Responsible Business Conduct Protocol
Costa Rican **Insurance Sector**

Led by:

AED ALIANZA EMPRESARIAL PARA EL DESARROLLO · United Way · Sumarse

Financed by:

CERALC Conducta Empresarial Responsable en América Latina y el Caribe · Unión Europea

Supported by:

SUGESE Superintendencia General de Seguros República de Costa Rica

RESPONSIBLE BUSINESS CONDUCT PROTOCOL
COSTA RICAN INSURANCE SECTOR

January 2022

Clause I. CONSIDERATIONS

Considering that the role of the business sector has evolved over time from being only a source of products, services, employment and wealth, to becoming a proactive participant in helping to solve challenges and obstacles to development as part of its responsibilities to strengthening competitiveness and resilience.

Recognizing that organizations in the insurance sector, including trade unions, insurance companies, brokers and other intermediaries, must not only confront market challenges, but also consider society's expectations in all their decision-making, operations and strategies to contribute to risk management and to maximize opportunities related to inequality, poverty, climate crisis and human rights.

Being aware of the interconnections between Environmental, Social and Governance (ESG) risks, and other relevant issues in a changing global environment, in which risks are increasingly common and require the identification of their impacts on the most vulnerable populations.

Reaffirming that the insurance sector has a special role to play in achieving the Sustainable Development Goals (SDGs), given its nature as a manager and risk and investment taker, and recognizing that these goals offer new opportunities for cooperation, specifically in two major areas: internally, to improve company management and externally, to strengthen insurance with risk prevention services and investments, as a driving force for sustainable development.

Assuming that the global crisis generated by COVID-19 has shown that the purpose of companies, both public and private, goes beyond being profitable and successful, and that challenges can only be confronted from a comprehensive, ethical and responsible perspective, and through mutual cooperation to generate value for the country and the companies themselves.

Considering that the expectations placed on the sector have increased, demanding that it provide more than economic reactivation, but also reinvention to improve society's resilience, as well as economic strengthening of the country and its companies, especially small and medium-sized ones.

We recognize that the actions of the insurance industry can have a direct impact on achieving the following United Nations Sustainable Development Goals.[1]

SDG 1: No Poverty
SDG 2: Zero Hunger
SDG 3: Good Health and Well-being
SDG 5: Gender Equality
SDG 8: Decent Work and Economic Growth
SDG 11: Sustainable Cities and Communities
SDG 12: Responsible Consumption and Production
SDG 13: Climate Action
SDG 16: Peace, Justice, and Strong Institutions
SDG 17: Partnerships to Achieve the Goals.

We assume that the actions of the insurance sector can also have indirect impacts on achieving the following United Nations Sustainable Development Goals, by providing insurance products and services, risk prevention, investment, and advocacy for stakeholders.

SDG 4: Quality Education
SDG 6: Clean Water and Sanitation
SDG 7: Affordable and Clean Energy
SDG 9: Industry, Innovation and Infrastructure
SDG 10: Reduced Inequality
SDG 14: Life Below Water
SDG 15: Life on Land.

Taking into account that in August 2016 the General Superintendency of Insurance signed the Principles of Sustainability in Insurance (PSI) of the United Nations Environment Program Finance Initiative (UNEP FI), and in August 2018 the Costa Rican insurance sector committed to them, this Protocol is the continuation of those commitments which were assumed.

In May 2021 Costa Rica officially became a member of the Organization for Economic Cooperation and Development (OECD), which promotes Responsible Business Conduct (RBC) through instruments such as the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy of the International Labor Organization, the OECD Guidelines for Multinational Enterprises, the Due Diligence Guidelines for RBC,

[1] See Annex 1: Mapping of SDG goals related to the insurance sector.

OECD Guidelines on Insurer Governance, RBC in the policies and management systems of institutional investors, OECD recommendations for Financing Strategies for disaster risks, among others.[2]

Considering the need to systematically carry out comprehensive and periodic reviews of national and international context to be able to better confront challenges and foster opportunities, generate partnerships throughout the value chain[3] that include all stakeholders,[4] and promote co-creation spaces for solving the challenges that the country faces, in keeping with national and global agendas for Sustainable Development (including Sustainable Development Goals, Principles of Sustainability in Insurance, the UNEP FI Principles for Responsible Investment, the National Decarbonization Plan, and the National Risk Management Plan).

Representatives of the insurance sector have been brought together to identify the main material issues related to environmental, social, economic and governance matters in which the insurance sector has real or potential positive and negative impacts throughout the value chain, to permit definition of the principal areas of work, in adherence to Responsible Business Conduct, which is presented in the following Protocol for Responsible Business Conduct of the Sector.[5]

Clause II. OBJECT

The object of this Protocol is to guide a common effort for the formulation and implementation of policies, actions and/or projects that serve as precursors, multipliers and demonstrations of best practices in the insurance sector that are in harmony with the objective of promoting sustainable development.

Clause III. OVERVIEW

A common agenda is to be established through voluntary agreement between the persons who carry out the same economic activity, dedicated to promoting responsible business conduct, and to improving the economic, social and environmental performance of those

[2] See Annex 2: Responsible Business Conduct reference documents for the sector.
[3] See Annex 3: Mapping of the value chain of the insurance sector.
[4] See Annex 4: Stakeholder mapping.
[5] See Annex 5: Methodology for Protocol construction.

represented, effectively making their contribution to the country's sustainable development clear.[6]

The sectoral protocol will make it possible to:

1. Determine specific and critical economic, social, environmental and governance issues for sustainability in the medium and long term.
2. Provide a starting point for the co-creation of a roadmap that allows managing a series of key indicators for sustainability.
3. Seek the commitment of companies with a minimum standard of responsible business conduct in economic, social, environmental and governance issues, to make a significant contribution to competitiveness and the capacity for differentiation, thus contributing to achieving the country's goals.
4. Extend the Protocol to the value chain, to minimize the risks associated with breaches of the principles of the United Nations Global Compact, the UN Guiding Principles on Business and Human Rights, and in general, of the Guidelines for Responsible Business Conduct.
5. Encourage the use of common indicators for purposes of comparability for the preparation of the country's sectoral reports, which can be used as a reference at the regional level.

