 2012 we have continued our work with the policy-program focusing on reuse and the minimization of waste. Our goals are to reuse undamaged parts instead of disposal and to increase recycling.

Currently the major challenge in doing so has been increasing awareness among customers. We still need to put lot of effort into explaining why reusing undamaged spare parts is a better alternative than replacing them with completely new ones. Using brand new parts each time

1 Did you know?

25 tons is the amount of CO₂ emitted on average from a household fire. 300 kg is the amount of CO₂ emitted due to water damage - which is the most common damage in our homes and is preventable in the vast majority of cases.

Source: Insurance Sweden

2 Did you know?

Since 2008, If has published a professional magazine on risk management and loss prevention called 'Risk Consulting'. This magazine is distributed to various subscribers and is available online.

3 Did you know?

Many of our customers still prefer to receive their insurance information on paper by post. In order to reduce the environmental impact from this process we began an initiative in Norway; printing post on paper rolls instead of A4 sheets. This reduces the amount of waste and improves the logistics. We are currently evaluating how to implement this in other countries.

we repair a car would for instance result in additional CO₂ emissions that could otherwise be easily avoided. We take our environmental responsibility seriously and hold the contractors who repair damaged vehicles to high standards regarding reusing undamaged spare parts. We are also strict about following up with these contractors. We have a similar policy-program to increase the recycling of materials from property damages and follow up how well waste has been sorted from damaged sites.

Case: Launching car insurance based on CO₂ emissions
To be proactive and a market leader in the area of sustainability requires a pioneering approach to product development. During 2012, If Denmark was the first Danish insurance company to introduce car insurance for which the premium is based on the car's level of CO₂ emissions as well as driving habits. As such, the customer has a clear incentive to minimize their CO₂ emissions. Beyond choosing a fuel-efficient car, customers can choose to monitor their mileage and drive in an eco-friendly manner to reduce their premium. This is our incentive to encourage business customers to minimize CO₂ emissions from company-owned cars. This product is currently available to businesses customers.

E-INSURANCE

The e-insurance services combine environmental thinking with a modern approach to communication and customer satisfaction. We have used e-invoices since 2001. Since 2004 we have sent offers via e-mail instead of on paper to our customers. Since autumn 2011 If has provided online services to our private customers.

E-insurance helps to cut down on paper consumption and enables customers to access their documents on their laptops and smart phones. Customers have access to a complete overview of their insurance matters, anytime and anywhere through a simple log-in system. What is more, they can order e-invoices, adjust payment preferences and sign new agreements online. Currently, 1,192,269 (40%) customers are connected to our log-in system and we hope that by 2015 half of our customers will be using our e-insurance services.

Since autumn 2011 our customers in Norway have had the opportunity to use Europe's first virtual customer service center. This eCustomer center located in Lysaker is meant for anyone who would like to buy insurance or ask for advice regarding insurance services. The eCustomer center is a part of our goal to introduce modern technology for meeting customers wherever they are.

Case: Rent instead of buying

We offer to our customers the opportunity to rent a child safety seat from us instead of buying one. Our child safety seat package includes all three chairs that your child needs.

