

Policy on Environmental, Social, and Governance (ESG) Sustainability

Co-operative Insurance Company PLC

1. Purpose

This policy outlines the framework for integrating Environmental, Social, and Governance (ESG) sustainability principles into the operations and decision-making processes of Co-operative Insurance Company PLC. It reflects the company's commitment to sustainable development, ethical practices, and creating long-term value for stakeholders.

2. Scope

This policy applies to all employees, directors, contractors, and stakeholders involved in the company's operations. It covers all aspects of the company's business, including underwriting, investments, operations, and corporate social responsibility (CSR).

3. Objectives

- To ensure the company minimizes its environmental impact, contributes positively to society, and adheres to strong governance principles.
 - To enhance the company's reputation, risk management, and stakeholder trust through transparent ESG disclosures.
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4. Key ESG Principles

4.1 Environmental Responsibility

- Minimize the environmental impact of business operations.
- Support initiatives to mitigate climate change and promote biodiversity.
- Encourage sustainable underwriting and investment practices.

4.2 Social Responsibility

- Foster diversity, equity, and inclusion within the workplace.
- Support community development through CSR initiatives.
- Promote customer-centric practices, ensuring fair treatment of policyholders.

4.3 Governance Excellence

- Uphold the highest standards of ethics, integrity, and transparency.
 - Ensure robust risk management and compliance frameworks.
 - Engage stakeholders in meaningful dialogue on ESG-related matters.
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5. Environmental Sustainability

5.1 Environmental Impact Reduction

- Implement initiatives to reduce energy consumption, water usage, and waste generation.
- Transition to renewable energy sources where feasible.
- Adopt environmentally friendly practices in office operations, such as paperless workflows and green building standards.

5.2 Climate Risk Management

- Assess and manage climate risks within the insurance underwriting and investment portfolios.
 - Develop insurance products and services that promote environmental sustainability, such as coverage for renewable energy projects.
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6. Social Sustainability

6.1 Employee Well-being and Development

- Ensure a safe, healthy, and inclusive work environment.
- Provide opportunities for professional development and continuous learning.
- Offer competitive compensation and benefits aligned with industry standards.

6.2 Community Engagement

- Invest in community programs focusing on education, health, disaster relief, and financial literacy.

- Partner with non-governmental organizations (NGOs) and other stakeholders to maximize social impact.

6.3 Customer Responsibility

- Ensure fair and transparent dealings with customers.
 - Provide accessible insurance products catering to underserved segments of society.
 - Enhance digital capabilities to improve customer experience and accessibility.
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7. Governance Sustainability

7.1 Ethical Business Practices

- Comply with all legal and regulatory requirements, including those of the **Insurance Regulatory Commission of Sri Lanka (IRC SL)** and **Colombo Stock Exchange (CSE)**.
- Implement and enforce a robust Code of Conduct for directors, employees, and stakeholders.

7.2 Risk Management and Oversight

- Integrate ESG risks into the company's enterprise risk management framework.
- Establish a dedicated ESG Committee reporting to the Board of Directors to oversee sustainability initiatives.

7.3 Transparency and Reporting

- Disclose ESG performance and initiatives in the company's Annual Report, following globally accepted standards such as the **Global Reporting Initiative (GRI)** and **Sustainability Accounting Standards Board (SASB)** frameworks.
 - Publish a standalone Sustainability Report annually.
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8. ESG Integration in Insurance and Investment

8.1 Sustainable Insurance Practices

- Incorporate ESG factors into underwriting decisions, ensuring policies align with sustainability goals.
- Avoid underwriting projects or businesses with significant negative environmental or social impacts.

8.2 Responsible Investment

- Integrate ESG criteria into investment decision-making processes.
 - Allocate capital to sustainable and socially responsible investments, such as green bonds or renewable energy projects.
 - Engage with investee companies to encourage improved ESG performance.
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9. Roles and Responsibilities

9.1 Board of Directors

- Provide strategic direction and oversight on ESG matters.
- Approve ESG-related policies and initiatives.

9.2 ESG Committee

- Oversee the implementation and progress of ESG strategies and initiatives.
- Monitor compliance with ESG standards and report to the Board regularly.

9.3 Senior Management

- Integrate ESG principles into day-to-day operations and decision-making.
- Ensure adequate resources and training for ESG implementation.

9.4 Employees

- Adhere to ESG policies and practices.
 - Participate in training and awareness programs on sustainability topics.
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10. Monitoring and Evaluation

10.1 Key Performance Indicators (KPIs)

- Develop KPIs to measure the effectiveness of ESG initiatives, such as:
 - Carbon footprint reduction.
 - Diversity and inclusion metrics.
 - Community investment impacts.

10.2 Periodic Reviews

- Conduct regular reviews of ESG policies and practices to ensure alignment with evolving regulatory requirements and stakeholder expectations.
 - Engage external auditors or consultants to assess ESG performance and recommend improvements.
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11. Training and Awareness

- Conduct regular training programs to build ESG awareness among employees, management, and directors.
 - Provide resources and tools to help employees understand their roles in achieving sustainability objectives.
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12. Stakeholder Engagement

- Engage with key stakeholders, including shareholders, policyholders, regulators, and NGOs, to discuss ESG performance and future plans.
 - Respond to stakeholder concerns regarding sustainability in a transparent and constructive manner.
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13. Policy Review and Updates

- This policy shall be reviewed annually or as required to reflect changes in laws, regulations, and best practices.
 - Amendments must be approved by the Board of Directors.
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Approved by the Board of Directors