

Sustainability Report 2021

***insuring
more
responsibly***

Highlights 2021



Education

The Masterplan digital learning platform can currently be accessed by around

3,000

employees. These and other educational measures are making employees fit for the future.

See pages 44-47

Strategy

The strategic programme for the next five years is named

VIG 25

and is aimed at ensuring that the VIG Group achieves sustainable success. Numerous initiatives are aimed at achieving the three priorities of more efficiency, more customer proximity and more value added. The strategic objectives explicitly take sustainability into account.

See pages 12-13

Materiality

The **materiality analysis** was completely updated in 2021 with internal and external experts and the involvement of stakeholders. This resulted in nine material topics that are the focus of sustainability activities throughout the Group and this report.

See pages 8-9

The VIG Group has been working with the non-profit IT service provider AfB for

10 years.

AfB takes IT equipment that is no longer used and refurbishes it to extend its service life. It also provides jobs for many people with disabilities.

See page 64



Investment

The VIG Group was the first insurance company in Europe to issue a benchmark sustainability bond with a volume of

EUR 500 million.

The capital is being invested in environmental and social projects.

See page 26



Involvement

For 10 years, employees have been able to devote one working day to a good cause on

Social Active Day.

Thousands of employees in more than 20 countries have donated a total of around

300,000

hours to these causes, such as providing time and assistance to people in need.

See pages 54-56



Award

VIG Insurance Group has once again made it onto the list of

“Financial Times Diversity Leaders”.

This and other awards show that the Group is one of the world's best employers and places great importance on diversity and inclusion.

See page 50

Healthcare

The digital symptom checking tool

XUND

is available on the Wiener Städtische website to all interested parties 18 years of age or older. Symptoms can be entered to receive a well-founded and anonymous initial assessment of possible causes free of charge.

See page 40

Innovation

VIG Insurance Group has acquired an interest in the real estate start-up Gropyus. The company is located in Vienna, and plans, builds and manages

sustainable buildings,

with aims to expand into the CEE region.

See page 28

Consolidated non-financial report

VIENNA INSURANCE GROUP AG
Wiener Versicherung Gruppe publishes
this consolidated non-financial report
(Sustainability Report) in addition to its
Group Annual Report. The title of the 2021
Group Annual Report is “Insuring more,
responsibly”.

The objectives of creating more sustainable
value and further expanding the leading
market position in the CEE region are
complemented by efforts relating to
customers, employees, society and the
environment.

Just as the economic, social and
environmental concerns combine to create
an overall picture in the activities of the VIG
Group, the title pages of the two reports
also complement each other. Together they
express the objective of the Group: insuring
more with more responsibility.

“There are effective ways that insurance companies can help create a future worth living.”

Dear Ladies and Gentlemen,

We can now look back on two financial years that were greatly affected by the coronavirus pandemic. Both our economic and social lives were and still are significantly impacted. The good news is that the VIG Group could once again demonstrate that it can provide security and stability even in turbulent times. We reacted quickly by, for example, making it possible for employees to use home office and using virtual communication channels in addition to personal communication when providing customer advice. Both were well received, and hybrid work and advisory models will continue to be used in the future. For a while, there was hardly any demand for some products, such as travel insurance. There were, however, also positive effects, including a temporarily lower volume of motor claims and greater awareness with respect to healthcare provisions. In any case, the pandemic did not lead to any fundamental changes in our business model. Our well-known strengths – diversity, long-term thinking, flexibility and continuous improvement of the existing mode – make us resilient.

We did much more, however, than just reacting to current challenges. It was also a year of major changes for us. In a Group-wide process, in addition to developing our VIG 25 strategic programme, which is aimed at ensuring further dynamic development of the Group, we also reformulated the Group's strategic objectives,

specifying for the first time that ESG-related projects are also included, that is, efforts related to the “Environment, Society and Governance”. This is nothing new, but instead a systematic continuation of previous efforts – the Group has been involved in social concerns and has pursued sustainable management and profitable growth since its origins in the 19th century.

Why is sustainability important to us? One reason is the spirit of community, which, as mentioned, has played a major role in our Company right from the start. But also because long-term responsibility is the core of our business. We promise our customers that we can provide specific benefits at any time – often far in the future. Last but not least, we are convinced that profitable growth by itself is not sufficient for sustainable prosperity. A healthy environment and functioning society are also needed.

There are effective ways that insurance companies can help create a future worth living. One of the most important are investments. An investment volume of more than EUR 10 trillion makes insurance companies the largest institutional investors in Europe. Where this capital goes has a great effect on the economy. The VIG Group, for example, has decided to reduce its investments in the coal sector, while significantly increasing investments in renewable energies, among other things.

Underwriting also plays an important role, that is, decisions about which risks we insure and under what conditions. The VIG Group, for example, no longer concludes new business with companies in the coal sector. We can also advise companies to implement preventative measures aimed at, for example, reducing losses due to natural risks. In the underwriting area, we also offer coverage for innovative, environmentally friendly technologies, thereby making it possible, for example, to implement photovoltaic and wind power projects.

