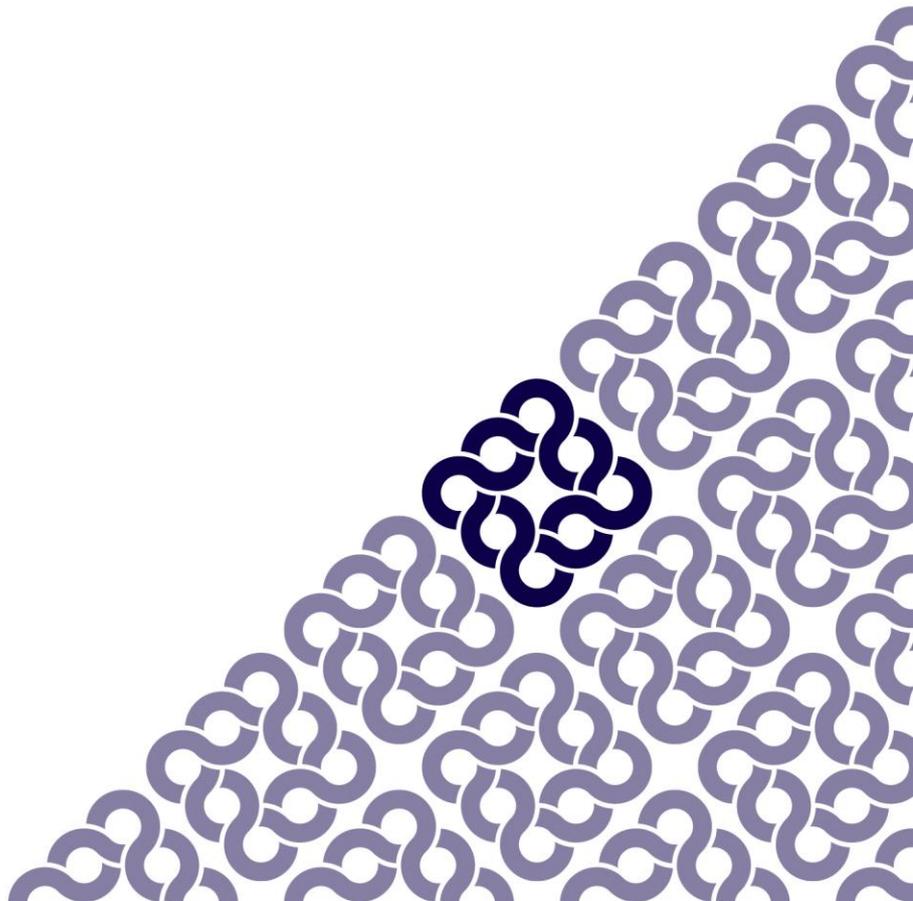


April 2022

ATHORA GROUP

SUSTAINABILITY

STRATEGY



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1. Introduction

Introduction to sustainability

Sustainability is a broad and increasingly used term as more individuals and companies pay attention to their own contribution to the sustainability of our world. The increased focus on sustainability globally has been driven by the heightened urgency and importance of action to combat sustainability issues.

Asset owners, investors and providers of financial services and products play a key role in the global sustainability agenda that will shape the future of our world. This is being increasingly recognised as these organisations, as well as companies in general (partially through regulatory demands) pay growing attention to sustainability and the impact of their own actions. It is gradually understood that a corporate strategy focusing on sustainability can add brand value, meet consumer demands, increase efficiency, attract valuable talent and create long-term value and new opportunities, and is a way to attract more capital for innovation and growth.

Market development

Over the past five to ten years, sustainability focus has increased at a consumer, regulatory, business and societal level, and this trend is expected to continue at speed. In line with this trend, businesses are facing growing challenge from stakeholders (including customers, employees and regulators) on their sustainability strategy, performance and disclosure thereof. Stakeholders are increasingly expecting concrete and specific strategies with clearly articulated goals, as opposed to general ambition statements which have previously been accepted. Sustainability is also increasingly linked to reputation and is now often used by businesses to strengthen the brand and attract and/or maintain personnel.

In terms of the scope of sustainability, there has been a shift from primarily focusing on internal performance, to value chain impact. Stakeholders want to understand how businesses are influencing, incentivising and helping business partners and customers to become more sustainable. Additionally, sustainability themes have broadened from a strong focus on greenhouse gas emissions, to also consider themes such as biodiversity, circularity, human rights and diversity. These trends are expected to continue and increase going forward.