Clause IV. COMMITMENTS

The signatory organizations declare that they will make their best efforts to fulfill the following commitments:

I. Integrate into our decision-making process the environmental, social and governance issues (material ESG issues) relevant to our insurance and financial activities throughout the value chain (see clause V).

II. Collaborate with consumers, business partners and other stakeholders[7] to address material ESG issues, jointly managing risks and developing solutions.

---

[6] The formulation of this Protocol was coordinated by the Business Alliance for Development (whose Spanish acronym is AED), thanks to the support of the Responsible Business Conduct in Latin America and the Caribbean Project (whose Spanish acronym is CERALC) financed by the European Union, and the strong commitment of the General Superintendency of Insurance (SUGESE).

[7] See Annex 4: Stakeholder mapping.

III. Collaborate with the Government of the Republic, regulatory entities and other priority stakeholders, to create awareness and promote actions in civil society related to material ESG issues.

IV. Carry out multisectoral efforts aimed at generating public policies, sharing capacities and disseminating knowledge, seeking better risk assessment and the development of appropriate responses.

V. Provide transparent accountability, publicly and periodically reporting progress towards achieving commitments made, including achievements and challenges, and individual and sectoral contributions to the Sustainable Development Goals, applying the principle of reporting or explaining.

Clause V. MATERIAL ESG ISSUES FOR THE COSTA RICAN INSURANCE SECTOR

As part of the due diligence process at the sectoral level, the main issues[8] which have impacts throughout the value chain (material ESG issues) were identified. The signatory organizations, in line with Commitment number one of this Protocol, will have the task of incorporating these issues into their own materiality analyses, adjusting the definitions according to their type of business. The companies will identify, prioritize and implement actions to manage material issues; the actions taken could be internal or in conjunction with other actors.

1. Climate strategy

Addressing climate change in the insurance sector implies a challenge that has a transversal impact on the business. Long-term strategic actions must be created, measured and reviewed in an approach that seeks to reduce risks and maximize opportunities related to the effects associated with climate change, based on recommendations, international frameworks and collaborative work with experts on the subject, taking into account social variables associated with problems of gender inequality, forced migration and, in general, impacts on vulnerable groups.

The climate strategy is expected to include: scenario analyses, definition of new practices, data analytics, prevention and mitigation of existing risks, and generation of climate-related financial statements.

---

[8] See Annex 5 which presents the methodology for identifying and prioritizing these issues.

It is expected that there will be a special emphasis on the creation of solutions based on the development or renovation of insurance products and services, prevention management, and investments as tools for mitigation and strengthening of the country's resilience.

2. Corporate governance

This is the system by which companies are directed and controlled, including relationships between stakeholders, intended to contribute to the best performance of organizations and, consequently, a fairer, more responsible and transparent society.

Good Corporate Governance involves rules with a clear definition of rights, responsibilities and expectations, based on dialogues between different stakeholders. The processes that are required to align interests among these stakeholders serve as a tool for supporting the long-term business strategy.

Society and other interested parties in general demand more and more from the insurance and financial sector. Therefore, greater transparency and incorporation of practices that demonstrate responsible business behavior are required, including periodic and timely accountability measures guided by financial and non-financial indicators from the environmental, social and governance (ESG) perspectives.

3. Products and services

Given that it is focused on risk management and prevention, insurance is a financial instrument with a powerful potential to impact sustainable development, while at the same time affecting the sector's financial strength and contributing to the resilience of individuals and the country. Sustainability variables must be considered throughout the cycle of products and services, in the processes of research, design, updating, subscription, compensation and post-sales service, focusing on the generation of a more responsible and inclusive offer, easily accessible and consistent with the expectations of interested parties beyond those of an exclusively commercial nature.

To meet this challenge, relationships between interested parties are essential for identifying opportunities and collaborative solutions for the co-creation of products and decision-making, using innovation as a tool to enhance the role of insurance so that its products and services respond to the country's needs.

The insurance sector is clearly faced with important challenges. However, it is also presented with business opportunities in terms of accessibility and affordability throughout the life cycles of its products or services, to provide insurance that is easy to subscribe to, affordable, with useful coverage and equal accessibility for all segments of society, taking vulnerable groups into account and facilitating their inclusion, and paying attention to the particular and changing needs of society.

The sector should also be concerned with the extent to which an organization will adapt its physical and technological facilities and service methods to facilitate access and care for persons with disabilities, the elderly, those living in poverty, the illiterate, etc., including the provision of adequate training of its personnel.

The great opportunities that the sector has for having an impact on the country's sustainable development should be emphasized, using its expertise in risk management and investments to promote the protection and conservation of biodiversity, as well as making efforts to mitigate risks associated with climate change based on the results of technical analyses, as well as appropriate product development and investment decisions.

4. Ethical behavior

The ethical behavior of organizations must be based on the principles of honesty, equality and integrity, expressing a constant concern for people, animals and the environment in general.

When ethical behavior is properly managed, it increases the ability to integrate responsible business conduct into organizational culture. Ethics management should therefore incorporate the values of the organization, implementing practices of respect and promotion of human rights, anti-fraud and anti-corruption, providing reporting mechanisms (clear, known and reliable), carrying out monitoring and control of the objectives that have been specified, and establishing appropriate corrective measures and necessary remedies.

This implies that management of ethical behavior goes beyond organizations, and incorporates other interested parties that may be affected or that have the potential to influence appropriate business and sector performance.

5. Comprehensive risk management and business continuity

The insurance sector is increasingly aware of the interconnections that exist between ESG risks and those of other categories within a changing global environment; this means that ESG risks are now much more common and capable of occurring more quickly; hence the relevance of comprehensive risk management that integrates environmental, social and governance variables, to reduce vulnerability, mitigate risks and strengthen resilience.

The incorporation of ESG risks must start with “Governance and Culture,” “Strategy and setting of Objectives,” moving on to the process of “Business Risk Management” with an eye towards “Performance” (identification, evaluation and prioritization, and response to ESG risks), and continuing with “Review and Monitoring,” finishing with “Information,” “Communication,” and “Reporting” of ESG risks.

6. Building resilience and a culture of prevention

Resilience is the ability of a system, community or society exposed to a hazard to resist, absorb, adapt, transform and recover from its effects in a healthy, responsible, timely and efficient manner, particularly by preserving and restoring its basic structures and functions through risk management.