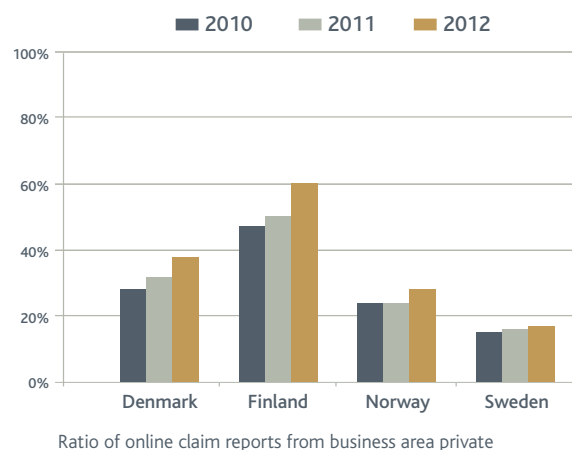
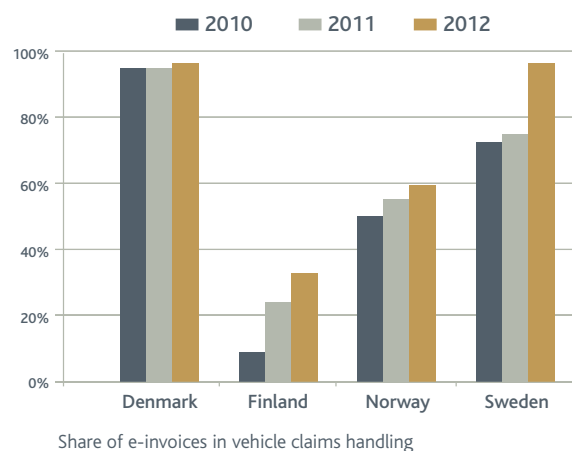
The chairs grow with your child so that he or she has a size and age-appropriate seat. By renting a child safety seat, customers contribute to the reuse of equipment that would otherwise become quickly useless as the child grows. However, we have many challenges to further improve the environmental benefits of this offer; we need to reduce environmental impact from transports and production.

Case: Climate impact accounting tool for business customers

If offers and encourages business customers to use climate impact accounting to manage their CO₂ emissions.

What gets measured gets managed – we believe that the only way to keep your CO₂ emissions under control is to measure how much CO₂ your company actually emits. The climate impact accounting tool Svante is a CO₂ emissions calculator designed for businesses. The tool is based on internationally acknowledged guidelines for CO₂ emissions accounting, i.e. the so-called Greenhouse Gas Protocol's accounting principles. It is easy to get started with climate impact accounting:

*To create your account visit www.svante.se.
To get a free account - use the campaign code if200.*





Suppliers

Together with our suppliers we handle approximately 394,000 car damages and 379,189 property damages each year. How we choose our suppliers impacts the environment more than you might imagine. Through strict environmental requirements and collaboration with our suppliers we can create a synergy that contributes to mutual success and environmental benefits. Our ambition is to ensure that the products we use and every damage claim we handle contributes to minimal negative impact.

ENVIRONMENTAL RESPONSIBILITY IN SUPPLY CHAIN AND PROCUREMENT PRACTICES

Our procurement policy and principles form the basis for our work with environmental responsibility in supply chain and contractual practices. We have established clear principles for selecting products whereby we carry out assessments among contractors in repairs and suppliers in IT and office equipment to ensure that they comply with our requirements. Anyone involved in a procurement process must take the relevant environmental aspects into consideration in the decision-making process.

Our overall priority is to choose environmentally sound alternatives and take into consideration the entire life cycle of a product. In addition, products and services that are certified according to existing ecolabel criteria or a management system should be preferred. The type of ecolabel that is accepted may vary depending on the product category. If it is the case that there is no ecolabel for a specific product category we apply product environmental guidelines from national authorities e.g. The Swedish Society for Nature Conservation.

Case: Buy Ecolabelled

Buy Ecolabelled is a business network under Nordic Ecolabel promoting environmentally sound production and consumption. The network focuses on guidance, sharing ideas and connecting companies that want to reduce their environmental impact from purchased products and services. Membership in the network has helped us to implement our procurement policy and improve our practices.

If in Sweden and Norway have been members of the local networks since 2010. The network is actually so useful that

when we discovered that it is not yet established in Denmark and Finland we applied in 2011 to become the first member in order to help establish the local networks. After successful preparations in Denmark and Finland, the local networks for promoting environmentally sound production and consumption were finally launched in 2012.

OUR PROCUREMENT POLICY

A product that meets most of the following criteria should be preferred:

- Sustainable and possible to repair.
- Energy efficient.
- Recyclable.
- Produces a minimal amount of waste.
- Carries an ecolabel or environmental certification.

