

UNEP-FI

LVM
VERSICHERUNG



PRINCIPLES FOR SUSTAINABLE INSURANCE

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The Principles for Sustainable Insurance (PSI), developed by the United Nations Environment Programme Finance Initiative (UNEP FI), serve as the global framework for the insurance industry to address environmental, social, and governance (ESG) risks and opportunities. By officially joining the initiative on April 29, 2022, we have committed to manage our entire value chain in a responsible and forward-looking way.

At LVM, we are dedicated to shaping a sustainable future. Sustainability is therefore an integral part of our corporate strategy. For us, it means taking long-term, comprehensive responsibility for both people and the environment. This commitment is reflected in our ecological, social, and business practices.

By signing the PSI, we have decided to actively support this initiative. We report annually on our progress in implementing the PSI principles. This document marks our third progress report, highlighting key activities undertaken in 2024, with references to our broader sustainability report.



Principle 1

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

Sustainability Strategy

Sustainability is an integral part of our LVM corporate strategy. To achieve our goals, we are pursuing seven key areas in our sustainability strategy. The founding of a dedicated sustainability division, along with sustainability representatives in different departments, has established a clear and organized framework for implementing this strategy.

We take a holistic approach to sustainability, aligning our efforts with the ESG criteria, which encompass environmental, social, and governance-related aspects. Our LVM Sustainability Guiding Principle is based on the following 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 consider the needs of employees, trusted 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

In seven working groups (energy, resources & waste, procurement, green IT, LVM agencies, mobility, events) we aim to minimize resource consumption and CO₂ emissions associated with our business activities.

In 2024, LVM Versicherung increased its share of green electricity to 100 %. Around 20 % of this demand is met by a 1.7 MW rooftop photovoltaic system installed in 2023 near the company's headquarter. The remaining electricity is sourced from renewable energy parks in Schleswig-Holstein and Lower Saxony.

Further steps in 2024 include updating the travel policy to incorporate new sustainability criteria and continuing the gradual transition of the company fleet to electric vehicles—by the end of 2024, 31 % of LVM-registered vehicles were electric.

LVM also began assessing the carbon footprint of its event formats to identify key emission sources. Based on these findings, sustainability factors are being defined to guide future event planning. Additionally, a new procurement policy introduced in 2024 ensures sustainability criteria are considered in purchasing decisions.

Moreover, two working groups - focused on mobility and building infrastructure/resources - are developing recommendations for LVM agencies to promote sustainable practices across the entire business area.



Sustainable products

Social and ecological criteria will play an even greater role in product design and management in the future.

For example, we implemented several key measures during the reporting year in our motor vehicle insurance. These include:

- Protection against climate-related risks.
- Special benefits and premium discounts for electric vehicles.
- Additional services tailored to electric vehicle users.
- Carsharing options at LVM agencies and the introduction of an insurance solution for carsharing use.

In the design of LVM's property insurance, particular attention is given to promoting renewable energy, e-mobility, sustainable materials, energy-efficient renovations, climate protection, and adaptation to climate change. Among other actions, the following measures have been implemented:

- Enhanced insurance coverage for heat pumps within residential building insurance.
- Compensation for the transition period in the event of theft of bicycles through sustainable mobility alternatives in household contents.
- A fully comprehensive e-bike insurance policy that is separate from and independent of household contents insurance.
- Insurability of new crop types within agricultural insurance products.

Sustainability also plays a central role in life insurance and financial services. In the area of life insurance, the following measures have been implemented:

- Expansion of the fund selection (ETF expansion) to include funds with social and environmental characteristics within unit-linked pension insurance products.
- Introduction of FutureNow as a corporate pension scheme.

In addition to these products, we also offer our customers products with sustainability features in the area of financial services.



Sustainable investments

Asset investment is our most significant lever for sustainable development. In pursuing responsible investment, we can promote the shift towards 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. Therefore, LVM Versicherung has implemented a range of measures in its capital investment strategy that address climate-related concerns. These include:

- Investment exclusions.
- Emission reduction requirements for external fund managers.
- Criteria for the selection of fund managers and fund investments.
- Implementation of an engagement program.
- Sustainable investments aligned with the environmental objective of climate protection.
- Risk management related to flooding and heavy rainfall.





Responsible employer & contractual partner

We are constantly striving to expand support for our employees, agency owners and their sales representatives to strengthen LVM's attractiveness as an employer and contractual partner. For the employees of the head office, this means strengthening our pioneering role, e.g. through targeted activities in New Work. In addition, we will expand our commitment to our sales force – as well as office staff – by offering enhanced training and development opportunities, promoting healthcare, and supporting the balance of family, work and care responsibilities. Even though LVM is already well positioned as a responsible employer and reliable partner, we want to develop further in this area. That is why we regularly ask our employees, trusted advisors and their employees where we can improve.