The insurance sector has the opportunity to contribute to the resilience of people and society, since it provides the possibility of planning for and/or preventing traumatic situations that may stem from accidents, disasters, illnesses, economic crises, or climatic crises, and to assist in overcoming them without a significant deterioration of the quality of life of individuals and groups.

7. Promotion of Responsible Business Conduct in the value chain

The value chain of the insurance sector is particularly complex and sensitive to reputational, continuity and legal compliance risks, among others; efforts must therefore be made so that its management considers sustainable purchasing criteria, and promotes responsible and ethical business practices that mitigate ESG risks and make it possible to identify opportunities throughout its links, taking advantage of efficiencies and providing innovative products and services.

It is particularly important to pay attention to respect for, and promotion of, human rights based on due diligence, to identify, prevent and address real or potential impacts resulting from the activities of the companies in the sector. It should always be kept in mind that opportunities for an organization to support human rights are often greatest in its own operations and among its own staff.

This analysis must also include suppliers, customers, communities, users and society in general, guided by a diversity and inclusion approach so as not to violate the rights of any interested party.

It is also important to consider environmental impacts that are generated by activities in the value chain, especially in those providers linked to insurance services, such as health, vehicle repair, and machinery, preventing risks linked to legal noncompliance that may affect the continuity and reputation of a business.

8. Information management

Information management is an essential operating asset that allows organizations to structure processes for planning, organizing, processing, controlling and evaluating the information generated in their interaction with stakeholders, and is a very sensitive resource to manage.

As part of responsible business conduct, special attention must be paid to data protection and respect for the privacy of the information that can be accessed about all interested parties which are related throughout the chain of services, including suppliers and intermediaries.

The correct use of information is essential for reacting to changes in the environment, as a resource for decision-making, and for preparation of technical analyses related to competitiveness of the business and the sector.

9. Consumer management

In the insurance sector, consumers are all those users, individuals or legal entities that play the role of policyholders, payers, insured persons, beneficiaries and/or customers in general; insurers have a responsibility towards all of them, and an interest in building trusting relationships based on transparency. This calls for the implementation of practices to guarantee responsible commercial relations, marketing and advertising, with special emphasis on the provision of adequate advice with timely, clear, truthful, accessible information in all processes of marketing, subscription, compensation or denial, including those offered by intermediaries and providers of insurance services.

In most cases, the relationship with consumers in terms of insurance involves responding to misfortunes; it is therefore expected that throughout the process, this response will be quick, clear, honest, efficient and empathetic, especially in cases of members of vulnerable groups and those with little or no knowledge of insurance.

10. ESG criteria in investments

The environmental, social and governance (ESG) criteria are a set of positive and negative considerations beyond purely financial criteria that must be taken into account when deciding on investment projects.

They refer both to the possibility of having a positive impact on the generation of value for sustainable development, as well as on the creation of sustainable investment funds, investment in projects that engage in due diligence with respect to human rights and management of environmental impacts, etc. In keeping with the “Principles of Responsible Investment,” the following types of factors must be considered:

- Environmental: Climate change, greenhouse gas (GHG) emissions, resource depletion (including water), energy consumption, waste management and pollution.
- Social: Labor conditions (including slavery, human trafficking, and child labor), local communities (including indigenous communities), health and safety, gender equality, relations with staff, and diversity.
- Governance: Executive compensation, ethics, bribery, corruption, equity, board structure, and tax strategy.

11. Environmental management of operations

Organizations in the insurance sector generate environmental impacts related to their operations, their infrastructure, their personnel (including their homes) and their value chain. Environmental management involves the responsibility of managing these direct or indirect impacts, legal compliance, and seeking more eco-efficient operations in line with the principles of a circular economy.

12. Well-being and work-life balance

People are the most valuable asset of companies; we therefore intend to promote methodologies that provide adequate life-work balance for our staff, with comprehensive development and satisfactory levels of well-being, constantly measuring productive capacities to identify opportunities for improvement, both in processes and in personal needs, which result in actions that contribute to closing any gender gaps detected, to increase productivity and promote life quality.

The organizations of the sector and their leaders will be responsible for fostering the best possible work environments, in which respect for diversity is a driving force for the promotion of innovation and the consideration of both workers’ needs and desires and the companies’ strategic objectives, leading to the implementation of actions that favor the best experience for all interested parties.

13. Talent management

The sector’s organizations must commit to the implementation of responsible practices for managing the talents of their employees. This will involve working to match employees’ skills with job positions to further their individual and organizational development, providing them with the support needed to adopt to other productive trends, as well as opportunities for promotions. It will also include timely and constant promotion of ethical behavior, together with actions for measuring compliance with an equality and inclusion approach, and establishing appropriate corrective measures when necessary.

It is also essential that there are:

- Career programs.
- Constant training in areas aligned with job profiles.
- Leadership training programs.
- Strategies for attracting the best talent.
- Occupational health and safety policies adapted to the risks involved.
- Talent assessment programs for retention and promotion.
- Fair remuneration, according to responsibilities and workload.

14. Development of local communities

This is the contribution of an organization to a community's development and to promoting high levels of well-being among that community's inhabitants.

The organization must recognize itself as part of a community, identifying and managing its impacts, while generating value for the community through practices including corporate volunteering, local alliances, generation of skills linked to risk prevention and protection, and social investment.

Those actions that generate dependency, such as reactive philanthropy, should be avoided; priority should rather be placed on promoting the ability of communities to manage their own development.

Clause VI. MODIFICATIONS

The signatory organizations reserve the right, at any time, to suggest new conditions or actions that seek better compliance with this Protocol, which may be implemented voluntarily or transcribed in this Protocol prior acceptance by all signatories. A review of commitments and material issues will be carried out every four years, or sooner if required.

Clause VII. VALIDITY

This instrument will have a duration of three years from its signature and will be automatically extended for all companies that, after the initial term has expired, do not express their desire to withdraw their adherence at least three months before it expires. In any case, the signatory companies can withdraw their signatures from the Protocol at any time.

