



Principles for Sustainable Insurance - July 2024 Report

Wüstenrot & Württembergische AG

Principles for Sustainable Insurance - Report

Table of contents

Introduction	4
COMPANY PROFILE	5
Principle 1	6
Principle 2	12
Principle 3	13
Principle 4	14
Legal information and contact	15

Introduction

The “**Principles for Sustainable Insurance**” (PSI) are intended as guidelines for insurers when taking sustainability criteria into consideration in their core business. This framework of the financial initiative of the United Nations Environment Programme (UNEP) was introduced in 2012 during the UN Conference on Sustainable Development (Rio+20) and is intended to support the development of a green economy through sustainable insurance.

The tenets of the PSI have led to the largest collaborative initiative between the UN and the insurance industry. Over 250 organisations worldwide have adopted the “Four Principles for Sustainable Insurance”. PSI members represent more than one third of world premium volume, with USD 15 trillion in assets under management.

By becoming a signatory to the PSI, the W&W Group has committed to take into account environmental, social and governance aspects along the value chain – from product development to investments and sales.

This document describes our commitments and progress in the past 12 months with regard to implementation of the Principles for Sustainable Insurance. It also highlights topics of special importance to the W&W Group.

“More transparency and comparability with sustainability reporting.

The insurance industry is currently facing regulatory challenges. With the introduction of comprehensive sustainability reporting, as envisaged by European legislators with the Corporate Sustainability Reporting Directive (CSRD), the disclosure of ESG¹ information will be standardised. The information should be complete, comparable, transparent and reliably available. This means that sustainability reporting will be largely on par with financial reporting in future.

This legally compliant and audit-relevant sustainability reporting presents us as an insurer, like many other market participants, with a pioneering task. The CSRD and the associated European reporting standards are not only extensive, but also highly complex to understand and implement. Whereas previously only individual areas such

as compliance, investment, risk management or sales were often affected, the horizon now extends across the entire value chain of our Group.

For us, however, there are not only these all-encompassing legal requirements – sustainability awareness is part of our corporate culture. The task now is to utilise sustainability reporting and the associated holistic approach to the topic in terms of content and process as an opportunity for greater sustainability in our business processes. The creation of a transformation and change process that encompasses all company activities and is accompanied by the question of what contribution they can and want to make in their area of responsibility.

We accept the challenge.”



Susan Liedtke, Head of Reporting Groups / Policy, Wüstenrot & Württembergische AG

¹ Environment, Social and Governance (responsible corporate management).

COMPANY PROFILE



The W&W Group, an independent financial services group headquartered in Kornwestheim, Germany, developed from the merger of two long-established companies, Wüstenrot and Württembergische, in 1999.

The Group's strengths include a large base of around 6 million customers, as well as emphasis on close personal service, with a mobile sales force of more than 6,000 independent partners nationwide, 1,000 Wüstenrot service centres and 2,000 external Württembergische offices. Online offers round out the portfolio.

The W&W Group develops and provides four components of modern financial planning: financial security, housing property, risk protection and savings and investment. By combining the Housing and Insurance divisions, the W&W Group is able to offer customers individual financial planning solutions, with a focus on omni-channel sales, which range from its own mobile sales force to cooperation partners and sales agents, broker activities and digital initiatives. The W&W Group operates almost exclusively in Germany.

In the Housing division, the focus is on the home loan savings business of Wüstenrot Bausparkasse AG along with the construction financing it offers. Other areas include the property development business of Wüstenrot Haus- und Städtebau GmbH and real estate brokerage by Wüstenrot Immobilien GmbH.

The Insurance division offers a wide range of life, health and property/casualty insurance products. The key companies in this division are Württembergische Versicherung AG, Württembergische Lebensversicherung AG and Württembergische Krankenversicherung AG.

With regard to its market position, Wüstenrot Bausparkasse AG ranks second among private home loan and savings banks in terms of gross new home loan and savings business. Württembergische Lebensversicherung AG is one of the top 12 German life insurers. Württembergische Versicherung AG ranks 10th among property insurance companies in Germany.²

² GDV, last updated Feb. 2024

Principle 1: We will embed in our decision-making environmental, social and governance issues relevant to our insurance business

Company strategy

Responsible behaviour and social commitment have a long tradition in the W&W Group and are a core component of its strategic orientation. It is based on the understanding – derived from the foundational values of W&W AG's primary shareholder – that corporate management should have a long-term perspective and be focused on stability. In order to continuously develop the topic of sustainability, the Group-wide sustainability strategy is revised annually under the leadership of the Group Development unit. In addition to the meaningfulness and relevance of the targets, the focus is also on increasing the measurability of the sustainability goals.