Concerning supplier selection and contracts, the following principles have been adopted:

- We apply the defined method for evaluating the significance of environmental aspects in every procurement process
- All significant suppliers are required to have implemented an environmental policy
- An environmental clause regarding our environmental goals is included in all significant supplier contracts

CONTRACTORS

Our overall priority is to ensure that waste and materials from repair processes are managed in the best possible way from an environmental point of view. We therefore place high environmental and health-related requirements on our contractors who carry out repairs that we follow up. We also insist on very close and transparent cooperation.

Our requirements on contractors in property repairs

- An environmental policy and with all necessary legal permission.
- Follow our environmental policy.
- An environmental plan and environmental manager for each repair assignment.
- Process documentation and reporting through our project documentation tool In4mo.
- Waste from repairs is sorted and recycled.
- Use If's recommended supplier of waste management services is used in respective countries.

Our requirements on contractors in vehicle repairs and dismantling

- Environmental and quality management system according to ISO 9001 and ISO 14001.
- Report compliance with the European Commission's directive regarding prevention of waste from end-of-life vehicles (ELV Directive).
- Follow our environmental policy.
- Efficient transportation of vehicles and spare parts.
- Documentation of repair processes and methods, through the repair calculation systems Cabas, DBS and Autotaks.
- Report the amount of reused and recycled parts.

PROPERTY REPAIRS

We collaborate with hundreds of contractors in property repairs in order to ensure fast claims handling for our customers. Thorough process documentation and high process quality are essential to ensure that our customers receive claims handling the way it should be. However the quality of process documentation and reporting in property claims handling has been varying significantly. Therefore we launched in 2012 a project process tool (In4mo) for our contractors. This a web-based communication tool that contractors working on a claim site can access through their mobile phones or tablets, providing the claims handler with all necessary information directly. This tool ensures an efficient and streamlined process for property damage claims handling in all steps and enables all contractors to live up to our process requirements.

During 2012 we also continued our work towards reducing the amount of mixed waste from property repairs and increasing recycling. In terms of sustainable development, waste minimization is likely the most important issue. Our ambition is therefore to take an active role in ensuring that our contractors minimize waste from repairs. We require that at least 15% of waste from property repairs is recycled, which we follow up for each repair. In order to reduce the negative environmental impacts from the process as a whole we have also focused on improving waste transportation and introduced lighter containers and alternative solutions such as industrial bags in densely populated areas.

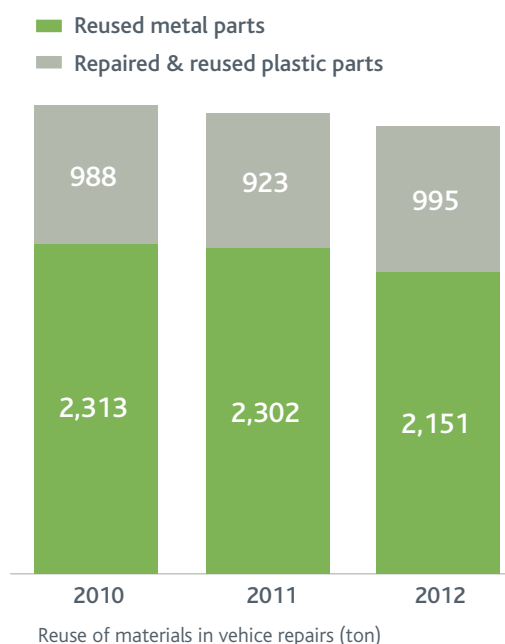
VEHICLE REPAIRS

Furthermore, we are continuously seeking ways to use modern communication technologies in our operations to avoid unnecessary traveling. The process of vehicle claims inspection is almost completely remote. In addition, all of our employees in vehicle claims will participate in an eco-driving course. Strict environmental requirements are placed on our contractors in vehicle repairs just as they are in property repairs. We require reuse and recycling of spare parts and conduct monthly follow ups regarding the amount of reuse of undamaged parts as well as the amount of repaired plastic parts for reuse. Instead of using brand new spare parts we reuse thousands of tons of plastic and metal each year. Together with our contractors we have created synergies regarding what is possible, which techniques work best and how to create efficient logistics for the collection and distribution of used spare parts.