There are many factors involved in achieving more responsibility in the insurance business, ranging from a systematic orientation to customer needs and employee training and education all the way to compliance and responsible corporate governance. This Sustainability Report informs you of our activities, successes and further plans in all these areas.



Elisabeth Stadler
Chairwoman of the Managing Board

Sustainability Report 2021

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#01 Core business

22 For VIG Insurance Group, sustainable management means integrating social and environmental factors into the core business.

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54 VIG companies support selected projects and promote initiatives providing social and cultural added value.

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60 VIG Insurance Group is responding to the risks brought by climate change with measures to improve prevention and awareness in society.

VIG INSURANCE GROUP AT A **GLANCE**

Together, the VIG companies form the **leading insurance group** in Central and Eastern Europe. VIG Holding is headquartered in Vienna and manages and supports its around **50 insurance companies**. The roots of the Group reach back to the year 1824.

The insurance companies are established in their respective regional markets and around **25,000 employees** provide custom-tailored insurance solutions covering a wide range of risks for over **22 million customers**.

The VIG Group has been awarded an A+ rating with a stable outlook by the internationally recognised rating agency

Standard & Poor's. VIG shares are listed on both the Vienna Stock Exchange and Prague Stock Exchange.

Around 72% of the shares are held by Wiener Städtische Versicherungsverein, and the approximately 28% remaining are in free float. **Wiener Städtische Versicherungsverein** is a stable **principal shareholder** that focuses on the long term. On the basis of its statutes, it assists VIG companies with cultural and social matters and provides support for many projects in these areas.

Employees in 2021
(FTEs, annual average):

25,684

Total premium volume in 2021:

EUR 11.0 billion

Result before taxes in 2021:

EUR 511.3 million

Solvency ratio in 2021:

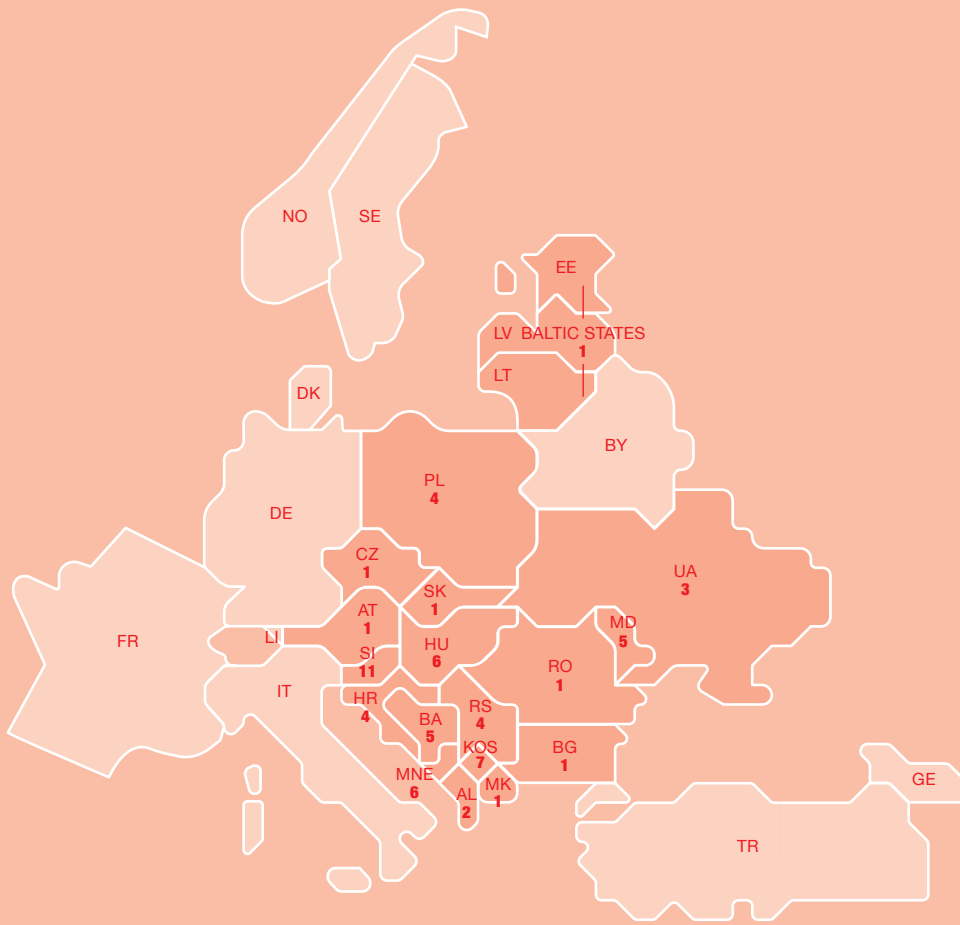
250%

THE VIG INSURANCE GROUP VALUE CHAIN

This simplified chart shows the inputs and internal processes that the companies in the Group use to create value – and their products, namely insurance solutions. One of the simplifications is that reinsurance is not only purchased on the market, but also provided internally within the Group by VIG Re.