Within the insurance sector, key sustainability topics centre around socially responsible investments and provision of fair, transparent and accessible products. This is in addition to the broadly recognised corporate social responsibility topic.

Regulatory developments

Until recently, the subject of sustainability for financial institutions (from a regulatory point of view) was relatively free format, i.e. there were few requirements on how parties integrate sustainability risks and aspects or should disclose information on this matter. However, with the introduction of the Sustainable Finance Disclosure Regulation (SFDR) in March 2021 this has changed, and this is only the start.

After being repeatedly confronted with the real consequences of climate change, governments around the world have agreed to take action both together and individually. The most significant (global) milestone is the Paris Agreement, which is a legally binding commitment by 195 individual countries to limit the increase in the global average temperature to below 2°C.

Subsequently, COP26 finalised the Paris Agreement rulebook, which outlines how countries are held accountable for delivering on their climate actions.

In addition, the EU has followed this up with an elaborate framework, known as the EU Green Deal, which includes the EU taxonomy for sustainable activities. This revolves around a goal to have net zero emissions by 2050, and the way towards achieving this goal. However, the EU Green Deal does not only relate to climate related action, also includes targets in respect of biodiversity loss, pollution, the transition to a circular economy and a lot of other sustainability related goals, that will also become relevant topics in upcoming regulations for the financial markets.

Definitions used

There is a lot of sustainability-related terminology used with different meaning in different contexts. For the purpose of the Athora sustainability strategy, we adopt the following definitions of generic terms. The intention is to foster alignment on definitions within Athora, even if these are not universally used definitions outside of Athora.

- **Sustainability:** Efforts and activities that ensure our business contributes to an ecologically and socially sustainable, ethical and fair world, by looking after our customers, our employees, the community and the planet
- **ESG factors:** Environmental, social and governance factors – part of sustainability considerations
- **Sustainability vision:** Our shared view on what our sustainability effort help realise
- **Sustainability goals:** The ultimate outcome we aim to achieve with our sustainability activities
- **Sustainability risk:** The risk of negative financial impact of environmental, social or governance events or conditions impacting our customers, our employees, the community and the planet
- **Sustainability related risk:** The risk associated with not living up to sustainability standards (regulatory standards, market standards, stakeholder expectations, communicated ambition levels, etc.)

2. Sustainability and the context for Athora

The notion of sustainability gives long-term economic actors such as Athora a key role in society – to strive for sustained economic wellbeing whilst respecting environmental, social and governance norms. At Athora, we embrace this role. As a life insurer, the core of our business revolves around removing financial uncertainty and insecurities over the long term for our policyholders, which is already a critical contribution to sustainability in terms of economic wellbeing over the long term. However, we recognise that we have multiple roles to play in ensuring a sustainable future:

- An Insurer;
- As an Employer;
- A Corporate citizen; and
- As an Investor.

As we continue our sustainability journey, we raise our sustainability ambition across all fronts, including level of engagement (internally and externally), disclosures, metrics and targets, and sustainability policies. This is a multi-year process with a continuously moving target. Our ambition is to raise our sustainability level to reflect the commitment of a responsible insurer, whilst leveraging our expertise to provide thought leadership on selected topics.

Given the breadth of the sustainability topic, we have selected three sustainability focus themes for our organisation based on our industry role, strengths and values:

1. Promoting economic wellbeing over the long-term
2. Protecting life and nature
3. Facilitating fair and good social outcomes

The remainder of this document sets out our sustainability vision and principles, details of our sustainability roles and themes, our sustainability metrics and governance, as well as sustainability risks and opportunities faced by Athora. Exhibit 1 below provides an overview of our sustainability framework and how the various elements relate to each other.

Exhibit 1: Overview of sustainability framework



3. Sustainability vision and principles

Sustainability vision

We aim to ensure that our work genuinely generates value for all our investors, and enables our customers, employees, community and planet to thrive, without compromising the means of future generations.

This means that we will execute our business activities to achieve our agreed goals as per our corporate strategy, in a sustainable manner in order to promote the ability of our planet, community, customers and employees to thrive – today and in the future.