Clause VIII. GOVERNANCE

The implementation of this Protocol will be coordinated by a Working Group housed in the Association of Private Insurers of Costa Rica (AAP), which will serve as the executive secretariat. The Working Group will meet as often as it deems necessary, and will be made up of all the institutions that have signed the Protocol, regardless of their affiliation with the AAP.

The signatory organizations must assign a person with decision-making power to represent their organization in Group sessions, and contribute their experience and knowledge to promote the achievement of sectoral commitments established in the Protocol.

The Working Group will define its work plan, structure, priorities and necessary monitoring and accountability mechanisms. Likewise, it will identify the relevant ways to encourage adherence to the Protocol by companies in the sector.

SIGNATORY ORGANIZATIONS (PART II)

Organization	Legal representative	Position	Identification	Signature

Note: The digital signatures of the signatory organizations are divided into three documents to facilitate their collection.

WITNESSES OF HONOR

The signatory organizations sign this Protocol in the presence of the honorary witnesses indicated below

General Superintendence of Insurance, Costa Rica.
Tomas Soley Pérez
General Superintendent of Insurance
1-0733-0640

Business Alliance for Development
Olga Sauma Uribe
Executive director
1- 0747-0851

International Labor Organization
Elena Montobbio
Director

Principles of Sustainability in Insurance, UNEP FI
Butch Bacani
Program Leader

ANNEXES

Annex 1: Mapping of SDG targets related to the insurance sector

The targets of the Sustainable Development Goals are elaborated on where direct linkages are identified; otherwise, their indirect linkages are explained under the relevant SDG.

# Goals	SDG targets related to the Insurance Sector	Linkage
	Goal 1: End poverty in all its forms everywhere	
1	1.1 By 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than $1.25 a day	Direct
2	1.4 By 2030 ensure that all men and women, particularly the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership, and control over land and other forms of property, inheritance, natural resources, appropriate new technology, and financial services including microfinance	
3	1.5 By 2030 build the resilience of the poor and those in vulnerable situations, and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters	
	Goal 2: End hunger	
4	2.3 By 2030 double the agricultural productivity and the incomes of small-scale food producers, particularly women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment	Direct
5	2.4 By 2030 ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters, and that progressively improve land and soil quality	
6	2.a Increase investment, including through enhanced international cooperation, in rural infrastructure, agricultural research and extension services, technology development, and plant and livestock gene banks to enhance agricultural productive capacity in developing countries, in particular in least developed countries	
	Goal 3: Ensure healthy lives and promote well-being for all at all ages	
7	3.4 By 2030 reduce by one-third premature mortality from non-communicable diseases (NCDs) through prevention and treatment, and promote mental health and wellbeing	Direct
9	3.5 Strengthen prevention and treatment of substance abuse, including narcotic drug abuse and harmful use of alcohol	
8	3.6. By 2030 halve global deaths from road traffic accidents	
10	3.8 Achieve universal health coverage (UHC), including financial risk protection, access to quality essential health care services, and access to safe, effective, quality, and affordable essential medicines and vaccines for all	
11	3.d Strengthen the capacity of all countries, in particular developing countries, in early warning, risk reduction and management of national and global health risks.	
	Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	
	Limited potential for insurance	Not binding
	Goal 5: Achieve gender equality and empower all women and girls	
12	5.1 End all forms of discrimination against women and girls everywhere	Direct
13	5.2 Eliminate all forms of violence against all women and girls in the public and private spheres, including trafficking and sexual and other types of exploitation	
14	5.4 Recognize and value unpaid care and domestic work through the provision of public services, infrastructure and social protection policies, and the promotion of shared responsibility within the household and the family as nationally appropriate	
15	5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life	
16	5.a Undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance, and natural resources in accordance with national laws	
	Goal 6. Ensure availability and sustainable management of water and sanitation for all	
	Potential for investment and insurance for water supply infrastructure.	Indirect
	Goal 7: Ensure access to affordable, secure, sustainable and modern energy	
	Investments and insurance for clean energy projects, including innovative financing products	Indirect

	Goal 8: Promote inclusive and sustainable economic growth, employment and decent work for all	
17	8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage formalization and growth of micro-, small- and medium-sized enterprises including through access to financial services	**Direct**
18	8.4 Improve progressively through 2030 global resource efficiency in consumption and production, and endeavor to decouple economic growth from environmental degradation in accordance with the 10-year framework of programs on sustainable consumption and production with developed countries taking the lead	
19	8.5 By 2030 achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value	
20	8.6 By 2020 substantially reduce the proportion of youth not in employment, education or training	
21	8.7 Take immediate and effective measures to eradicate forced labor, end contemporary forms of slavery and human trafficking, and secure the prohibition and elimination of the worst forms of child labor, including the recruitment and use of child soldiers, and By 2025, end child labor in all its forms.	
22	8.8 Protect labor rights and promote a safe and secure work environment for all workers, including migrant workers, in particular women migrants and those in precarious employment.	
23	8.10 Strengthen the capacity of domestic financial institutions to encourage and to expand access to banking, insurance and financial services for all	
24	8.b By 2020 develop and operationalize a global strategy for youth employment and implement the International Labor Organization's Global Jobs Pact.	
	Goal 9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	
	Principal investment priorities.	**Indirect**
	Goal 10: Reduce inequality within and between countries	
	Opportunity to support effective frameworks for financial sector regulation. Potential is limited.	**Indirect**
	Goal 11. Make cities and human settlements inclusive, safe, resilient and sustainable	
25	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably By expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons	**Direct**
26	11.3 By 2030 enhance inclusive and sustainable urbanization and capacities for participatory, integrated and sustainable human settlement planning and management in all countries	
27	11.5 By 2030, significantly reduce the number of deaths and people affected by disasters, including water-related disasters, and substantially reduce direct economic losses from disasters compared to global gross domestic product , with particular emphasis on protecting the poor and people in situations of vulnerability.	
28	11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality, municipal and other waste management	
29	11.a support positive economic, social and environmental links between urban, peri-urban and rural areas by strengthening national and regional development planning	
30	11.b By 2020, substantially increase the number of cities and human settlements that adopt and implement integrated policies and plans to promote inclusion, resource efficiency, climate change mitigation and adaptation, and resilience to disasters, and develop and implement, in line with the Sendai Framework for Disaster Risk Reduction 2015-2030, comprehensive disaster risk management at all levels.	
	Goal 12: Ensure sustainable consumption and production patterns	
31	12.2 By 2030, achieve sustainable management and efficient use of natural resources.	**Direct**
32	12.4 By 2020, achieve environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil to minimize their adverse effects on human health and the environment.	
33	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling, and reuse	
34	12.6 Encourage companies, especially large companies and transnational corporations, to adopt sustainable practices and integrate sustainability information into their reporting cycle.	
35	12.7 Promote public procurement practices that are sustainable, in accordance with national policies and priorities.	
36	12.8 By 2030 ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature	
37	12.c Rationalize inefficient fossil fuel subsidies that encourage wasteful consumption by removing market distortions, in accordance with national circumstances, including by restructuring taxation and phasing out those harmful subsidies, where they exist, to reflect their environmental impacts, taking fully into account the specific needs and conditions of developing countries and minimizing the possible adverse impacts on their development in a manner that protects the poor and the affected communities	
	Goal 13: Take urgent action to combat climate change and its effects	
38	13.1 Strengthen resilience and adaptive capacity to climate-related risks and natural disasters in all countries.	**Direct**
39	13.3 Improve education, awareness raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction, and early warning	
40	13.b Promote mechanisms to build capacity for effective climate change planning and management in least developed countries and small island developing States, with particular emphasis on women, youth, and local and marginalized communities.	
	Goal 14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development	