As with the IT and risk strategy, the sustainability strategy has been integrated into the strategy process of the W&W Group since 2022. As part of this, qualitative and quantitative performance indicators from the area of sustainability are defined and measured in a target/actual comparison. The Housing and Insurance divisions also have their own business strategies. These include corresponding sustainability aspects that are consistent with the sustainability strategy of the W&W Group.

The sustainability strategy is aligned on ESG criteria and comprises the following six fields of action: Customer and product, investments and refinancing, own operations, employees, company and organisation. Goals and measures are defined in all fields of action in a revolving process. The detailed planning period covers three years in each case.

The topic of sustainability is firmly rooted in our organisational structure. Responsibility for sustainability lies with all members of the Executive Board of the W&W Group, whereby the CEO (Chief Executive Officer) has overarching responsibility for the strategic focus on sustainability. The CFO (Chief Financial Officer) is responsible for reporting and sustainability in investments, while the CIO (Chief Information Officer) answers for sustainability in operations. The Chief Staff Officer is responsible for the areas of employer attractiveness and employee satisfaction. The CRO (Chief

Risk Officer) is responsible for integrating sustainability aspects, in particular the associated risks, into the risk management system.

The Sustainability Officer is responsible for coordinating the strategic sustainability activities of the W&W Group. He is also the central internal and external contact for sustainability issues. In the Housing and Insurance divisions, sustainability coordinators are responsible for coordinating sustainability-related topics specific to the divisions.

For the purpose of cross-divisional coordination, a sustainability board has been established as an internal body. It consists of Executive Board members and managers and meets on a regular basis. In particular, the sustainability board discusses societal trends and developments, analyses regulatory requirements, reviews the strategic orientation and examines whether existing and planned measures in the divisions conform with the strategy.

A board of sustainability experts with representatives from all the fields of activity has also been implemented to ensure the operative control and implementation of sustainability activities. In addition, a Human Rights Committee was established in 2023 to ensure human rights due diligence in the supply chain and a Green Bond Committee to coordinate green refinancing activities.

Risk management and underwriting

Risk management

Sustainability aspects may give rise to risks. Sustainability risks may materialise from internal and external risk drivers or triggering events in the areas of climate, environment, social affairs, politics, corporate governance and compliance, which, in the individual risk areas, may have a negative impact on the net assets, financial position or financial performance of the W&W Group.

Sustainability risks include risks from outside that affect the W&W Group and its risk factors (outside-in) as well as risks from sustainability factors caused by the W&W Group that could negatively influence the environment (inside-out). In the areas of climate and environment, risk management takes account of physical risks (occurring not only due to extreme weather events and their consequences, but also in connection with long-term changes to climatic and environmental conditions) and transition risks (arising in connection with conversion to a

low-carbon economy) as well as their mutual interdependencies.

Accordingly, sustainability risks are to be addressed in the organisation and actions of the W&W Group and the associated individual companies in such a way that any risks that could threaten the existence of the company are avoided and sustainability risks can be dealt with proactively. In this regard, the risk strategy of the W&W Group also specifies the framework with which sustainability risks are integrated into risk management.

In the W&W Group's risk management, sustainability risks are addressed along the established risk management process. In particular, this includes the risk strategy framework, risk identification and assessment within the risk inventory, risk taking and monitoring within the defined strategic framework and risk reporting. Sustainability risks are therefore also part of the monitoring of the risk profile by the Group Board Risk.

Sustainability risks are identified and assessed as part of the risk inventory process.

Firstly, the scope of the relevant ESG drivers is reviewed and the relevance of sustainability aspects for the individual risk areas and risk types is assessed.

Within the ESG categories, ESG events from the following areas are assessed with regard to the inside-out and outside-in perspective of the W&W Group:

- Environment category: climate change, natural disasters, man-made disasters, scarcity of resources;
- Social category: political environment, social environment, global human rights, operational environment;
- Corporate management category: Corporate governance, compliance.

