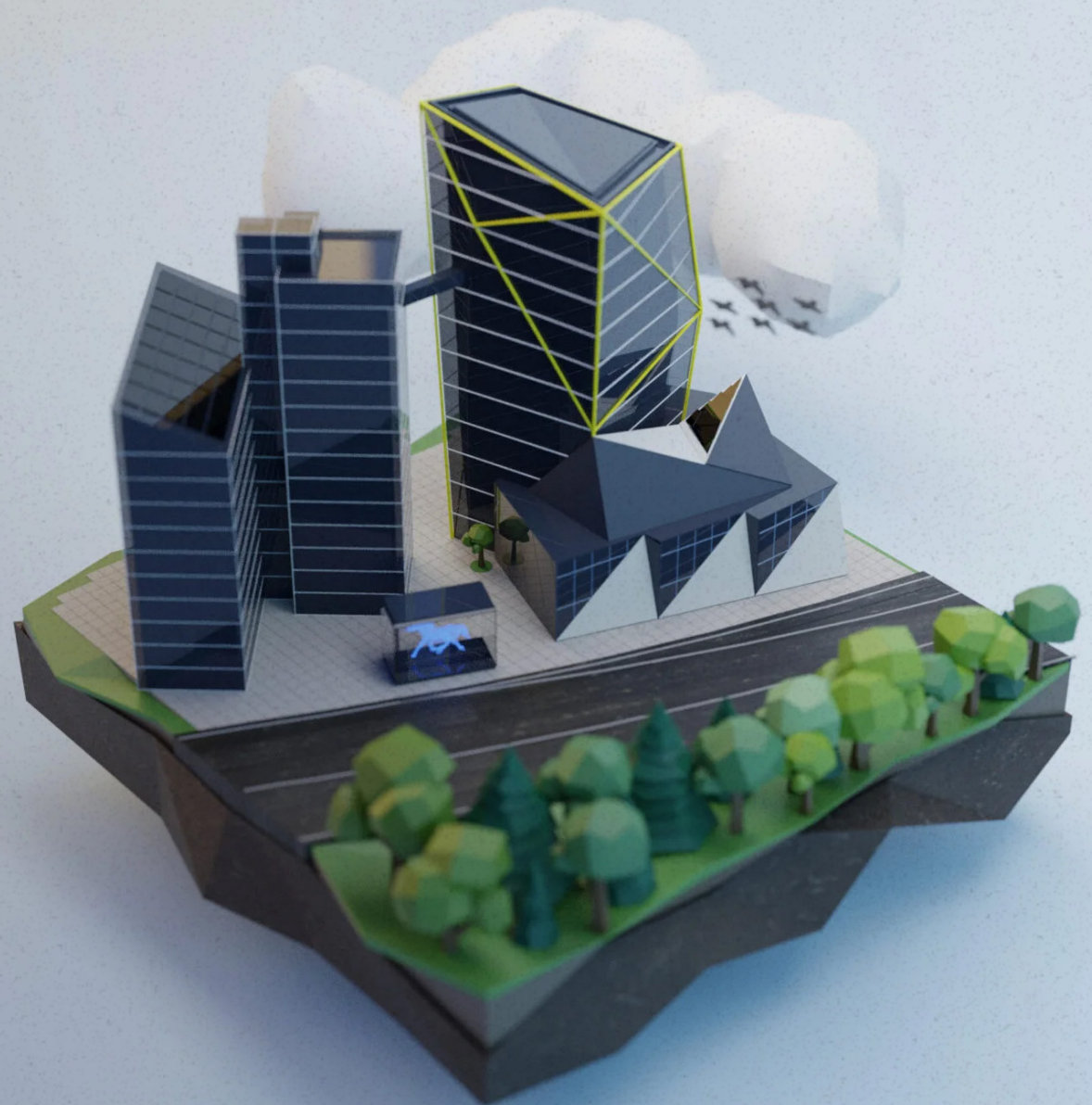


PRINCIPLES FOR SUSTAINABLE INSURANCE



The United Nations Environment Programme Finance Initiative (UNEP FI) Principles for Sustainable Insurance is the insurance industry's global framework for managing environmental, social and governance risks and opportunities. By joining on April 29, 2022, we commit to manage our entire value chain in a responsible and forward-looking way.

As LVM, we want to contribute to building the future responsibly. Therefore, sustainability is firmly anchored in our corporate strategy. For us, sustainability means taking long-term and holistic responsibility for people and the environment. We demonstrate this self-image in our ecological, social and corporate actions.

By signing the PSI, we have decided to make an active contribution to this initiative. We will disclose our progress in implementing the PSI principles on an annual basis. This statement is our first disclosure of progress. In it, we report on the most important measures in 2022 with references to our Sustainability Report.

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Principle 1

We will embed in our decision-making environmental, social governance issues relevant to our insurance business.