Case: Minimizing waste from the repair process

We are collaborating together with the Swedish Car Recyclers Association, Swedish Transport Sector Association, Bilretur Car Recycling, Stena Recycling and Laga (web shop for used spare parts) in a reuse project to reduce waste from vehicle repairs and increase reuse of high quality spare parts.

The project aims to increase the reuse of used plastic parts that are often removed and wasted by workshops disassembling end of life vehicles. This is beneficial both from an environmental and economic point of view rather than using brand new plastic parts. In addition this contributes to job generation since workshops can charge for repairing the plastic parts. What is most important is that the currently available repairing techniques result in high-quality end products.





Climate change

Climate change is a global environmental challenge. The World Bank stated in its recent research report¹ that a 4 degrees increase in average world temperatures is likely to occur by the end of the century. This would mean catastrophic environmental, social and financial consequences for society and the insurance industry. Our ambition is therefore to be a frontrunner in the management of risks regarding climate change. We believe that in order to achieve credibility in the marketplace, we must also 'walk the talk' and minimize the CO₂ emissions from our own activities.

CLIMATE IMPACT ACCOUNTING

The total amount of direct and indirect CO₂ from Nordic operations during 2012 was 13,853 tons, which is 6% lower than the 2011 level (14,719 tons CO₂). See page 24 for detailed results. Purchased energy contributes to 25% and business travel (air, train and car) to 75% of our total impact. The total emissions from business travel were 10,298 tons of CO₂ (10,213 tons of CO₂, in 2011). Of all the means of transportation we use, air travel has the largest impact per travelled kilometer, which makes it the most significant source of our emissions. We follow the Greenhouse Gas Protocol guidelines in our climate impact accounting.

OUR ACTIONS

Our offices in the Nordic countries participate actively in the local debate regarding climate change and its consequences. Our activities and engagement in order to reduce CO₂ emissions and mitigate climate change is divided into categories according to the six principles of ClimateWise;

- Lead in risk analysis,
- Inform public policy making,
- Support climate awareness among customers,
- Incorporate climate change into investment strategies,
- Reduce climate impact from our business, and
- Report our impact and actions.

RESEARCH

We are always looking for new ways to combat climate change. In 2012 we joined a research collaboration to support research on increasing Nordic homeowners' adaptive capacity to climate change. This is a two and a half year research-driven project governed by NORD-STAR, which includes four insurance companies and an advisory group as members. The project has two objectives including the analysis of claims data to identify insurance-relevant climate change impacts and vulnerability as well as to develop a web-based visualization tool for lay people and professionals. *Find out more about the research at: <http://www.nord-star.info/>*

Case: Community engagement in Sundsvall

If is participating in the local business community network Centre for Research and Economic Relations (CER) driven by Mid Sweden University in Sundsvall. CER's vision is to through growth and creative collaborations make Sundsvall the Nordic center of knowledge and competence in banking, insurance, and pension.

During 2012 the CER has helped students from Mid Sweden University to gain practical work experience and employment after graduation. In 2012 the CER initiated a collaboration project focusing on environmental responsibility in finance sector as the key to sustainable development and growth. During this program the participants will exchange

¹ The World Bank (2012) Turn down the heat – why a 4°C warmer world must be avoided.

their experiences and develop principles for common good practice regarding environmental responsibility in order to set a good example for the local community.

INITIATIVES AND MEMBERSHIPS

- The Carbon Price Communiqué
- The 2°C Challenge Communiqué
- Network for climate neutral companies (Sweden)
- ClimateWise
- Buy Ecolabelled green procurement network
- Ambassador for climate impact accounting tool Svante
- WWF i Finland
- Klimaløftet (Norway)
- Klimatpaktet (Sweden)
- Earth Hour
- Energy saving week (Finland)
- CER Network (Sweden)