Sources used: Dieter Farny, 2011, Versicherungsbetriebslehre (Insurance Operations), Verlag Versicherungswirtschaft GmbH, Karlsruhe, p. 98 et seq. Thomas Köhne, 2017, Industrialisierung (in) der Versicherungsbranche (Industrialisation in the Insurance Industry), in: Wagner, F. (editor), Gabler Versicherunglexikon (Gabler



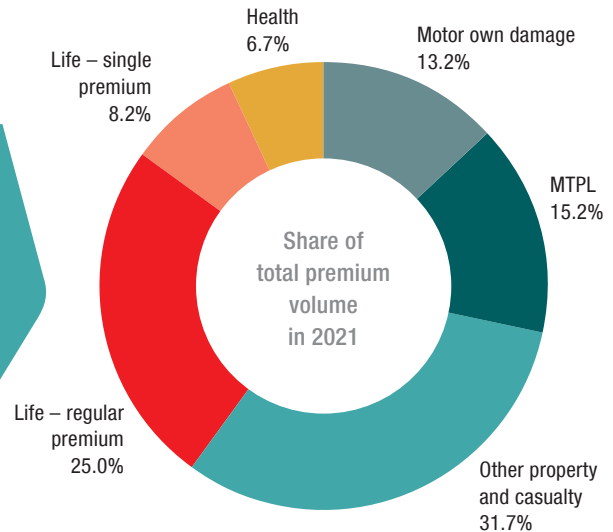
Market positions in the CEE region

Market rankings 1st to 3rd quarters of 2021;
Hungary 1st to 4th quarters of 2020

- CEE:** Central and Eastern Europe, including Austria. The aim is to take advantage of the long-term growth opportunities offered by these 20 countries.
- Special markets according to the country portfolio:** Specific objectives will be pursued in each of these ten countries.

INSURANCE LINES OF BUSINESS

VIG Insurance Group serves private and corporate customers in its insurance business. Its product range includes motor third party liability and motor own damage insurance, accident insurance and other property and casualty insurance (e.g. fire and natural hazards insurance, travel insurance). A large number of life and health insurance products are offered for individuals and groups. These include, for example, supplementary health insurance, nursing care insurance, endowment insurance, term life insurance and investment-oriented products. In accordance with the strategic cornerstones of VIG Insurance Group, products are sold through a variety of distribution channels in all markets.



DIALOGUE WITH THE STAKEHOLDERS

In order to know what is important to them, VIG companies maintain an ongoing dialogue with their different stakeholder groups. We offer a wide range of communication channels for this purpose. Personal contact was reduced due to the pandemic and virtual forms of communication were increasingly used.

Customers

- contact by personal advisors, customer visits to service offices or by video, telephone and email
- feedback via social media channels
- customer surveys
- customer/market analyses

Employees

- (virtual) employee events
- VIG Group intranet
- regular, structured employee reviews
- surveys
- contact with potential employees at (virtual) job fairs and contact with students through cooperations with universities, etc.

Shareholders and investors

- continuous capital market information
- contacts in the Investor Relations team
- regular telephone conferences when publishing results
- annual general meeting
- participation in investor conferences

Society, media, NGOs, authorities

- press conferences and interviews
- personal contact via Communications & Marketing
- voluntary work
- regular dialogue with NGOs
- participation in initiatives, support for projects and realisation of the Company's own art and social projects
- dialogue with regulatory and political bodies

Distributors and business partners

- personal contact
- workshops and training
- newsletters
- distribution portals
- events

Professional Public

- membership in insurance associations
- industry networking events
- participation in conferences

Material topics

VIG Insurance Group completely revised its materiality analysis in 2021.

The materiality analysis shows which topics a company should prioritise and subsequently report on as part of sustainability management. This creates an important basis for setting strategic priorities. VIG Insurance Group performed its first materiality analysis in 2016. It was completely updated for this reporting period.

<i>Material topics</i>	<i>Report section</i>	<i>Pages</i>
#Product innovation	#02 Customers	36-40
#Climate change	#05 Environment	60-62
#Demographic change	#04 Society	58-59
#Environmental and social investment criteria	#01 Core business	22-28
#Learning and development	#03 Employees	44-47
#Customer orientation	#02 Customers	36-41
#Data protection and security	#02 Customers	42-43
#Comprehensibility of products	#02 Customers	37, 41
#Responsible corporate governance/compliance	#01 Core business	29-35

In the first step, 19 potentially material sustainability topics were identified along the value chain. These were then assessed in three dimensions:

- An online survey of a wide range of stakeholder groups showed which topics are relevant from the participants' point of view.
- During a workshop, internal experts analysed, with outside assistance, the Group's social and environmental impacts and identified the topic areas where the Group had a major impact.
- Internal experts assessed, with outside assistance, the potential financial impact of the individual topics on the Group.

The results of the analysis

Nine material topics were identified during the assessment described above: they are relevant to stakeholders, potentially have a major financial impact on the Group, and/or the activities of the Group can actually make a difference. These nine topics form the basis for this Sustainability Report.