Sustainability Strategy 2025

To anchor sustainable action holistically at LVM, we have developed the Sustainability Strategy 2025 and identified seven key fields of action. We created a framework for implementing this strategy by creating a new, dedicated sustainability division and single sustainability representatives in the different departments. We take a holistic view of sustainability and align our commitment to the ESG criteria, which describe ecological, social and governance-relevant dimensions. Our LVM Sustainability Guiding Principle is based on this approach:

E

Sustainable ecological action (E) includes aspects relating to environmental and climate protection, e.g., saving emissions, energy-efficient management, or the expansion of renewable energies. As LVM, we consider long-term and permanent effects of our entrepreneurial actions in our business areas and align our business model to a more efficient and sparing use of resources.

S

Sustainable social action (S) encompasses the social responsibility of organizations as part of society. For us, this means that we take into account the needs of employees, confidential advisors as well as their teams, customers and society - even beyond legal obligations.

G

Sustainable economic action (G) refers to responsible corporate management, e.g., decision-making, stakeholder rights and obligations as well as dealing with conflicts of interest. We want to be a reliable partner now and in the future. Therefore, we take ecological, economic, and social interests into account in a balanced way.

For LVM, sustainability means being a reliable partner and taking long-term and holistic responsibility for people and the environment.



Own Operations

Whether energy, procurement, mobility, or events: Through more environmentally conscious behavior in all areas of our business, we aim to minimize the consumption of resources and emissions of CO2 associated with our business activities. Our long-term goal: climate neutrality.



Sustainable products

Social and ecological criteria will play an even greater role in product design and management in the future. For example, we already promote renewable energies, e-mobility and are a companion for sustainable agriculture. Also, investment products and damage compensation will meet more stringent sustainable requirements in the long term.



Diversity

We create an environment in which different perspectives are equally recognized, valued and in which fair participation is possible for all. For this reason, we will provide employees, agency owner and their teams with additional information about diversity and, in the long term, reduce access barriers in structures and processes.



Governance

We are accountable and communicate transparently by regularly disclosing our progress in implementing the sustainability strategy. An important milestone for us was joining the Principles for Sustainable Insurance.



Sustainable investments

Asset investment is our most significant lever for sustainable development. In pursuing responsible investment, we can promote the shift toward a more sustainable society, while avoiding risks and taking advantage of opportunities for generating returns. Back in 2017, we set our own exclusion criteria for the LVM companies. By signing the UN Principles for Responsible Investment, we committed to take six environmental, social, and corporate governance aspects into account. In addition, we joined the Net-Zero Asset Owner Alliance in 2021, setting ourselves the goal of reducing the CO2 emissions of our entire investment portfolio to net zero by 2050.



Responsible employer & contractual partner

We will continue to support employees, agency owners as well as their sales representatives and increase LVM's attractiveness as an employer and contractual partner. For the office staff, this means strengthening our pioneering role, e.g., through targeted activities in New Work. For the sales force, we will further expand our commitment, e.g., by offering training and continuing education, health promotion, compatibility of family, career, and care.



Social engagement

We assume social and societal responsibility. For example, we support sports, cultural and social institutions. In addition to new projects in environmental protection and nature conservation, we will increase our support for the integration of people with disabilities into society.

Overall responsibility for sustainability has been assumed by the Board of Management. The sustainability strategy has been ratified by the Supervisory Board and the Board of Management. The Board of Management is regularly updated about the implementation of the sustainability strategy. In this context, the new sustainability division - established in 2022 - is anchored in the department of the Chairman of the Board of Management and reports directly to him.

The sustainability division coordinates the implementation of the sustainability strategy. Moreover, its team members are contact persons outside and inside the company. Decentralized sustainability manager in the departments support the work of the division with their knowledge as experts. At the same time, responsibility for implementation lies with the specialist departments. In this way, we meet the ever-increasing demands and importance of sustainability in companies. Regulatory requirements are coordinated by the Legal department and implemented in working groups.

Sustainability in risk management

In LVM's risk management system, we consider sustainability risks with a negative impact on LVM. Sustainability risks result from events or conditions in the areas of environment, social affairs or corporate governance and can lead to a (negative) deviation from targets, if they occur. These sustainability risks can materialize in all existing risk categories and are therefore not considered as a separate risk category, but as an overarching issue in all risk categories.

In addition to the impact of financial and non-financial risks in the group-wide risk management system, the sustainability department, together with in-house experts, also examines the non-financial risks associated with LVM's business activities (§ 289c HGB).

Focus on customers' needs

The satisfaction of our customers is a key success factor for us as LVM. Our goal is to ensure that they are among the most satisfied policyholders in the industry. That is why our products, advice and support are always geared to the requirements and needs of our customers. The cooperation of agencies, sales force and in-house service enables personal, competent, and fast advice and support. Our

2,200 agency owners and agency partners and 5,200 local employees throughout Germany ensure that we are close to our customers. They are the first point of contact for our policyholders and take care of their concerns personally. By joining the Code of Conduct of the German Insurance Industry, we promise that our sales representative are qualified and reliable partners for our customers.