The effects of the individual ESG events on the existing risk types are assessed on the basis of their urgency and their impact intensity on the respective risk type in order to identify the ESG events that are material for the W&W Group.

Of special importance in this respect are ESG events affecting the risk areas of investments (generally transitory risks) and actuarial risks (generally physical risks). Furthermore, objections to our sustainability strategy can lead to reputational risks.

The evaluation of sustainability risks is supplemented by an examination of climate change scenarios that illustrate the effect of transition risks and physical risks.

Risk governance for sustainability risks is handled using the management tools outlined in the risk strategy of the W&W Group. Management tools relating to sustainability risks include both quantitative and qualitative criteria (e.g. line and limit systems, underwriting policies, reinsurance agreements, investment principles/investment exclusion criteria, indicators).

Important developments are monitored regularly and factor into risk reporting.

Underwriting

The insurance companies of the W&W Group are in the process of successively taking ESG criteria into account when underwriting risks.

According to our guidelines, no conventional energy suppliers with a focus on coal or nuclear power generation, companies in the arms industry or companies that violate human rights (forced and child labour) may be insured. In addition, individual case reviews are carried out with regard to the object of insurance.

At the same time, rates have been set for technologies for sustainable energy generation, such as onshore wind turbines, photovoltaic systems and Power-to-X systems open.

Products

The W&W Group can assemble personal financial planning solutions from the shared range of services based on fundamental social concepts – from financial security, housing property, risk protection, and savings and investment. By helping provide the best possible financial planning to broad sections of the population, we enable people to enjoy personal freedom with the greatest possible security. Insurance products and private pension plans make it possible for people and society to safeguard their standard of living. In addition, preventive measures reduce the likelihood of damages, such as break-ins, fires and workplace accidents.

Our strategic orientation focuses on the development of green product alternatives and components. Since 2022, we have been able to offer our customers various product variants that are geared towards sustainability aspects. These are being further developed and expanded. This is

complemented by transparent customer communication and service offers that support sustainability (e.g. digital damage report, etc.) and are constantly being expanded.

Today, **Württembergische Versicherung AG** already offers a broad spectrum of insurance products with sustainable components. The rates are checked periodically and adjusted to market conditions with consideration given to aspects of sustainability and their insurability within the products. The offer covers different divisions of property/casualty insurance for corporate and private customers.

Württembergische Versicherung AG is active in the following areas: On the one hand, conventional products are being opened up to green risks and climate risks, such as insurance for electric cars, photovoltaics and natural hazards. On the other hand, sustainable product components are being developed for conventional risks. In this way, we help our customers to invest in the future.

In the corporate customer business, products are already being offered for target groups with sustainable business operations such as bicycle dealers and repair shops and sole operators of photovoltaic and wind power plants as well as energy management systems. Products for corporate customers also include sustainable product components. In contents insurance, for example, additional costs are covered for energy upgrades and sustainable generation. Moreover, an expansion of unidentified risks (e.g. flooding of rooftop terraces) has been implemented.

Since the introduction of the tariff in June 2022, builder's risk insurance has provided cover for additional costs due to preventive measures following flooding or backwater damage. For new buildings, construction insurance also covers the costs of installing a photovoltaic system or power generation system up to 10 per cent of the construction sum.

In technical insurance, around 46,000 photovoltaic systems (previous year: around 42,000) and around 2,700 wind turbines (previous year: around 2,300) are currently covered by electronics insurance (including loss of earnings insurance in both cases). Environmental risk insurance is available as well.

Sustainable product contents are offered in household contents and homeowners' insurance. For example, in the event of damage liable for compensation, the policies cover additional costs for energy-efficient measures and age-appropriate conversion, as well as for the purchase of

new household appliances designed to save water or energy. Since June 2022, the PremiumProtection tariffs have covered the additional costs for ecologically sustainable renovation, e.g. of furniture and clothing made from sustainable materials without harmful substances, as well as energy advice and building biology advice after a claim. Also included are, for example, wall boxes and electric charging stations, small wind turbines and bee colonies on the respective property.

For photovoltaic systems, customers can take out all-risk insurance with additional loss of earnings cover as part of their homeowners' insurance with the PhotovoltaikPlus module. There are currently around 26,400 photovoltaic all-risk policies in the portfolio (previous year: around 17,500).