STRATEGIC PRINCIPLES

The VIG Group mission statement, strategic objectives and clear management principles determine the long-term course followed by the Group.

Mission statement

Our vision

We want to be the first choice for our customers. Our stakeholders see us as a stable and reliable partner. This enables us to consolidate our position as the leading insurance group in Central and Eastern Europe.

Our mission

We stand for stability and competence in the field of risk protection. We use our experience, know-how and diversity to move closer to our customers. We see it as our responsibility to protect the values that matter to our customers.

Our values

Diversity
Customer proximity
Responsibility

Our promise

We enable customers to live a safer and better life: Protecting what matters.

Strategic objectives

- ▶ Expanding the leading market position in the CEE region
- ▶ Creating sustainable value
- ▶ Sustainability objectives with respect to customers, employees, society and the environment

On the basis of this long-term strategic orientation the VIG Group formulates medium-term objectives. For example, the Group aims to be at least one of the top three insurance groups in each CEE market by the end of 2025 (with the exception of Slovenia). It intends to increase premium volume by taking advantage of long-term opportunities in health insurance and risk provisions in the CEE region, among other things. One of the ways in which sustainable value is created is through efficiency in business operations, such as making more targeted use of synergies between companies. The ESG-related requirements are diverse, ranging from increased consideration of social and environmental factors in investments to a larger range of products offering sustainable added value.



Management principles

Local entrepreneurship

VIG Insurance Group's decentralised structures give local management and employees the flexibility needed for their business operations. In the end, they know best about the needs of the local population and the specifics of their markets. This allows products and distribution to be adjusted optimally to meet local circumstances. VIG Holding is responsible for steering the insurance group.

Multi-brand policy

VIG Insurance Group relies on regionally established brands, as this allows it to address different target groups directly and personally with its 50 insurance companies in 30 markets. This also strengthens its regional identity and creates greater customer and employee loyalty to the company. In addition to the local brand names, "Vienna Insurance Group" conveys the internationality and strength of the Group.

Multi-channel distribution

In order to best satisfy the particular preferences of its customers for receiving advice, VIG insurance companies use their own employed sales force, brokers and agents, multi-level marketing, direct and digital sales. Bancassurance is also very important. The cooperation agreement with Erste Group, which is also firmly established in the CEE region, has existed since 2008.

Conservative investment and reinsurance policies

The consolidated VIG companies are responsible for EUR 37,266.1 million in total investments (incl. cash and cash equivalents and excl. investments for unit-linked and index-linked life insurance). Security and sustainability are the focus of the investment strategy, which is why investments are predominantly made in bonds. Diligence also guides the reinsurance policy: to obtain the optimal risk balance, risks are bundled at the Group level and partially placed on the international reinsurance market.

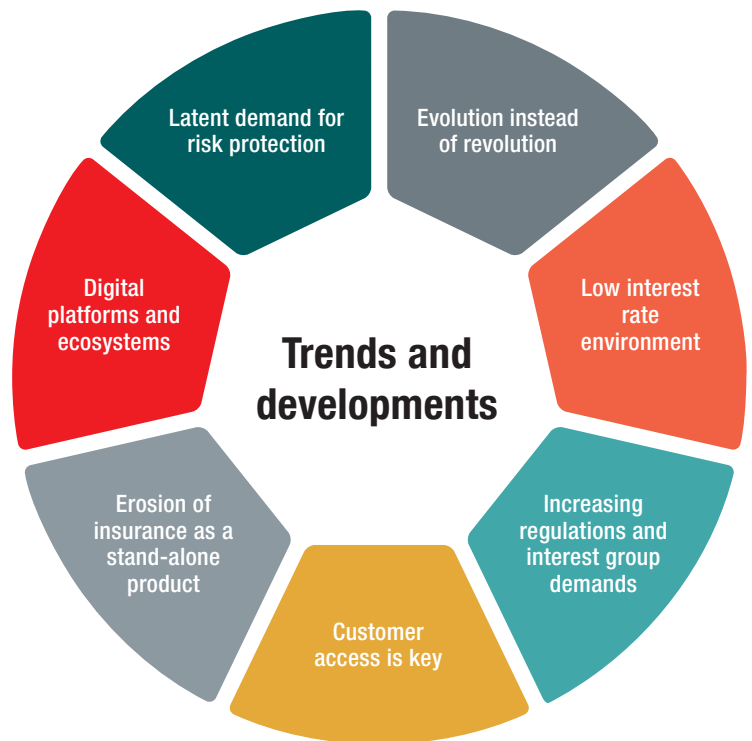


VIG 25

Strategic programme
until 2025

VIG 25

Strategic programme
until 2025



MORE SUCCESS: THE VIG 25 STRATEGIC PROGRAMME

The VIG Group has defined a strategic programme for the next five years. More efficiency, more customer proximity and more value added prepare the ground for more sustainable success.