Principle 2

We will work together with our clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions.

Dialogue with customers

As part of our advice on insurance investment products, we have expanded the assessment of suitability to include a query about sustainability preferences, in line with the current European requirements for insurance sales. Since August 2022, we have been asking customers whether they have any of the three sustainability preferences specified in the Delegated Regulation amending the Insurance Distribution Directive (IDD) and, if so, which ones.

Engagement approach to investment

In our investments, we have opted for the engagement approach, i.e., actively influencing companies to encourage them to operate more sustainably. We are convinced that we can exert a positive influence through constructive dialog with the companies concer-

ned. The engagement approach of the active investor means that we promote and demand the idea of sustainable investing at all levels available to us as an investor. Engagement represents an important lever for investors to reduce portfolio emissions. We will pursue targeted engagement with listed companies in our portfolio on climate change, supported by our stewardship partner EOS at Federated Hermes.

Engagement will focus on the factors that support full corporate alignment with the Paris Climate Agreement, including achieving net zero emissions by 2050, addressing issues such as decarbonization and low-carbon action (i.e., CO2 mitigation), physical climate risks, and transparency. We aim to gain exposure to at least 20 of the largest CO2 emitters in our portfolio of listed equities and corporate bonds.

Procurement

We are aware of our responsibility for the ecological impact within our procurement process. For this reason, we significantly expanded the data basis on the ecological impact of the procurement of IT products, vehicles, construction materials, paper, food, marketing products, and services. This was an important step towards being able to derive measures based on the status quo. In dialog with our suppliers, we recognized that the importance of sustainable procurement is increasing.

Berufsbildungswerk der Deutschen Versicherungswirtschaft (BWV) e.V.

In cooperation with the BWV, LVM was involved in the education congress for sustainability in education. The main focus was the development of a new competency grid in which sustainable action competencies were integrated in the competency dimensions of professional, social and personal competency.



Principle 3

We will work together with governments, regulators and other key stakeholders to promote widespread action across society on environmental, social and governance issues. LVM is involved through memberships, especially in associations. Significant memberships of LVM in ESG-related associations and organizations are:

- **German Insurance Association (GDV)** (www.gdv.de/gdv)
The German Insurance Association (GDV) is the central organization of private insurers in Germany. It represents their interests towards parliament, government and the public on a national and European level. The GDV hosts numerous working groups in which LVM experts are engaged. For example, we are represented in the Own Operations working group. This working group is concerned with the development of a guideline for dealing with emissions and their accounting.
- **German Sustainability Network, V.E.R.S. Leipzig GmbH** (www.gsn-fsi.de)
As an industry initiative, the German Sustainability Network offers the insurance industry a platform for discussing, working and developing issues relating to sustainability. Here, LVM is also represented as a member.
- **Net-Zero Asset Owner Alliance** (www.unepfi.org/net-zero-alliance)
By joining the Net-Zero Asset Owner Alliance (NZAOA), initiated and supported by the United Nations (UN), LVM has reaffirmed its commitment to responsible investing and the goals of the Paris Climate Agreement. Members of NZAOA are 83 international institutional investors managing assets worth a total of approximately €10.5 trillion (as of December 11, 2022). The initiative focuses on redirecting capital and investment flows to transform the real economy in order to achieve the internationally agreed climate targets.
- **Berufsbildungswerk der Deutschen Versicherungswirtschaft e. V.** (www.bwv.de)
LVM is a member of the Berufsbildungswerk der Deutschen Versicherungswirtschaft e. V., Regionalverband Münster, and in this position supports the activities of the Berufsbildungswerk. LVM employees work as speakers on specialist topics and are members of the examination boards. In addition, LVM provides the association with business facilities.
- **North Westphalia Chamber of Industry and Commerce** (www.ihk.de/nordwestfalen/nachhaltigkeit/)
The North Westphalia Chamber of Industry and Commerce has recognized that the effects of climate change, the progressive loss of biodiversity and the growing consumption of resources are causing medium- and long-term adverse conditions for business in the IHK district. As a result, a committee for corporate sustainability was appointed.

LVM is represented in this committee by one member. The task of the committee is to draft a target picture that outlines a future-proof and sustainable regional economy. In addition to the regular adjustment of the target picture, the committee proposes interim steps with suitable measures and focal points for action. It drafts key point papers for the plenary assembly and is in exchange with other committees of the plenary assembly. The committee is organized into further subgroups, e.g., the Social Sustainability Working Group, in which LVM is represented too.