Personal liability insurance also covers risks arising from the operation of systems for generating electricity and heat from renewable energies in owner-occupied properties. In this context, personal liability insurance covers photovoltaic and solar systems, heat pump systems, geothermal systems, small wind turbines and mini combined heat and power plants. The possession and use of electric bicycles or pedelecs not subject to compulsory insurance with pedal assistance of up to 25 km/h and with a starting aid of up to 6 km/h is also insured.

Premium cover for private legal expenses insurance covers the legal representation of interests in the acquisition, installation and operation of a photovoltaic system on owner-occupied detached and semi-detached houses for feeding electricity into the public grid for a fee. In the transport sector, electric vehicles that are subject to compulsory insurance and whose use is permitted in public traffic areas (e.g. S-pedelecs or E-scooters) are insured. Vehicle hire, for example via car sharing, is also covered.

A discount is granted on motor insurance for motorbikes with environmentally friendly drive systems.

Customers receive insurance licence plates for their electric scooters at more favourable conditions compared to non-electric vehicles.

Working together with Württembergische Versicherung AG, **Adam Riese** is developing products that offer customers financial protection. The residential buildings product (VGV) already covers additional costs for energy-efficient or age-appropriate modernisation in the event of a claim and includes photovoltaic systems in the

fire-module. E-bikes are also covered. In addition, a concerted effort is being made to expand the rest of the product range to include green risks and to develop green product components.

At **Württembergische Lebensversicherung AG**, aspects of sustainability are mainly taken into consideration in the area of investment solutions.

In addition to the fulfilment of ecological and social characteristics, the key principles of our binding investment strategy in our guarantee assets also include compliance with a minimum quota of sustainable investments and the consideration of adverse effects on sustainability factors within the investment decision-making processes. Please refer to the Investments section for information on the investment strategy.

The environmental and social characteristics described above are fulfilled in particular by our unit-linked pension insurance product Genius, and in particular by Genius “ProZukunft”. What sets it apart is the ability to conclude a variety of guarantees in addition to pure fund investment. In such cases, the capital is dynamically distributed into three investment areas (referred to as pots).

The guarantee assets of Württembergische Lebensversicherung AG are not only the first investment area or the “first pot” of the Genius product, but above all also the only or main investment option of the classic pension products of Württembergische Lebensversicherung AG. This means that the KlassikClever and IndexClever products have also been products in accordance with Article 8 of the Sustainable Finance Disclosure Regulation (SFDR) since 10 March 2021. The IndexClever multi-asset strategy index was also converted to environmental and social criteria in 2021 by replacing the equity sub-indices with climate care indices. The results of all these measures are published on our website at www.wuerttembergische.de/nachhaltigkeit and are largely made transparent in the pre-contractual documents.

The value protection fund forms the second investment area (“2nd pot”) and plays a key role within the Genius product since it is always included when a guarantee component is incorporated into the insurance contract. That is why the fund was changed to include sustainable features back in 2020. The value protection fund was classified in accordance with Article 8 when the SFDR came into force on 10 March 2021.

In the third investment area of the Genius product (“3rd pot”), we offer a diverse range of freely selectable funds with a steadily growing number of funds focusing on sustainability. These cover the spectrum of other investment preferences, particularly in terms of risk appetite: bond funds, mixed funds, active equity funds and passively investing exchange-traded funds (ETFs). Among other things Württembergische Lebensversicherung AG has set up its three in-house funds “W&W Nachhaltige Strategie”, “W&W Nachhaltige Strategie Aktien” and “W&W Nachhaltige Strategie Renten”. The first two of these W&W funds were also summarised in an investment strategy prominently placed in the offering system, which is intended to make it easier for interested customers to start investing in funds that focus on sustainability aspects.

Sustainability aspects are taken into account in the investment process for the funds mentioned, for example through exclusions, best-in-class approaches or sustainability ratings at the level of individual securities and corresponding selection. As part of the regular review of our fund range, seven new sustainability-related funds were added to our Genius fund range both in 2023 and 2024, with a focus on water resources and climate targets, among others. As at 30 June 2024, 41 corresponding funds in accordance with Articles 8 and 9 of the SFDR are in the active fund range.