Our sustainability vision covers our four primary sustainability stakeholder groups:

- **Our customers:** As a business, we are here to serve our customers and our customers respond to our service with their feedback – we provide fair, transparent and accessible products and protect our customers’ interests and long-term value whilst promoting sound governance through our selection of suppliers, investment targets and our internal operations.
- **Our employees:** Our employees form the core of our business, therefore ensuring high employee engagement and development is our priority and enables us to attract and maintain high-performing talent from diverse backgrounds – we provide a safe, fair and inclusive work experience for all our employees which enables their professional and personal development, engagement and fulfilment.
- **Our community:** Being a contributing citizen in our communities is a critical part of our identity as a business and we aim to improve the condition of our communities as well as that of those in our communities – through provision of critical services and education, tax contributions, volunteering activities, selection of suppliers, investment targets and our internal operations.
- **Our planet:** We deem looking after our planet to be a key responsibility of any business or individual inhabiting the planet and a healthy planet is critical as the home of our business operations, our customers and our employees – we actively promote a healthy planet through our selection of supplier, investment targets and our internal operations.

We recognise that we have a number of additional sustainability stakeholder groups, including amongst others: regulators, investors, rating agencies and value chain partners. The elements of interest of these groups in relation to sustainability are reflected in the points above.

Sustainability principles

To achieve our sustainability vision, we adhere by the following principles which are core to Athora Group’s sustainability activities:

1. We see sustainability as a joint responsibility and needs to be **embedded in the activities** across all parts of the organisation (see sections 4 and 8)
2. We **focus our efforts where we can make the highest impact**, in line with our capabilities, values, relationships and ordinary business activities (see section 5)
3. We **continuously monitor the landscape and evolve our thinking** to mitigate risks and capture opportunities (see section 6)
4. We aim to **measure our impact** and report on it (see section 7)

4. Sustainability roles

We recognise that in order to achieve our sustainability vision, we need to treat sustainability as an integral part of our identity and consciously embed sustainability in all our business activities. We structure Athora’s opportunity to contribute to sustainability and achieve our sustainability vision through our activities in four roles, as illustrated in **Exhibit 2** below.

Exhibit 2: Our sustainability roles and activities (not exhaustive)

As an insurer	As an employer	As a corporate citizen	As an investor
<ul style="list-style-type: none"> • Providing access to financial products and committing to long-term sustainable products that meet the specific challenge of the pension gap and changing demographics • Being transparent and providing our clients with easy to understand information to facilitate their decision-making • Treating our clients fairly and acting in their best interest (product development, service, data privacy, etc.) • Promoting financial awareness and education • Enabling / incentivising clients to choose sustainable funds (for unit linked products) 	<ul style="list-style-type: none"> • Creating an open, supportive and collaborative culture • Establishing an inclusive, diverse and equal organisation, including our recruitment and promotion processes • Supporting our employees and enabling their personal and professional development • Looking after our employee’s wellbeing • Adhering to fair and balanced remuneration 	<ul style="list-style-type: none"> • Taking steps to reduce our own carbon footprint • Monitoring our supply chain and considering sustainability factors in decisions to appoint / retain suppliers and partners • Staying on top of regulatory requirements • Ensuring sound governance of our operations • Promoting charitable acts (not just donations) • Contributing through our taxes and adhering to a transparent approach to tax • Transparently reporting on our progress 	<ul style="list-style-type: none"> • Considering sustainability factors in investment decisions • Excluding companies which do not align with our values from our portfolio • Actively leveraging our ownership to influence portfolio companies to be more sustainable • Allocating investments to ESG-positive initiatives

Linking this to a previous framework developed at Athora Group, our roles as an Insurer and partly a Corporate citizen are consistent with making External Impact, our role as an Employer and partly a Corporate citizen are consistent with exhibiting Resilient Assurance, and our role as an Investor is consistent with making Responsible Investments.

Our role as an Insurer

As an insurer, we ensure that we are sustainable primarily through our products and services, by treating our customers fairly and acting in their best interest. In our role as an Insurer, we aim to assess our sustainability level by exploring:

1. **Financial awareness and education:** how are we ensuring financial awareness and education among our existing / potential customers, and in our broader communities?
2. **Accessibility:** how accessible are our products and how well are we meeting the insurance gap in the market?
3. **Transparency:** how transparent and easy to understand are our product communications and disclosures?
4. **Customer interest:** what are we doing to ensure that we always act in the best interest of our customers?
5. **Incentivisation:** how are we incentivising customers to make sustainable choices?