	Opportunity for innovation in insurance products.	**Indirect**
	Goal 15: Sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss	
	Opportunity to generate knowledge and intersectoral leadership for the understanding and management of risks.	**Indirect**
	Goal 16: Promote just, peaceful and inclusive societies	
41	16.4 By 2030 significantly reduce illicit financial and arms flows, strengthen recovery and return of stolen assets, and combat all forms of organized crime	**Direct**
42	16.5 Substantially reduce corruption and bribery in all its forms.	
43	16.6 Develop effective, accountable and transparent institutions at all levels	
44	16.7 Ensure responsive, inclusive, participatory and representative decision-making at all levels	
45	16.10 Ensure public access to information and protect fundamental freedoms, in accordance with national legislation and international agreements	
46	16.b Promote and enforce non-discriminatory laws and policies for sustainable development	
	Goal 17: Revitalize the global partnership for sustainable development	
	Multi-stakeholder partnerships	**Direct**
47	17.16 enhance the global partnership for sustainable development complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technologies and financial resources to support the achievement of sustainable development goals in all countries, particularly developing countri	
48	17.17 encourage and promote effective public, public- private, and civil society partnerships, building on the experience and resourcing strategies of partnerships	
	Data, monitoring and accountability	
49	17.19 By 2030, build on existing initiatives to develop measurements of progress on sustainable development that complement gross domestic product, and support statistical capacity-building in developing countries.	

Annex 2: Responsible Business Conduct reference documents for the sector

Tripartite Declaration of Principles on Multinational Enterprises and Social Policy, ILO, 2017, https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/documents/publication/wcms_124924.pdf

OECD Due Diligence Guidance for Responsible Business Conduct, 2018, https://www.oecd.org/investment/due-diligence-guidance-for-responsible-business-conduct.htm

OECD Guidance on Governance for Insurers, 2017, https://www.oecd.org/daf/fin/insurance/48071279.pdf

OECD Guidelines for Multinational Enterprises, 2011, https://www.oecd.org/daf/inv/mne/MNEguidelinesESPANOL.pdf

Los inversionistas institucionales y la conducta empresarial responsable *[Institutional Investors and Responsible Business Conduct],* 2017, https://mneguidelines.oecd.org/los-inversionistas-institucionales-y-la-conducta-empresarial-responsable.pdf

ISO 26000 International Standard for Social Responsibility, 2010, https://www.inteco.org/shop/inte-iso-26000-2010-guia-de-responsabilidad-social-1570#attr=

Sustainable Development Goals, United Nations, 2015, https://www.un.org/sustainabledevelopment/es/objetivos-de-desarrollo-sostenible/

UNEP FI Principles for Responsible Investment, https://www.unpri.org/download?ac=10970

Global Compact Principles, United Nations, 2000, https://www.pactomundial.org/category/aprendizaje/10-principios/

UNEP FI Principles for Sustainability in Insurance, 2012, https://www.unepfi.org/psi/wp-content/uploads/2013/06/PSI-document_Spanish.pdf

Guiding Principles on Business and Human Rights, 2011, https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr_sp.pdf

OECD Recommendation on Disaster Risk Financing Strategies, 2017, https://www.oecd.org/daf/fin/insurance/OECD-Recommendation-Disaster-Risk-Financing-Strategies.pdf

Annex 3: Value chain

The value chain identified for the sector is represented as follows:

`

COSTA RICAN INSURANCE SECTOR VALUE CHAIN

Annex 4: Mapping of stakeholders

Mapping carried out by organizations in the sector. Non-exhaustive and subject to adaption and prioritization by each organization.

	Stakeholder category	Examples of stakeholders in the category
1	Academic	Universities, educational centers, schools and colleges
2	Shareholders	
3	Sectorial associations, Chambers, Cooperatives	Costa Rican Association of Private Insurers, Costa Rican Chamber of Intermediaries
4	Customers/ consumers/ Beneficiaries/ Citizens	Customers, policyholders, beneficiaries, housewives, workers, heads of households, customers without credit records, condominium management boards
5	Collaborators	Internal staff, auditors, attorneys
6	Competition	Other insurers, other intermediaries
7	Community	Remote, immediate, development associations, education boards
8	Companies	National and transnational, state and public, free zones, construction, tourism, Fintechs, Insurtech
9	Government of the Republic	Ministry of Labor, Ministry of Finance, Ministry of Health, Legislative Assembly
10	Public institutions	Legislative Assembly, CCSS, hospitals, municipalities
11	Intermediaries	Insurance intermediaries, insurance agents, brokers
12	Investors	
13	Opinion leaders	Churches, influencers, media, RRSS users, opinion leaders, journalists, financial analysts, public figures.
14	International organizations	UNEP FI, OECD, Financial Action Task Force (FATF).
15	Allied organizations	Telephone companies, banks, business partners and allies, CNE, schools, NGOs, institutions that handle specific climate and risk data.
16	Management bodies of each insurer	
17	Providers	Help desks, workshops, mobile app developers, real estate developers, other back office providers.
18	Reinsurers	
19	Regulators and Supervisors	CONASSIF, Comptroller, Ombudsman, Citizen Data Protection Agency (PRODHAB), Insured Defense Center
20	Associations and unions	Solidarity associations, unions

Annex 5: Methodology for construction of the protocol

The construction of this protocol was made possible through the "Responsible Business Conduct in Latin America and the Caribbean (CERALC)" Project, implemented by the International Labor Organization (ILO), the Organization for Economic Cooperation and Development (OECD) and the Office of the United Nations High Commissioner for Human Rights (OHCHR), and among other objectives, seeks to strengthen capacities of the employer sector to contribute to the design and implementation of National Action Plans on Business and Human Rights. This project is funded and designed in collaboration with the European Union (EU).