In all, we have established sustainability characteristics for all life insurance products. This applies in particular to the guarantee assets, which are subject to Group-wide exclusion criteria. Where investment options exist, sustainable ones can be chosen. The selection criteria are regularly reviewed in line with requirements and adapted to new circumstances.

Württembergische Krankenversicherung AG is focused on strengthening preventive health care and doing our best to help our customers return to health. In the process, it is important for us to stand by them as holistic partners for health. That’s why our healthcare offer includes not only support for “staying healthy” (focus on preventative care) but also support for “getting healthy” (disease management / service offer). The health and service offerings are constantly being enhanced and brought into line with the needs of our customers.

Sales and marketing

We provide our sales employees with regular training on sustainable advisory services and products. Our holistic advisory approach therefore takes into account our customers' ESG sustainability preferences when giving advice on investment products based on life insurance.

Investments

As an investor, we know that we – together with other large institutional investors – can directly exert a significant influence on the successful structural change towards a more climate-friendly and lower-emission economy and society. Being aware of how important this is, we pursue an active approach to reducing harmful emissions in our investment portfolios. We are aiming for a climate-neutral investment by 2050. This active approach further aims to sustainably promote the development and distribution of climate-friendly technologies.

In the Insurance division and at W&W AG, aspects of sustainable investment are taken into consideration and documented in the annual investment process of strategic asset allocation (SAA).

The W&W Group is a signatory to the Principles for Responsible Investment (PRI), thus highlighting to both employees and the public the sustainable alignment of its investment business. We also take care to ensure that these principles are applied by our chosen external managers when trading in share, pension or real estate funds. In some cases, we additionally accept suitable ESG policies for managers who are not signatories of the PRI.

We work with our outside service provider to analyse the investment portfolios (especially for companies and countries). The analysis also takes into account special environmental and social risks and those concerning corporate governance that are associated with the investment, insofar as these ESG risks are related to the investment portfolio and its management. Exclusion criteria have been developed for our portfolios based on this analysis resulting in the following exclusions:

- companies whose activities involve controversial weapons covered by UN conventions (biological and chemical weapons, incendiary weapons, anti-personnel mines and cluster munitions),
- companies that generate more than 1 per cent of their revenue from arms manufacturing or dealing,

- companies where more than 10 per cent of their activity is related to coal,
- companies that are proved to have used forced labour,
- companies that are proved to have used child labour,
- countries that have an authoritarian regime or are considered not free (Freedom House classification). This exclusion applies to the direct portfolio and most indirect investments.

These exclusions are implemented and monitored Group-wide in the direct portfolio and in indirect investment (funds), provided they are controlled by the W&W Group.

In addition to taking exclusion criteria into account, we also pursue an active approach to sustainability. In this regard, renewable energies have been a core element of our strategic investment approach for many years.

Under renewable energy investments, we summarise all investments in direct renewable energy generation capacity (assets) and companies (project developers, energy suppliers etc.) that generate at least 80 per cent of their revenues from the added value of renewable energies. The total market value of the renewable energy investments amounted to around €531 million as at 31 March 2024 and accounted for around 40.8 per cent of the market value of the overall infrastructure portfolio.

For the further expansion of the portfolio, the focus is particularly on sustainable investments in the sense of a low CO₂ footprint (keyword: decarbonisation) in order to further develop the overall infrastructure portfolio towards CO₂ neutrality in the long term.

High energy efficiency standards for buildings reduce the CO₂ emissions associated with energy consumption for building management. We consider properties with ecological features to be properties that are certified as sustainable by the relevant institutions, as well as other properties located in Germany that do not exceed the maximum energy requirement of 75 kWh/(m²a) set by us. These include properties that fulfil the requirements of the EU Taxonomy Regulation. In this regard, please refer to the explanations in the section "Implementation within the EU Taxonomy Regulation". The proportion of investments in energy-efficient properties is being successively expanded with the acquisition of new properties.

The importance of the topic of sustainability is also growing in connection with fixed-interest securities, traditionally the largest part of our investments, for

example, in the form of green/sustainable bonds. We strive to take this form of investment into consideration for new investments and reinvestments to make a further contribution toward the financing of climate-friendly projects.