The management of VIG Holding developed the VIG 25 strategic programme for 2021 to 2025 together with the CEOs of the Group companies. Building on the successful Agenda 2020 and in response to current trends and developments and their impact on the insurance business, clear requirements emerged for the Group: strengthening sustainability as an integral part of the business model, promoting greater efficiency and productivity supported by digitalisation, developing new ways to approach and retain customers and promoting a general understanding of risk provisions. The

Group will optimise, enhance and expand its business model through targeted activities in three strategic focus areas in order to meet these requirements. These will increase VIG Insurance Group's sustainable success and help achieve its strategic objectives (see page 10).



More information on the trends that were analysed as a basis for the VIG 25 strategic programme is available in the online version of the Group Annual Report at www.annual-report.vig/2021

Requirements

- ▶ **Strengthening sustainability as an integral part of the business model**
- ▶ **Further increasing the efficiency and productivity of business operations, thereby continuing and intensifying the digital transformation**
- ▶ **Developing new ways to approach and retain customers in order to respond to changing consumer expectations and behaviours**
- ▶ **Promoting consumer understanding of the importance of risk provisions**

Strategic focus areas in three horizons

- ▶ **More efficiency**
Optimise the business model by increasing productivity and efficiency
 - Process simplification and automation
 - Exchange and implement best practice examples
 - Further optimise underwriting and pricing
- ▶ **More customer proximity**
Enhance the business model with new ways to approach customers and by enriching the product range with services that provide additional value for customers
 - Increase brand visibility and the attractiveness of products
 - Use of a hybrid distribution approach that combines personal and digital contact
- ▶ **More value added**
Expand the business model and value chain beyond the insurance business
 - Focus on asset management and the pension fund business
 - Establish ecosystems
 - Promote awareness of precaution and risk protection



THE SUSTAINABILITY STRATEGY

Five strategic priorities ensure the sustainable orientation of our business activities.

#01 Core business

Taking responsibility in the long term and thinking in generations are core aspects of insurance. VIG insurance companies want to be able to satisfy their commitments at all times. This requires long-term stability of the Group. The Group relies on forward-looking management and profitable growth in order to remain a reliable partner for its customers in the future. At the same time, an intact society and environment are also necessary for economic success. VIG Insurance Group therefore aims to combine economic, social and environmental factors, or, in other words, to integrate sustainability into its core business.

SUSTAINABILITY MANAGEMENT

VIG Insurance Group considers sustainability an important part of its strategic orientation. VIG Holding has an ESG team in the European Affairs and ESG department that reports directly to the Chairwoman of the Managing Board. The team coordinates sustainability agendas across the Group and coordinates the various topics with the persons responsible at the Company headquarters and the sustainability officers in the VIG insurance companies. Information is regularly exchanged to increase the understanding of topics relevant to the environment, society and governance.

The priorities of the sustainability strategy for the core business include in particular forward-looking management that integrates social, environmental and governance-related factors into the business and risk strategies, as well as the investment process. This implies a recognition of human rights and strict compliance with all legal and regulatory requirements and self-imposed obligations, such as the Code of Business Ethics.



#02

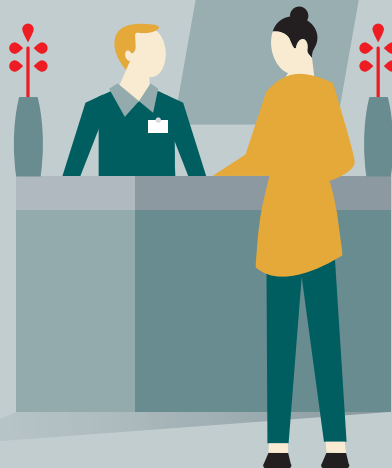
Customers

OUR AMBITION WITH RESPECT TO THE CORE BUSINESS:

- Management combines economic objectives with social and environmental factors and integrates them in the core business
- Asset Management includes environmental and social factors in the investment process
- Compliance continuously improves the compliance management system
- Risk Management continuously improves the risk management system
- Sustainability officers increase the understanding of ESG topics

VIG insurance companies feel their primary objective is to provide comprehensive protection against a wide variety of risks for as many people as possible – to protect what matters to them. The long-term economic success of the Company depends on satisfied customers, since, if their expectations are fulfilled, they will continue to have confidence in the VIG insurance companies in the future. VIG Insurance Group wants to be available to serve a broad range of people. VIG companies already serve more than 22 million customers in 30 countries. The Group relies on a decentralised management approach and local entrepreneurship to satisfy this large diversity of needs and expectations. This approach allows decisions to be made quickly and products and services to be modified for special local circumstances.

The customer priorities in the sustainability strategy include providing the best possible coverage for customers and handling claims promptly to ensure customer satisfaction. New customer needs will be satisfied using innovative and digital services and products that also offer social and environmental added value if possible. Ensuring customer data protection and overall information security are important elements.



OUR AMBITION WITH RESPECT TO CUSTOMERS:

- VIG insurance companies further develop innovative products and services
- Local complaint managers continuously improve complaint management
- Data protection officers continuously improve the data protection management system

#03

Employees

Employee motivation and commitment are important for the long-term success of a company. The Group therefore aims to be an “employer of choice”. To achieve this, it is important to deal fairly and justly with all employees, enable employees to follow their ideal development paths, and provide a good life balance and options for health promotion. The Group also intentionally relies on employee diversity and feels that it both enriches the Group and is an important factor in its success. Different experiences, backgrounds, needs and expectations are not just permitted. They are valued and actively used. This increases creativity and innovation, as well as motivation and commitment.