The project "**Sectoral Protocol for Responsible Business Conduct in the Insurance Financial Sector in Panama and Costa Rica**" is intended to raise the standards of sustainability and human rights in the insurance sector through the collective construction of a sectoral protocol of voluntary participation, which promotes responsible business conduct, due diligence and the positive impact on the value chain of insurers in Costa Rica and Panama."

Twenty companies have participated during the process in Costa Rica: 39 representatives of 10 insurance companies, and 20 representatives of 10 intermediary companies, in addition to 19 representatives of two union organizations, 4 representatives of the SUGESE and 8 representatives of the Business Alliance for Development (AED).

The following steps have been taken in the process in Costa Rica:

- Agreement between the AED and the SUGESE on the steps to follow and methodologies to use.
- Invitations by the SUGESE to all insurance companies, the Costa Rican Association of Private Insurers (AAP), and the Costa Rican Chamber of Insurance Intermediaries (CIS), and through them, to intermediaries.
- Awareness raising among the sector's representatives on Responsible Business Conduct, including the OECD Guidelines, the ILO's Tripartite Declaration, the UN Guiding Principles on Business and Human Rights, and components to carry out due diligence.
- Training and workshop on Environmental, Social and Governance Risks, identification of risks for companies and for stakeholders, mapping of the value chain and main stakeholders.
- Implementation of a materiality analysis at the sector level, which includes among its components:
    1. Investigation of material issues following guides, sectoral publications as well as public information from industry leaders.

       The following sources were consulted to define the list of material issues to be evaluated by representatives of the sector:

- Identification of challenges and sectoral impacts by Costa Rican insurance sector representatives.
- SASB Material issues for the sector: https://materiality.sasb.org/
- S&P Global Sustainability Yearbook : https://www.spglobal.com/esg/csa/yearbook/
- UNEP FI Principles for Sustainability in Insurance: https://www.unepfi.org/psi/wp-content/uploads/2013/06/PSI-document_Spanish.pdf
- KPMG Materialidad Sector Seguros Colombia [*KPMG Materiality Insurance Sector Colombia*]: https://fasecolda.com/cms/wp-content/uploads/2019/10/resultados-materialidad-sector-seguros.pdf
- 10 Global Compact Principles: https://www.pactomundial.org/category/aprendizaje/10-principios/
- FASECOLDA Estrategia Crecimiento Sostenible Sector Asegurador [*FASECOLDA Insurance Sector Sustainable Growth Strategy*]: https://revista.fasecolda.com/index.php/revfasecolda/article/view/623/585
- UNEP FI Principles for Responsible Investment: https://www.unpri.org/download?ac=10970
- Review of material issues of leading companies Swiss Re, Mapfre, Grupo INS, among others.
- ISO 26000 Guidance on Social Responsibility: https://www.iso.org/obp/ui#iso:std:iso:26000:ed-1:v1:es
- COSO – WBCSD ESG Risks: https://www.coso.org/Documents/COSO-WBCSD-ESGERM-Guidance-Full.pdf
- Sustainable Development Goals: https://www.ods.cr/
- Recommendations of the Task force on Climate-Related Disclosures, TCFD: https://www.fsb-tcfd.org/recommendations/

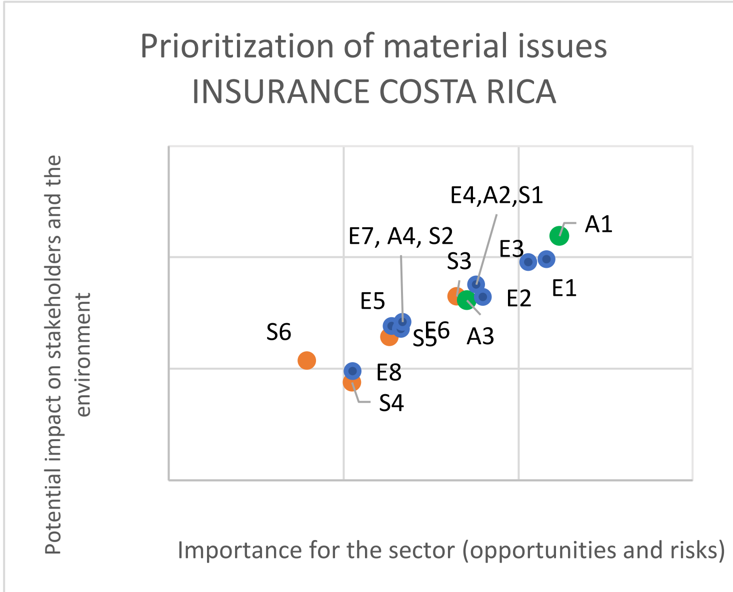
2. Mapping of the sector’s value chain.
3. Mapping of stakeholders in the sector.
4. Definition of a glossary for material issues and validation with the participants.
5. Prioritization of material issues using criteria related to importance for the companies and potential impacts for interested parties.

- Invitation to international leaders in the insurance sector to learn about country- and company-level approaches to Responsible Business Conduct with emphasis on: country strategy (FASECOLDA, Colombia), Women and insurance (SNN, Argentina), business strategy with emphasis on products and services (Insurance Bolivar, Colombia and Mapfre, Mexico).
- Drafting and validation of the Protocol with industry representatives and experts with knowledge of insurance, sustainability, responsible business conduct, and climate strategies.