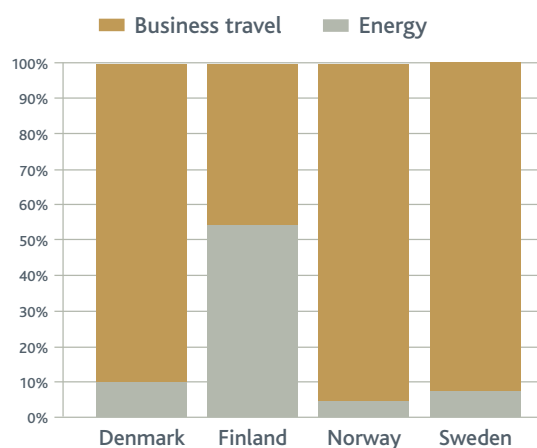
CARBON OFFSET

Since 2011, all CO₂ emissions arising from our operations have been compensated (carbon offset) through a United Nations Clean Development Mechanism (UN's CDM) project in Gayatri Agro India. In 2012 we offset 16,000 tons of CO₂ emissions through this project. This amount of CO₂ emissions compensated for corresponds emissions equivalent to driving a car 2,195 times around the world.

The project we support in India – Gayatri Agro – contributes to the reduction of CO₂ emissions by replacing fossil fuels with biofuels as feedstock for power generation. Diesel is replaced with agricultural waste from rice farms. In addition to reducing CO₂ emissions, the project stimulates sustainable social and economic development in the local community. The project has created new jobs and has also contributed to improved public health by ensuring that the community has access to clean water. Our ambition is

to take a global responsibility and continue to fund carbon offset projects during upcoming years.

The CDM projects enable global collaboration in funding and implementing emission-reduction projects in developing countries. These emission-reduction projects in developing countries reduce CO₂ emissions and generate so called certified emission reduction credits, each equivalent to one ton of CO₂. These certified emission reduction credits can be traded and sold. Companies that purchase such certified emission reduction credits fund through that these emission-reduction projects. Without trading the emission reduction credits the projects would not be financially feasible. Companies that purchase the certified emission reduction credits use thus what is known as carbon offset.



Distribution of CO₂ emissions per country 2012

If CO₂ emissions summary 2011-2012 by scope

Scope 1 (direct fuel consumption and emissions by type)					
	2011		2012		Change in emissions (%)
	Consumption (m ³)	Emissions (tons CO ₂)	Consumption (m ³)	Emissions (tons CO ₂)	
Petrol	9	21	10	22	9%
Diesel	62	160	46	118	-26%
Biogas	6,854	0	3,060	0	-
Natural gas	5,386	12	3,060	7	-42%
Ethanol E85	46	20	-	-	-
Sum	12,357	213	6,176	147	-30%

Scope 2 (indirect energy consumption and emissions by type)					
	2011		2012		Change in emissions (%)
	Consumption (MWh)	Emissions (tons CO ₂)	Consumption (MWh)	Emissions (tons CO ₂)	
Electricity	18,409	2,263	17,741	1,191	-47%
District heating	13,181	2,069	13,103	2,201	6%
District cooling	5,849	136	5,443	126	-7%
Sum	37,439	4,468	36,287	3,518	-21%

Scope 3 (other indirect emission sources)					
	2011		2012		Change in emissions (%)
	Use	Emissions (tons CO ₂)	Use	Emissions (tons CO ₂)	
Business air travel (km)	19,238,193	8,309	18,845,511	8,122	-2%
Business train travel (km)	1,698,252	19	2,643,040	16	-14%
Business car travel (km)	9,249,826	1,672	10,569,973	2,013	20%
<i>Petrol (km)</i>	3,952,669	763	3,590,089	733	-4%
<i>Diesel (km)</i>	4,481,182	841	6,228,248	1,217	45%
<i>Ethanol (km)</i>	503,965	32	466,198	29	-8%
<i>Biogas (km)</i>	48,599	2	47,370	2	-3%
<i>Natural gas (km)</i>	48,599	7	47,370	7	-3%
<i>Hybrid (km)</i>	214,812	26	190,699	23	-11%
Copy paper use (ton)	127	38	121	37	-5%
Sum	-	10,038	-	10,188	1%
Total emissions, Scope 1, 2, and 3 (tons CO ₂)		14,719		13,853	-6%