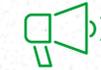
Diversity

LVM is diverse. We want to make this diversity even more visible and become even more diverse in the future. For example, we want to take more perspectives into account in teams and decision-making processes or when communicating with applicants and customers. Because different perspectives mean a variety of points of view – characterized by experience, drive, different origins or different gender perspectives. Even though we at LVM have already taken some important steps in these areas, we know that we can do even better. Therefore, we introduced a diversity audit and launched a learning journey on the topic of Diversity Equity Inclusion and Belonging.



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.



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.



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. Its team members are also contact persons outside and inside the company. Additionally, sustainability managers within each department lend their expertise to support the division's efforts. While the specialist departments are responsible for implementing sustainability actions, the division ensures alignment with LVM's sustainability goals. This approach allows us to address the growing significance of sustainability in business operations effectively. Regulatory requirements are coordinated by the Legal department and implemented in working groups.

Sustainability in risk management

LVM's risk management system takes sustainability risks into account when they may have a negative impact on the company. These risks can arise from environmental, social, or governance-related events or conditions and may lead to deviations from strategic or operational targets. Rather than

being treated as a separate risk category, sustainability risks are considered a cross-cutting issue that can affect all existing risk categories.



Focus on customers' needs

Customer satisfaction is a core driver of success at LVM. Our goal is to ensure that our customers are among the most satisfied policyholders in the industry. To achieve this, we continuously adapt our products, advice, and services to meet the evolving needs and expectations of our customers.

Through the collaboration of our agencies, field sales representatives, and internal service teams, we provide personalized, knowledgeable, and efficient assistance. With more than 2,100 agency owners and partners, as well as more than 5,300 dedicated employees throughout Germany, we maintain a strong local presence. They are the first point of contact, directly addressing customer concerns and ensuring individualized support. By joining the Code of Conduct of the German Insurance Industry, we promise that our sales representatives 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 advisory process for insurance-based investment products, we have expanded the assessment of suitability to include a review of customers' sustainability preferences, in accordance with current European regulatory requirements for insurance distribution. Since August 2022, we have been asking customers whether they hold any of the three sustainability preferences defined in the Delegated Regulation amending the Insurance Distribution Directive (IDD), and if so, which specific preferences apply.

Engagement approach to investment

In our investment strategy, we have partly adopted an engagement-based approach—actively encouraging companies to operate more sustainably. We believe that constructive dialogue with the companies we invest in allows us to positively influence their behavior and promote long-term value creation.

As active investors, we advocate for and demand sustainable investment practices wherever possible. Engagement is a key lever for reducing portfolio emissions. To this end, we pursue targeted engagement with listed companies in our portfolio on climate-related issues, supported by our stewardship partner EOS at Federated Hermes.

Our engagement efforts focus on driving full corporate alignment with the goals of the Paris Climate Agreement. This includes achieving net-zero emissions by 2050 and

addressing key topics such as decarbonization, low-carbon strategies, physical climate risks, and transparency. We aim to engage with at least 20 of the highest CO₂ emitters within our portfolio of listed equities and corporate bonds.

Procurement

Our culture of trust is built on transparency, openness, and respectful interaction with employees, representatives, customers, and suppliers. A core element of this culture is our commitment to upholding internationally recognized human rights.

To prevent, mitigate, or address potential human rights and environmental risks in our supply chain, we have implemented a risk management process in line with the requirements of the German Supply Chain Due Diligence Act (LkSG). This process includes a range of due diligence obligations, supported by clearly defined internal responsibilities and

procedures. It covers key human rights and environmental concerns, such as the prohibition of child and forced labor and the protection of freedom of association.

We also recognize our responsibility for the environmental impact of our procurement activities. To this end, we have significantly expanded the database regarding the ecological footprint of our procurement in areas such as IT products, vehicles, construction materials, paper, food, marketing materials, and services. This was a crucial step toward identifying targeted measures based on the current state. In dialogue with our suppliers, we have observed a growing awareness of the importance of sustainable procurement.

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 9.5 trillion US dollars. 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. In this position we support 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.

■ Climate City Münster – EU project „100 Climate-Neutral and Smart Cities“

As one of 100 cities, Münster is developing a Climate City Agreement with the city society as part of the EU project „100 Climate-Neutral and Smart Cities.“ Citizens, companies, associations and initiatives: Everyone can contribute on Münster's path to climate neutrality. LVM is also supporting this effort. By achieving its own goals for reducing CO₂, LVM is also minimizing emissions in the urban atmosphere.



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.

Transparency is a central part of our sustainability strategy. We attach great importance to openly communicating our sustainability goals and progress and ensuring that this information is accessible to the public. Since 2017, LVM has published an annual sustainability report outlining our key performance indicators, initiatives and projects related to our sustainability efforts. The Sustainability Report 2024 was prepared in accordance with the Corporate Sustainability Reporting Directive (CSRD).

Further information on compliance with the Principles for Sustainable Insurance and the achievement of our sustainability targets can be found in the [Sustainability Report 2024](#), our [homepage](#), and [UN PRI Transparency Report](#).

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