As at 30 June 2024, the portfolio of green/sustainable bonds in the W&W Group had a nominal value of around €1.5 (previous year: 1.5) billion and a market value of around €1.2 (previous year 1.1) billion.

In the years to come, we will continue our efforts to constantly reduce the share of CO₂ in our investments (especially in the areas of shares and corporate bonds). As a first step, we plan to achieve a reduction in the relative carbon footprint of 10 per cent between 2023 and 2025.

Implementation within EU Taxonomy Regulation

With Regulation (EU) 2020/852 of 18 June 2020 (EU Taxonomy Regulation), the legislator established the criteria at an European level for determining whether an economic activity qualifies as environmentally sustainable for the purpose of establishing the degree to which an investment is environmentally sustainable.

Economic activities shall qualify as environmentally sustainable where that economic activities contribute substantially to one or more environmental objectives of the EU Taxonomy Regulation, do not significantly harm any of the other environmental objectives and is carried out in compliance with the minimum safeguards. Environmentally sustainable economic activities within the meaning of the EU Taxonomy Regulation are therefore also called taxonomy-aligned economic activities.

In the Insurance division, the companies of W&W Group already carry out economic activities themselves that are taxonomy-aligned, or potentially be so in the future, fund or have exposures to these economic activities.

The investments of W&W Group in the Insurance division include real estate assets held by the group itself or used by third parties. Within this kind of investment, the economic activity “acquisition and ownership of buildings” as defined in the delegated regulations supplementing the EU Taxonomy Regulation is carried out by the group itself. Some of these real estate assets comply with the technical screening criteria of the EU taxonomy and are therefore classified as environmentally sustainable, including the buildings on the W&W campus in Kornwestheim.

Investments in securities and other corporate financing are broadly diversified in terms of the economic activities financed. In the 2023 financial year, shares of taxonomy-aligned turnover and capital expenditures (abbreviation: CapEx) are identified for non-financial undertakings that are obliged to non-financial reporting. Exposures to these undertakings are therefore proportionally taxonomy-aligned.

In the Insurance division, the economic activity “Non-life insurance: underwriting of climate-related perils” is taxonomy-eligible.

In 2023, taxonomy-aligned economic activities or funding were identified for the first time. Since 2024, it has also been possible for the first time to collect ratios for taxonomy alignment for exposures to financial undertakings that are obliged to provide non-financial reporting. Increases in exposures with actual information on taxonomy-aligned economic activities are expected in the coming years. This is due to the expansion of the legal obligation for undertakings to report on sustainability and improvements in the availability of sustainability information for investments and financed real estate.

A decision was made to introduce green product lines and components for the companies of the W&W Group. Within W&W Group, efforts are being made to offer taxonomy-aligned product alternatives and components. In principle, the companies of W&W Group already offer products that are aligned with the requirements of the EU Taxonomy Regulation. In the long term, this will lead to an increase in taxonomy-aligned economic activities and their funding.

Implementation within Sustainable Finance Disclosure Regulation

Württembergische Lebensversicherung AG has prepared a statement on principal adverse impacts of investment decisions on sustainability factors in accordance with Delegated Regulation (EU) 2022/1288, which is the delegated act to Regulation (EU) 2019/2088; (Sustainable Finance Disclosure Regulation – SFDR). The statement was published on 30 June 2024.

In the past years W&W Group identified violations of human rights (socially adverse) and the generation of greenhouse gas emissions (environmentally adverse) as important adverse impacts on sustainability issues caused by investment decisions. Therefore, investment exclusions related to coal and lignite, controversial weapons, military equipment and civilian firearms, child labour, compulsive

labour and authoritarian regimes (unfree countries) were established gradually. In addition, there were environmentally oriented investments in renewable energies, Green Bonds in accordance with existing frameworks and energy-efficient real estate partially certified for sustainability (e.g. certification by the German Sustainable Building Council – DGNB e. V).

Adverse impacts on sustainability factors were specified by the SFDR as indicators for adverse impacts on sustainability factors (Principal Adverse Impacts – PAI). PAI indicators pursuant to this Delegated Regulation exist for investments in investee companies, in sovereigns and supranational and in real estate assets. Württembergische Lebensversicherung AG invests in all three investment classes and calculates in total 20 quantitative PAI indicators for them.