The employee priorities include creating a working environment with leadership and well-grounded development opportunities that attracts the right employees and motivates and retains them.

OUR AMBITION WITH RESPECT TO EMPLOYEES:

- The VIG Group positions itself as a locally attractive employer with an international background
- Human Resources is responsible for increasing management and expert skills throughout the Group
- and is responsible for continuously improving diversity management

#04

Society



#05

Environment



Companies can only achieve long-term success in an intact social environment. VIG Insurance Group is helping to achieve and maintain this requirement. Its activities as an insurance company help complex societies to function when confronted with a wide variety of different risks. The Group also takes responsibility for social issues and supports local communities especially in countries where the Group companies operate. It also adjusts its business model to social trends in order to remain successful for future generations. This requires monitoring of socio-economic trends.

The social priorities in the sustainability strategy include support for local communities and adjusting the business model for demographic change. The social orientation is also promoted with initiatives like the “Social Active Day”.

OUR AMBITION WITH RESPECT TO SOCIETY:

- Group Sponsoring and the “Social Active Day” coordinators steadily expand this Group-wide initiative



As an insurance company, the VIG Group is greatly affected by the challenges of climate change. It is adjusting its business model to current changes in the environment and climate and is further developing its expertise for natural disaster risks. It is promoting social awareness of increasing environmental risks, and pushing ahead with initiatives for greater environmental protection and resource conservation. The corporate group is also working on reducing resource use and greenhouse gas emissions in its own business operations.

The environmental priorities in the sustainability strategy include adjusting the business model for climate change and conserving resources in the Company's own business operations.

OUR AMBITION WITH RESPECT TO THE ENVIRONMENT:

- VIG insurance companies actively work on building awareness of climate risks
- The business model is being adjusted for climate change
- Sustainability officers continue to develop internal environmental management

GLOBAL DEVELOPMENT GOALS

VIG Insurance Group has reported on its contribution to the United Nations Sustainable Development Goals since 2019.

The United Nations 2030 Agenda is an action plan for sustainable development worldwide. It defines 17 goals (Sustainable Development Goals, SDGs) and 169 targets based on the three dimensions environment, economy and society. The SDGs show that everyone can make a positive contribution and that they are aimed at both countries and companies. VIG Insurance Group has dealt with the SDGs since 2019 and has integrated them into its sustainability reporting since then. The chart shows the goals and targets to which the VIG companies can make the greatest contribution.



The 17 SDGs define global objectives to ensure sustainable development for the entire planet.

SDGs



Goal	Target	VIG Insurance Group's contribution
<p>SDG 3: Good health and well-being</p> <p><i>Ensure healthy lives and promote well-being for all at all ages.</i></p>	<p>3.8 Achieve universal health coverage, 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.</p>	<p>Future provision products, services, such as the XUND symptom checking tool, a variety of sports and mental health programmes for promoting health in the Company</p> <p>More information is provided on pages 40-41, 48-49 and 58-59</p>
<p>SDG 5: Gender equality</p> <p><i>Achieve gender equality and empower all women and girls.</i></p>	<p>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.</p>	<p>Diversity strategy that allows local modifications, measures to raise awareness of equal opportunity, inclusion and diversity</p> <p>More information is provided on pages 50-51</p>
<p>SDG 11: Sustainable cities and communities</p> <p><i>Make cities and human settlements inclusive, safe, resilient and sustainable.</i></p>	<p>11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services, and upgrade slums.</p> <p>11.3 By 2030, enhance inclusive and sustainable urbanisation and capacity for participatory, integrated and sustainable human settlement planning and management in all countries.</p>	<p>Investments in affordable, energy-efficient housing and regular renovation of existing buildings, investment in the start-up Gropyus</p> <p>More information is provided on page 28</p>
<p>SDG 13: Climate action</p> <p><i>Take urgent action to combat climate change and its impacts.</i></p>	<p>13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.</p>	<p>Withdrawal from coal investments and underwriting, issue of a sustainability bond, increase in environmental investments, products and services for innovative sectors</p> <p>More information is provided on pages 22-27, 36-39 and 60-63</p>

“SUSTAINABILITY IS BECOMING INCREASINGLY **IMPORTANT**”

The VIG Group explicitly emphasises sustainability in its new strategic programme. Managing Board Chairwoman Elisabeth Stadler feels that diversity helped the Group get through the pandemic well.

The VIG Group presented a new strategic programme in 2021. What does it change with respect to sustainability?