The prioritization carried out yielded the following results:

Code	Topics	Importance for the sector (opportunities and risks)	Impact - our stakeholders and environment	Average
A1	Climate strategy	8.7	8.7	8.7
E1	Corporate governance	8.6	8.3	8.5
E3	Comprehensive risk management and business continuity	8.4	8.3	8.3
E4, A2, S1	Products and services	7.9	7.9	7.9
S1	Accessibility and affordability of products and services	8.9	8.8	8.8
E4	Portfolio of products and services	8.0	8.0	8.0
A2	Incidence on biodiversity protection and conservation	6.9	7.1	7.0
E2	Ethical conduct	8.0	7.7	7.87
A3	Environmental management of operations	7.8	7.7	7.8
S3	Building resilience and prevention	7.8	7.8	7.8
E7, A4, S2	Responsible Business Conduct in the Value Chain	7.2	7.4	7.3
E7	Promotion of RBC in the value chain	6.9	7.0	6.9
A4	Environmental impact of the value chain	7.5	7.5	7.5
S2	Human rights in the value chain	7.3	7.6	7.4
E6	Information management	7.2	7.3	7.2
E5	Management of consumers	7.1	7.3	7.2
S5	Well-being and work-life balance	7.1	7.1	7.1
E8	ESG investment criteria	6.8	6.6	6.7
	Criteria E in investments	7.2	7.2	7.2
	Criteria S in investments	7.2	6.8	7.0
	Criteria G in investments	5.8	5.9	5.9
S4	Human talent management	6.8	6.5	6.6
S6	Development of local communities	6.3	6.8	6.6

Zooming in on the matrix (scales of the axes show values from 5-10), we can visualize the prioritizations in relative terms:



A1	Climate strategy
E1	Corporate governance
E3	Comprehensive risk management and business continuity
E4, A2, S1	Products and services
S1	Accessibility and affordability of products and services
E4	Portfolio of products and services
A2	Incidence on biodiversity protection and conservation
E2	Ethical conduct
A3	Environmental management of operations
S3	Building resilience and prevention
E7, A4, S2	Responsible Business Conduct in the value chain
E7	Promotion of RBC in the value chain
A4	Environmental impact of the value chain
S2	Human rights in the value chain
E6	Information management
E5	Management of consumers
S5	Well-being and work-life balance
E8	ESG criteria in investments
	Criteria E in investments
	Criteria S in investments
	Criteria G in investments
S4	Human talent management
S6	Development of local communities

Annex 6. Definitions, acronyms and references

This list of definitions and acronyms has been defined according to the needs identified by the sector:

AAP: The Costa Rican Association of Private Insurers is a non-profit organization that represents private companies operating in the country, and seeks to promote development of the insurance market by contributing knowledge, dynamism, innovation and efficiency.

CIS: The Costa Rican Chamber of Insurance Intermediaries is a non-profit association that brings together Insurance Agency Companies and Insurance Brokerage Companies of Costa Rica.

Due diligence: Due diligence is the process that companies must carry out to identify, prevent, mitigate and explain how they address actual and potential negative impacts of their own activities, their supply chain and other business relationships, as recommended in the OECD Guidelines. Effective due diligence must be supported by measures to integrate Responsible Business Conduct into policies and management systems, and is intended to enable companies to remedy the negative impacts they cause or contribute to.
Source: Organization for Economic Cooperation and Development, OECD.

Engagement with stakeholders: Activities carried out to create opportunities for dialogue between an organization and one or more of its stakeholders, seeking to provide an informed basis for the organization's decisions.
Source: ISO 26000 Social Responsibility.

ESG risks: ESG risks are environmental, social and governance risks or opportunities that may have an impact on an entity. There is no universal or agreed-upon definition of ESG risks, which are also called non-financial or extra-financial sustainability risks. Each entity may have its own definition based on its business model, its internal and external environment, its combination of products or services, its mission, vision and fundamental values or other similar aspects. The resulting definition can be broad (for example, include all aspects of the six types of capital of the International Integration Reporting Council (IIRC), or limited (for example, include only a selection of priority social and environmental issues) and may evolve over time.
Source: United Nations Environment Program Finance Initiative, UNEP FI.

Global Compact / United Nations Global Compact: A multi-year strategy that aims to drive business awareness and action to contribute to the achievement of the Sustainable Development Goals by 2030. The Global Compact is a voluntary initiative in which companies commit to aligning their strategies and operations with ten universally accepted principles derived from United Nations declarations in four thematic areas: Human Rights, Labor Standards, Environment, Anti-corruption.
Source: United Nations Organization, UN.

Global Reporting Initiative (GRI): An international sustainability reporting standard for voluntary use by organizations to report on the economic, environmental and social dimensions of their activities, products and services.
Source: Global Reporting Initiative, GRI

Impact of an organization: Any positive or negative change that is generated in society, the economy or the environment, produced, in whole or in part, as a consequence of the past and present decisions and activities of an organization.
Source: ISO 26000 Social Responsibility.

Integrated Report: A concise communication about how an organization's strategy, its corporate governance, performance and prospects, in the context of its external environment, lead it to create value in the short, medium and long term.
Source: International Integrated Reporting Council, IIRC.

ISO 26000: Guidance on Social Responsibility prepared by the International Organization for Standards (ISO). ISO 26000 is a voluntary standard that contains guidelines to help organizations operate in a socially responsible manner. It is aimed at all types of organizations, public or private, and was officially launched in October, 2010.
Source: ISO 26000 Social Responsibility.

Materiality analysis: In accordance with the guidelines of the Global Reporting Initiative (GRI), materiality analysis consists of identifying those sustainability issues that are considered important by a company and its stakeholders and that have a direct or indirect impact on the ability of an organization to create, maintain or distribute economic, environmental and social value to itself, its stakeholders and society in general. These are also referred to as "material issues." Materiality analysis allows companies to gather information on the opinion, expectations and needs of their stakeholders, as well as to determine their environmental, social and economic impacts on the environment. The issues to be communicated in the sustainability report can be defined based on the results of such analysis.
Source: Global Reporting Initiative, GRI.