Württembergische Lebensversicherung AG has evaluated the extent to which the PAI indicators for measuring the sustainability efforts described above can be adopted and used as a criterion for future investment decisions.

Württembergische Lebensversicherung AG therefore considers the following PAI indicators for investment decisions:

- exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical and biological weapons)
- exposure to fossil fuels through real estate assets
- exposure to energy-inefficient real estate assets (EPC of C or below)
- violations of UN Global Compact principles and the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises

The remaining indicators are not yet considered actively into investment decisions, but their development is being continuously monitored. There are not yet any adequate time series for taking actions or setting targets.

The statement on principal adverse impacts of investment decisions on sustainability factors is available at www.ww-ag.com/en/about-us/Sustainability.

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 other financial services providers on ESG issues

We maintain a dialogue with other companies in the financial services sector for the purpose of raising awareness of ESG issues in the industry and further implementing the topic in our value chain. A continuous process for the regular transfer of knowledge was implemented through the establishment of working groups.

In this context, we have, for example, joined the financial centre initiative “Stuttgart Financial.” The aim of this initiative is to strengthen Stuttgart’s position as a financial centre and increase its visibility as a preeminent location for financial services in Germany.

Requirements along our value chain

Social aspects such as working conditions along the supply chain and respect for human rights play an important role in the procurement of operating resources.

The regulatory requirements, including with regard to the protection of human rights in global supply chains (The Act on Corporate Due Diligence Obligations in Supply Chains), are met through the fulfilment of human rights and environmental due diligence obligations within the W&W Group.

We consider the relationships with our suppliers to be long-term partnerships. They are based on trust and transparency, as well as on clearly defined common rules. None of our suppliers are known to have experienced specific incidents with negative social or environmental effects. In the event that we become aware of a violation, a separate review is carried out with the primary aim of rectifying or improving the situation, which can lead to the termination of the business relationship if the result is negative.

Our selected external managers for equity, bond or property funds are generally signatories to the PRI.

Sustainability in connection with advisory processes

In order to ensure that our customers are given tailored advice on the topic of sustainability, our sales force receives advanced training on a regular basis, and we also provide customers with qualified informational material.

When providing advice on insurance investment products in accordance with the updated Insurance Distribution Directive (IDD), the sustainability criteria are explained to customers and their sustainability preferences are queried. To provide the best possible support for the consultation process and to ensure that suitable products are chosen for customers, Württembergische Lebensversicherung AG has integrated the sustainability query into the offer system and drafted accompanying documents on sustainable investment funds and on the classification of its own products, including specific aspects of sustainability that are taken into account.

Since the beginning of 2023, a separate entry point for the Genius private pension, basic pension and direct insurance has also been created in the offer system. This entry point provides customers exclusively with a quality-tested selection of sustainable funds that take environmental and/or social criteria into account and therefore fulfil at least one IDD sustainability criterion. A separate product variant called “ProZukunft” was created within Genius for this purpose. The aim is to ensure that sustainability-conscious customers can invest in a suitable range of funds with sustainability features when they take out a policy and during the term of the policy.

To ensure high-quality advisory services and opinion formation for sales partners and customers alike, intensive training is provided across all sales channels on various aspects of sustainability with regard to our products as well as on what advice to give about them.

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

Participation in project and working groups on ESG issues

We have regular discussions and participate actively in various project and working groups of the German Insurance Association (GDV) and the German Federal Financial Supervisory Authority (BaFin). In this context, we regularly take part in public consultations and contribute our expertise to help shape a comprehensive opinion in the industry.

Voluntary commitment to sustainability initiatives

We have voluntarily joined initiatives such as the PSI and PRI and are committed to implementing sustainable principles more strongly in our business activities and to continually enhancing them.

The W&W Group has further supplemented the measures it takes to promote diversity by signing the “Charta der Vielfalt”.

Principle 4: We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the Principles

This PSI Progress Report covers the status as at 30 June 2024. The W&W Group updates the PSI Progress Report annually.

Our sustainability reports can be found on our website under the heading “Sustainability”:
www.ww-ag.com/en/about-us/Sustainability.

The W&W Group also publishes additional information on sustainability on its website. In addition to our signings, collaborations and initiatives, we provide information regarding our sustainability strategy, including specifics on the six fields of action and the goals and measures defined for them.

Wüstenrot & Württembergische AG

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