ELISABETH STADLER: The Managing Board of VIG Holding and CEOs of the VIG insurance companies analysed the current trends in our environment to develop the VIG 25 strategic programme. It includes many measures for the coming years to ensure continued dynamic growth throughout the Group. We also reformulated the strategic objectives of the Group. We explicitly emphasise the strategic importance of sustainability, and sustainability is actively included in a large number of strategic considerations. Investors, customers and employees are increasingly paying attention to how companies conduct themselves with respect to society and the environment. We also defined requirements, such as increased use of social and environmental factors for investments. Another change in 2021 was that the VIG Group joined the Global Compact in March, thereby making a clear commitment to the ten principles of this UN initiative for corporate responsibility and sustainability – including in the areas of environmental protection, labour standards and human rights.

Do social and environmental factors play a greater role for the VIG Group now?

STADLER: Our insurance company has been guided by a spirit of community since its beginnings in the 19th century and has aimed to be a financial service provider for all. That is just as true today. At the same time, in addition to digitalisation, we are also facing the challenge of global warming, which will determine our future. We want to actively contribute to a future worth living, which requires a healthy environment and a functioning society. The fact that social and environmental objectives are equally important to us is shown, for example, by the EUR 500 million sustainability bond we issued in 2021. This sustainability bond is different from a green bond that only invests in environmental projects. In addition to projects in areas such as renewable energies and clean transportation, we are also using the capital to support social projects for increased access to education and healthcare, and more affordable housing. Housing has been of special importance to us for many decades. Housing is not just a basic need and human right. Buildings are also responsible for around 40% of global CO₂ emissions.

When the non-profit housing societies we hold interests in pay attention to energy-efficient construction, it is a perfect combination of social and environmental measures.

What role do legal requirements play in investments?

STADLER: Insurance companies manage large amounts of capital on behalf of their customers. The EU would preferably like this capital to be invested in environmentally sustainable sectors of the economy. Legal requirements have been and are being developed for this purpose. Some regulations have already been adopted, such as the Taxonomy Regulation, which establishes criteria for determining when an economic activity can be considered “green”. New key figures also have to be published for the first time for this reporting period and we naturally go into more detail in the report. In addition, a revision of the currently applicable directive will lead to even more extensive changes in the requirements for sustainability reporting in coming years. The VIG Group is working intensively on these changes so that we will be properly prepared.



“Both a healthy environment and a functioning society are required for a future worth living.”

Elisabeth Stadler,
Chairwoman of the
Managing Board of VIG Holding

How does the VIG Group currently decide which sustainability topics are of special importance?

STADLER: We use a materiality analysis for this decision. The first one was performed in 2016. It was completely updated for this reporting period. Among other things, we asked external stakeholders for their assessments. This led to the nine material topics that form the focus of this Sustainability Report (also see the notes on page 9).

How well has the VIG Group gotten through the coronavirus pandemic so far?

STADLER: The Group has proven to be highly resilient in spite of the turbulence. We achieved stable performance over

the past two years. In the financial year 2021 the premium volume rose by 5.5% compared to the previous year and we recorded a solid before-tax result of EUR 511.3 million. Our diversity and management principle of local entrepreneurship helped us with these achievements. Our regional companies have the entrepreneurial freedom to quickly react to new situations with custom-tailored solutions. Diversity is a core value of the VIG Group and makes us a more successful company. When many different people with different ideas come together, more innovation is possible, and this is necessary to achieve sustainable success in a changing world.

#01

Core business

Environmental and
social investment criteria

Responsible corporate
governance/compliance

Partnerships

Environmental and social investment criteria

Making sustainability measurable

The Taxonomy Regulation helps EU investors make environmentally sustainable investments. New key figures have been added for sustainability reporting.

The EU wants financial market participants to invest more capital in environmentally sustainable sectors of the economy. It is using the “Action Plan for Sustainable Finance” that was presented by the EU Commission in 2018 and supplemented by the “Renewed Strategy for Sustainable Finance” in July 2021 to achieve this. But what exactly does “environmentally sustainable” mean? The EU Taxonomy Regulation provides the answer to this question. It is a classification system that establishes criteria for determining when an economic activity can be considered “green”. This allows companies to report more accurately on their activities and investors to better assess which activities they should support with their capital. The sustainability criterion is closely linked to the six environmental objectives of the EU:

- Climate change mitigation
- Climate change adaptation
- The sustainable use and protection of water and marine resources
- The transition to a circular economy
- Pollution prevention and control
- The protection and restoration of biodiversity and ecosystems

More transparency

Certain companies have to report the degree to which they are sustainable based on the taxonomy. Starting in the financial year 2021, for example, large capital market-oriented companies with more than 500 employees must provide information on the share of their sales turnover, capital expenditures and operating expenditures associated with sustainable activities. Special key figures were defined for insurance companies. This industry has a special responsibility, in part because it manages large amounts of capital, namely the premiums paid by its customers. The new key figures for the insurance industry concern the share of “green” investments and non-life insurance premiums. A simplified presentation still applies to the reporting years 2021 and 2022. The current key figures for the VIG Group relating to investments are provided on pages 24-25 and those relating to premium volume are on page 63.