OECD Due Diligence Guidance for Responsible Business Conduct: The aim of the OECD Due Diligence Guidance for Responsible Business Conduct is to provide practical support for companies in implementing the OECD Guidelines for Multinational Enterprises, through the explanation, in simple language, of their recommendations on due diligence and associated provisions. The implementation of these recommendations helps companies avoid and address negative impacts that could be associated with their activities, supply chains and other business relationships, with respect to workers, human rights, the environment, bribery, consumers and corporate governance.
Source: Organization for Economic Cooperation and Development, OECD.

OECD Guidelines for Multinational Enterprises: These Guidelines contain the basic and fundamental issues of business sustainability, fully aligned with the United Nations Guiding Principles on Business and Human Rights, as well as with the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy.
Source: Organization for Economic Cooperation and Development, OECD.

Principles for Sustainability in Insurance (PSI): Principles for Sustainability in Insurance is the UNEP FI initiative of the United Nations that represents a global action plan to develop and scale innovative insurance and risk management solutions to confront challenges to sustainable development.
Source: United Nations Environment Program Finance Initiative, UNEP FI.

Responsible Business Conduct (RBC): Responsible business conduct primarily involves compliance with laws such as those relating to respect for human rights, environmental protection, labor relations and financial responsibility, even in countries in which these are poorly enforced. It also implies responding to society's expectations communicated through channels other than legislation, for example, through intergovernmental organizations, within the workplace, by local communities and trade unions, or through the media. Private voluntary initiatives that address this latter RBC aspect are often referred to as corporate social responsibility (CSR).

Organizations' commitment to the RBCs goes beyond compliance with legislation. Three levels of desirable behavior have been defined, which involve consultation and cooperation with different stakeholders:

- Basic actions refer to minimum commercial standards defined by national and international legislation.
- Expected actions go beyond what is legally required, to satisfy the additional expectations of key stakeholders such as investors, collaborators, customers and suppliers, as well as NGOs and the community in general. As standards improve, some of today's expectations could become tomorrow's basic requirements.
- Desirable actions are often company-specific and may include pioneering philanthropic or community initiatives.

Source: Organization for Economic Cooperation and Development, OECD.

Social Responsibility: Responsibility of an organization for the impacts that its decisions and activities cause in society and the environment, through ethical and transparent behavior that:

- Contributes to sustainable development, including society's health and well-being;
- Takes into account the expectations of its stakeholders;
- Complies with applicable legislation and is consistent with international standards of behavior; and
- Is integrated throughout the organization and is put into practice in its relationships.

Source: ISO 26000 Social Responsibility.

Stakeholders: Those individuals, groups of individuals, or organizations that affect and/or may be affected by the activities, products, and services corresponding to the performance of an organization.
Note: This does not include everyone who might have knowledge of, or an opinion about, the organization. Organizations will have many stakeholders, each with different types and levels of relationship, and often with different interests and concerns that can sometimes be in conflict.
Source: AA1000 AS Sustainability Assurance Standard

SUGESE: The General Superintendency of Insurance of Costa Rica is an organization attached to the Central Bank of Costa Rica, responsible for the authorization, regulation and supervision of natural or legal persons who participate in acts or contracts related to insurance, reinsurance, public offering, and conducting insurance business. It works under the direction of the National Council for the Supervision of the Financial System (CONASSIF).

Supply chain: A sequence of activities or parties that provide products or services to the organization.
NOTE: In some cases, the term supply chain has the same meaning as value chain.
Source: ISO 26000 on Social Responsibility.

Sustainable Development: "Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs".
NOTE: Sustainable development refers to the integration of the goals of high quality of life, health and prosperity with social justice and the maintenance of the earth's capacity to support life in all its diversity. These social, economic, and environmental goals are interdependent and mutually reinforce each other. Sustainable development can be considered as a way to express the broader expectations of society as a whole.
Source: Brundtland Commission Report 1987: The World Commission on Environment and Development.

Sustainable Development Goals: The Sustainable Development Goals (SDGs) are a universal call to action to end poverty, protect the planet and improve the lives and prospects of people around the world. In 2015, all United Nations Member States adopted 17 Goals as part of the 2030 Agenda for Sustainable Development, which sets out a plan to achieve the Goals in 15 years. Progress is now being made in many places, but overall, action to achieve the Goals is still not advancing at the speed and scale needed. The year 2020 marked the beginning of a decade of ambitious actions to achieve the Goals by 2030.
Source: United Nations Organization, UN

Sustainable Insurance: Sustainable insurance is a strategic approach in which all activities in the insurance value chain, including interactions with all stakeholders, are carried out in a responsible and forward-looking manner by identifying, evaluating, managing and monitoring the risks and opportunities associated with environmental, social and governance issues. The objective of sustainable insurance is to reduce risk, develop innovative solutions, improve business results, and contribute to environmental, social and economic sustainability.
Source: United Nations Environment Program Finance Initiative, UNEP FI.

Tripartite Declaration on Multinational Enterprises and Social Policy: The ILO instrument that provides direct guidance to companies regarding social policies and inclusive, responsible and sustainable practices in the workplace. It provides guidance on General Policies, Employment, Training, Work and Life Conditions, and Labor Relations.
Source: International Labor Organization, ILO.

UNEP FI: The United Nations Environment Program Finance Initiative is a global partnership established between the United Nations Environment Program and the financial sector. The UNEP FI has partnered with financial institutions around the world to identify and promote the links between sustainable development and financial results. UNEP FI Regional Groups enable the Initiative to carry out its mission, which is to identify, promote, and implement sustainability at all levels of the activities of financial institutions on an international scale.
Source: United Nations Environment Program Finance Initiative, UNEP FI.

United Nations Guiding Principles on Business and Human Rights: A framework for human rights and business structured in three pillars: “Protect, Respect and Remedy”. It affirms the principle of responsibility of companies to respect Human Rights, focusing mainly on the way in which companies must meet this responsibility in practice; that is, through the performance of “due diligence” regarding Human Rights that its operations may affect, either directly, indirectly or through its value chain.
Source: United Nations Organization, UN.

Value chain: Complete sequence of activities or parties that provide or receive value in the form of products or services.
NOTE 1: Value-providing parties include suppliers, subcontracted workers, contractors, and others.
NOTE 2: Parties receiving value include customers, consumers, members and other users.
Source: ISO 26000 on Social Responsibility.