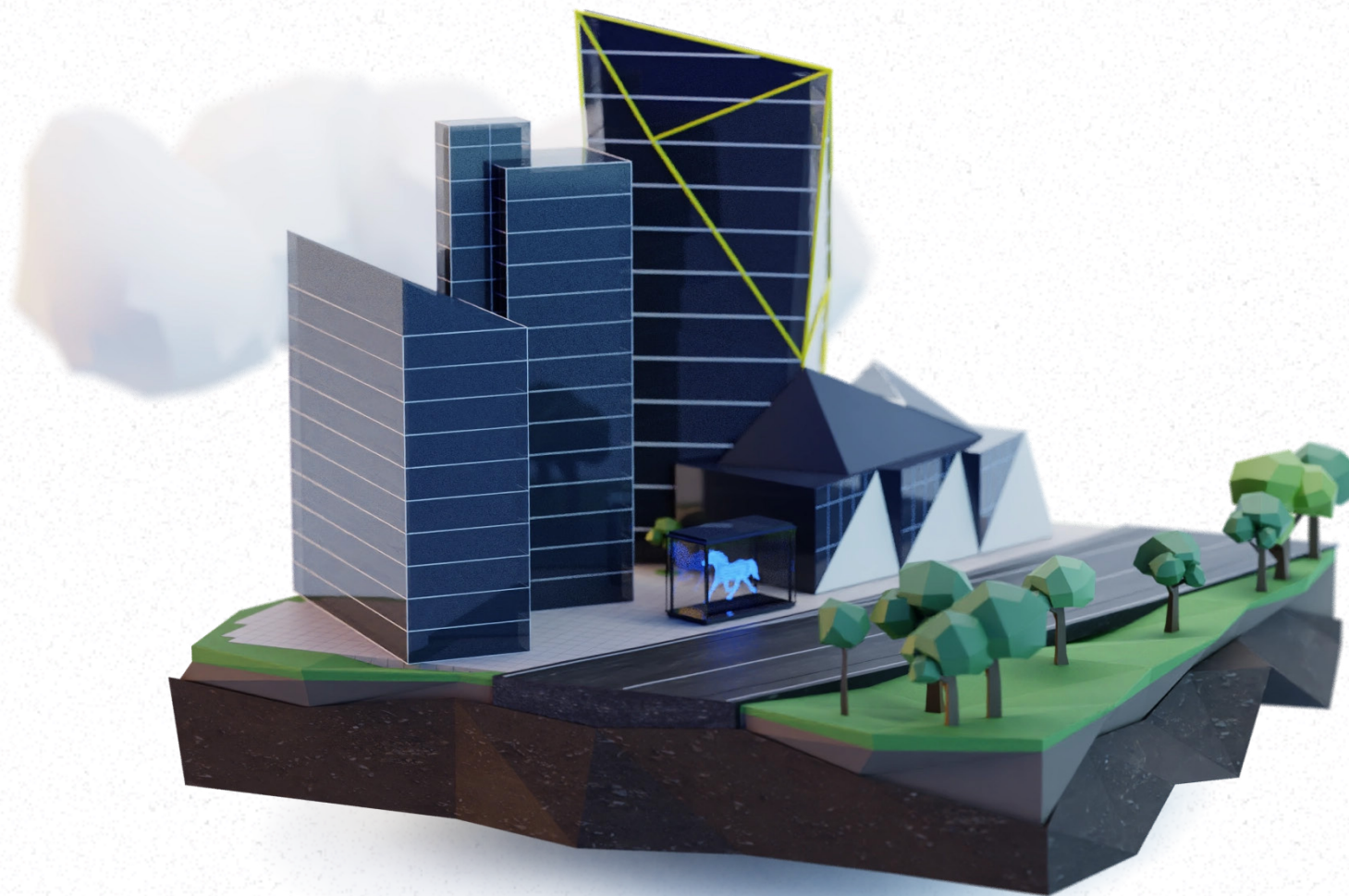
Helfen verbindet Menschen

Helping in an uncomplicated way where help is needed. This is the goal that the association „LVM Helfen verbindet Menschen e. V.“ (HvM) has been pursuing since it was founded in 2002. „LVM Helfen verbindet Menschen e. V.“ is a non-profit association whose mission is to promote social civic engagement. Its three main areas of focus are the promotion of voluntary work, situational disaster relief and the promotion of large-scale projects.

Principle 4

We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the principles. Since 2017, LVM has published an annual Sustainability Report. In it, we present our key performance indicators, plans and projects in connection with our sustainable commitment. The Sustainability Report of the year 2022 was prepared in accordance with the global guidelines for sustainability reporting of the Global Reporting Initiative (GRI).

Further information on compliance with the Principles for Sustainable Insurance and the achievement of our sustainability targets can be found in the [Sustainability Report 2022](#), our [homepage](#), and [UN PRI Transparency Report](#).



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