If CO₂ sources and emissions by country and scope 2012

	Denmark	Finland	Norway	Sweden	Sum	Denmark	Finland	Norway	Sweden	Sum
Scope 1 (direct fuel consumption by type, m ³)						Scope 1 emissions (tons CO ₂)				
Petrol	1	3	0	6	10	2	6	0	14	22
Diesel	10	6	3	27	46	26	17	8	67	118
Biogas	-	-	-	3,060	3,060	-	-	-	7	7
Natural gas	-	-	-	3,060	3,060	-	-	-	0	0
Sum	11	9	3	6,153	6,176	28	23	8	88	147

	Denmark	Finland	Norway	Sweden	Sum	Denmark	Finland	Norway	Sweden	Sum
Scope 2 (indirect energy consumption, MWh)						Scope 2 emissions (tons CO ₂)				
Electricity (MWh)	1,138	6,182	7,548	2,873	17,741	0	1,137	54	0	1,191
District heating (MWh)	617	7,689	1,125	3,672	13,103	93	1,802	90	216	2,201
District cooling (MWh)	-	480	637	4,326	5,443	-	11	15	100	126
Sum	1,755	14,351	9,310	10,871	36,287	93	2,950	159	316	3,518

	Denmark	Finland	Norway	Sweden	Sum	Denmark	Finland	Norway	Sweden	Sum
Scope 3 (other indirect emission sources)						Scope 3 emissions (tons CO ₂)				
Air (km)	1,343,513	4,255,086	6,737,738	6,509,174	18,845,511	591	1,774	2,981	2,776	8,122
Train (km)	18,000	1,237,536	197,530	1,189,974	2,643,040	1	15	0	0	16
Total taxi & personal car (km)	914,825	3,694,386	1,302,365	4,658,397	10,569,973	185	740	260	828	2,013
<i>Petrol</i>	<i>454,449</i>	<i>1,295,848</i>	<i>462,850</i>	<i>1,376,942</i>	<i>3,590,089</i>	<i>94</i>	<i>268</i>	<i>96</i>	<i>275</i>	<i>733</i>
<i>Diesel</i>	<i>458,153</i>	<i>2,384,818</i>	<i>827,784</i>	<i>2,557,492</i>	<i>6,228,248</i>	<i>90</i>	<i>470</i>	<i>163</i>	<i>494</i>	<i>1,217</i>
<i>Etanol</i>	<i>2,223</i>	<i>13,721</i>	<i>11,731</i>	<i>438,524</i>	<i>466,198</i>	<i>0</i>	<i>2</i>	<i>1</i>	<i>26</i>	<i>29</i>
<i>Biogas</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>47,370</i>	<i>47,370</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>2</i>	<i>2</i>
<i>Natural gas</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>47,370</i>	<i>47,370</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>7</i>	<i>7</i>
<i>Hybrid</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>190,699</i>	<i>190,699</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>23</i>	<i>23</i>
Copying paper (ton)	13	45	30	33	121	4	14	9	10	37
Sum	-	-	-	-	-	780	2,543	3,250	3,614	10,188
Total emissions, Scope 1, 2, and 3 (tons CO ₂)						902	5,517	3,418	4,018	13,853

Water consumption by country 2012

	Denmark	Finland	Norway	Sweden	Sum
Water consumption (m ³)	2,938	15,862	13,575	14,206	46,581

Paper and printed materials by weight by country 2012

	Denmark	Finland	Norway	Sweden	Sum
Copying paper	13	45	30	33	121
Printed material	22	88	153	74	337
Marketing material	-	198	50	136	384
Sum (tons)	35	331	233	243	842

Produced and recycled waste by country 2012

	Denmark	Finland	Norway	Sweden	Sum
Recycled and/or reused (tons)					
Mixed waste	-	26	0	0	26
Paper and cardboard	-	89	147	131	367
Waste IT products	-	1	1	0	2
Domestic waste (bio)	-	35	33	13	81
Metal, glass	-	19	5	2	26

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