Our role as an Employer

We ensure that we are sustainable as an employer primarily through our human resource practices, by looking after the development and well-being of our employees and implementing a fair and inclusive culture for our existing and potential employees, with emphasis on inclusion, diversity and equality. In our role as an Employer, we aim to assess our sustainability level by exploring:

1. **Culture and engagement:** how open, supportive and collaborative is our culture, and how engaged are our employees?
2. **Inclusion, diversity and equality:** how fair and equal is our organisation, including our recruitment and promotion processes?
3. **Talent development:** what opportunities do we provide for our employees to develop professionally and personally?
4. **Wellbeing:** to what extent do we look after our employees' personal wellbeing?
5. **Remuneration:** how fair and balanced is our remuneration?

Our role as a Corporate citizen

We ensure sustainability of our activities as a corporate citizen through our own operations, our governance and transparent reporting, our tax contributions and our charitable acts. In our role as a Corporate citizen, we aim to assess our sustainability level by exploring:

1. **Community involvement and contribution:** what contributions are we making to our communities through volunteering, monetary and non-monetary charitable donations, and taxes?
2. **Operations:** how efficient are our operations and how are we managing our energy consumption / sources, waste reduction and recycling, and travel-related emissions?
3. **Procurement and supply chain:** how aligned are our Procurement policies and processes with a sustainable direction (e.g. screening and monitoring of suppliers)?
4. **Compliance:** are we compliant with current and / or future regulatory requirements?
5. **Governance:** do we have robust governance in place?
6. **Disclosure:** are our disclosures transparent and in line with international best practice disclosure standards?

Our role as an Investor

We contribute to sustainability efforts as an investor through our investment decisions and active ownership. In our role as an Investor, we aim to assess our sustainability level by exploring:

1. **Integration:** to what extent do we integrate sustainability considerations in our investment decisions?
2. **Alignment:** how aligned is our investment portfolio to our own values and what level of exclusions are we applying?
3. **Engagement:** how do we engage with investment targets to influence them towards more sustainable practices and what results do our engagement efforts generate?
4. **Impact:** what proportion of our portfolio is invested in impact investments and what impact do we make through our investments?

5. Sustainability themes

Sustainability is a broad topic and whilst we endeavour to make a positive impact in as many areas as possible, we are conscious of the risk of keeping ourselves busy in multiple different areas without achieving real impact. In order to stay focused, three key themes have been identified based on our business values as well as our sustainability vision, principles and roles:

1. Promoting economic wellbeing over the long term
2. Protecting life and nature
3. Facilitating good and fair personal circumstances

Whilst each business unit's sustainability activities and focus naturally need to differ (e.g. based on business activities, locality, capacity), these themes are deemed to be relevant for the sustainability activities across Athora Group.

The following sub-sections elaborate on these themes in the Athora context and link the themes to the relevant United Nations' Sustainable Development Goals (UN SDGs).

Promoting economic wellbeing over the long term

We provide economic wellbeing to our insurance customers over the long term and we are well positioned to broaden on our role in this area to increase our impact – by engaging with our communities and promote financial literacy. The relevant UN SDGs linked to this theme are goals 4, 9 and 12.



Protecting life and nature

We recognise our shared responsibility to look after our nature, including life on land and life below water – from our own footprint to how we contribute to and invest in initiatives aimed at protecting, conserving, and restoring our environment. The relevant UN SDGs linked to this theme are goals 13, 14 and 15.



Facilitating fair and good social outcomes

We are committed to facilitating good social outcomes, including fairness and equality within our organisation and in our society – from reviewing our own human resource processes and policies, to our investment in and contributions to broader initiatives. The relevant UN SDGs linked to this theme are goals 3, 10 and 11.



6. Sustainability monitoring (risks and opportunities)

At Athora, we recognise that it is vital to consider and manage sustainability and sustainability-related risks. Management of such risks is embedded across Athora and the responsibility rests with the respective functional teams and business units, with oversight by Group Risk. Through management and mitigation of identified risks, we identify substantial opportunities for Athora to capture whilst improving the sustainability of our activities and outcomes. We continue to monitor and update our view on sustainability and sustainability-related risks and opportunities faced by Athora.

Table 1 below outlines the key risks and opportunities identified with respect to each of our sustainability themes.

Table 1: Key sustainability and sustainability-related risks and opportunities faced by Athora

	Risks	Opportunities
Economic wellbeing	<ul style="list-style-type: none"> Athora product development and service proposition unable to keep up with changing customer needs Poor customer outcomes / satisfaction and resulting reputational damage Poor understanding of financial (incl. insurance) products among existing / potential customers 	<ul style="list-style-type: none"> Proactive product review and development contributing to growth opportunities Strategy with customer at the centre leading to increased customer trust and advocacy Improved financial awareness and access leading to thriving communities and retirement savings
Life and nature	<ul style="list-style-type: none"> Significant carbon footprint and environmental impact from Athora's own business operations Significant carbon footprint and environmental impact from Athora's investment portfolio Physical damage to Athora offices due to climate change 	<ul style="list-style-type: none"> Cost savings associated with improved operational efficiency (both for Athora's own operations and Athora's investments) Innovation resulting from climate change enabling further operational efficiency within Athora
Social outcomes	<ul style="list-style-type: none"> Poor culture / employer reputation leading to challenges in attracting, engaging and retaining talent Human rights issues impacting our supply chain delivery 	<ul style="list-style-type: none"> Ability to positively differentiate employer brand and culture, and develop high-performing workforce Ability to positively impact supply chain conditions through implementation of vendor code of conduct
All themes	<ul style="list-style-type: none"> Reputational damage due to material sustainability incident at associated investment target / supplier / partner Investment losses due to material sustainability incidents at investment target Changing regulatory requirements and cost burden to ensure compliance Reputational damage due to slow adoption of sustainable practices 	<ul style="list-style-type: none"> Implementation of sustainability considerations in decision making allows support of sustainable investments / suppliers Potential for superior investment return associated with sustainability-aware investment targets Staying on top of regulation and implementation of transparent disclosure practices Implementation of sustainable practices leading to reputational gains and increased business opportunities

7. Sustainability metrics

In order to measure our progress and hold ourselves accountable for ensuring a high level of sustainability of our business, we have identified a number of metrics to serve as sustainability key performance indicators (KPIs). These metrics have been sourced from various areas within the organisation, to reflect the breadth of the sustainability theme. As a result of the interlinkages of the sustainability themes as well as the breath of potential impact of our activities, many of our metrics cut across more than one of our sustainability themes. Sustainability metrics will be reported to the Management Executive Committee and the Board on a regular basis.

8. Sustainability governance

At Athora, we recognise that sustainability is the responsibility of the entire business and needs to be embedded accordingly. Each function is responsible for the appropriate embedding of sustainability within the function. **Table 2** lists some of the responsibilities within each area for reference (this is not an exhaustive list).

Table 2: Overview of sustainability roles and responsibilities

Area	Responsibility (not exhaustive)	Role / function
Sponsorship	<ul style="list-style-type: none"> Sponsoring the overall sustainability strategy and activities within Athora Receiving semi-annual updates from the Chief of Strategy and providing input / challenge as appropriate 	AHL Board
Ownership and accountability	<ul style="list-style-type: none"> Owning the sustainability agenda on behalf of the Board Receiving quarterly updates from the Chief of Strategy and providing input / challenge as appropriate 	Management Executive Committee
Oversight and overall execution	<ul style="list-style-type: none"> Driving the overall Group sustainability agenda Providing quarterly updates to the Management Executive Committee / semi-annual updates to the Board on sustainability metrics and matters Chairing of monthly sustainability forum 	Chief of Strategy
Sustainable investments	<ul style="list-style-type: none"> Monitoring sustainable investment policy and ensuring compliance Identifying and proposing impact investment opportunities for MEC approval 	Investment office / asset managers
Sustainable risk management	<ul style="list-style-type: none"> Identifying potential sustainability risks, assessing impacts and putting in place appropriate mitigating factors 	Risk
Sustainable people processes	<ul style="list-style-type: none"> Ensuring fair recruitment processes and diverse workforce Ensuring an inclusive workplace for all employees Facilitating talent development & employee well-being 	HR
Sustainable use of resources	<ul style="list-style-type: none"> Implementing resource-efficient measures with focus on renewable energy / recyclable materials 	Facilities
Sustainability disclosures & communications	<ul style="list-style-type: none"> Developing & issuing timely internal and external communications on sustainability Promoting sustainability activities 	Communications
Sustainability compliance	<ul style="list-style-type: none"> Identifying and interpreting applicable sustainability regulations & requirements Ensuring implementation of necessary measures for compliance 	Compliance
Tax disclosures	<ul style="list-style-type: none"> Ensuring transparent tax disclosures 	Tax
Business unit alignment	<ul style="list-style-type: none"> Ensuring individual business units align with the Group strategy agenda 	Business unit CEOs

9. Maintenance of this document

This document was created in April 2022. It will be reviewed at least on an annual basis, with ad-hoc revisions as necessary. The document is owned by the Athora Management Executive Committee, on behalf of the Board. It will be maintained by the Strategy and Group Direction team, on behalf of the Management Executive Committee.