Material topic:**#Environmental and social investment criteria****Why the topic is important**

Insurance companies are important providers of capital for national economies. VIG Insurance Group's investment decisions could have indirect social and environmental effects. In addition to the effects on its own portfolio, a change in investment behaviour, such as the withdrawal from coal, can also have big effects on the recipients of the capital. The loss of sufficient capital providers could make certain lines of business economically unattractive.

Opportunities

Positive indirect contributions to environmental protection or improvements in society, increases in the value of sustainable investments (e.g. the rise of new technologies)

Risks

Negative indirect effects on the environment and society, losses in the value of non-sustainable investments, e.g. due to changes in the legal framework, compliance risks due to an exceptional pace of regulatory change

Due diligence processes and measures

Application of the exclusionary criteria as part of the general investment strategy is checked at least once a month during the standard limit checks. Regular discussions also take place with the local employees responsible for investments to examine various aspects of the portfolio.

Guiding principles/guidelines

Climate change strategy (www.vig.com/climate-change-strategy), asset management guidelines

Responsibility

The Group companies are responsible for the operational implementation of asset management. VIG Holding manages all of the Group's investments by reaching agreement with the Group companies on a strategic asset allocation and limits (maximum amount/limit) for the individual components of their portfolios.

Objectives

- No new direct investments in coal
- Existing direct investments in coal will be reduced by significantly more than one half by the end of 2025 and completely eliminated from the portfolio by the end of 2035 at the latest*
- Implementation of an investment strategy intentionally aimed at increasing the share of environmentally friendly investments
- No direct investments in companies involved in the production or trade of banned weapons

Successes

- Continuous increase of investments in green bonds
- Issue of a sustainability bond
- Support provided for affordable, environmentally friendly housing



* Based on the investment portfolio in March 2019

Key figures in accordance with the EU Taxonomy Regulation for the area of investments

As described above on page 22, certain companies must report the degree to which they are sustainable based on the EU taxonomy for sustainable economic activities. The way these key figures are determined for investments is described below (for information on the share of non-life insurance premiums that is taxonomy-eligible see page 63).

The Taxonomy Regulation differentiates between taxonomy-eligible and taxonomy-aligned economic activities. Taxonomy-eligible economic activities are described in the technical screening criteria and are in principle suitable for making a positive contribution to one of the six environmental objectives. If the economic activity also meets the specified technical screening criteria and minimum safeguards, i.e. the suitability is actually realised, the economic activity is considered taxonomy-aligned. Financial companies do not have to disclose information on taxonomy-alignment until financial year 2023, so we are currently focusing, in accordance with Article 8 of the Taxonomy Regulation, on determining the taxonomy-eligibility of our economic activities and the taxonomy-eligible economic activities that are funded by investments. To this end, key figures relating to the proportion of taxonomy-eligible assets are presented below.

Mandatory investment reporting

For the VIG Group's assets, the Taxonomy Regulation requires that exposures entered into during investment activities have to be analysed and disclosed with respect to

their taxonomy-eligibility and, in the future, taxonomy-alignment. As part of this process, we calculate a number of key figures that provide information on VIG Group exposures with respect to taxonomy-eligible and non-taxonomy-eligible economic activities and economic activities that cannot be taxonomy-eligible. These key figures are to be provided as a percentage relative to total assets. We define total assets as the total assets shown in the balance sheet without deducting exposures to governments, central banks and supranational issuers. The key figures are based on IFRS book values as of 31 December 2021.

Only assets that represent investments are included in the taxonomy key figures. In principle, all the investments of an insurance company could be used to fund economic activities or could be associated with such activities. Investments essentially consist of all direct and indirect investments, including investments in undertakings for collective investment, participations, loans, mortgages, tangible assets and, if applicable, intangible assets.

A distinction must also be made between mandatory and voluntary disclosures of taxonomy key figures. If information is directly available for determining the taxonomy-eligibility of an exposure, it is reported under the mandatory taxonomy key figures. In the case of investments in companies, information is always directly available if it is provided by the company performing the economic activities being assessed. Since the companies in which the VIG Group

invests also report under the Taxonomy Regulation for the first time in financial year 2021, no information is directly available for the Group's own key figures yet. For this reason, only real estate and other direct investments in non-financial assets, for which a separate measurement method is used to determine taxonomy-eligibility, are currently included in the required taxonomy key figures. Mortgage loans are shown as non-taxonomy-eligible in the required key figures, as they were classified using third-party data based on Directive 2013/34/EU with reference to the 2022 FAQs.

Exposures to governments, central banks and supranational issuers are not included in the taxonomy-eligible economic activities. It is our understanding that this only applies to central governments, not to federal states, regions, municipalities, cities or communities.

Derivative financial instruments are also not included when assessing taxonomy-eligibility. Exposures to companies that are not required to publish non-financial information under Art. 19a or Art. 29a of Directive 2013/34/EU are also not included in the taxonomy key figures. We use data from an external data provider to approximately identify these companies. The criteria used for this are based on those in Directive 2013/34/EU.

As a precaution, non-consolidated funds for which no fund content data is available are included under the exposures to

EUR 37.3 billion

VIG Insurance Group manages EUR 37.3 billion in investments (incl. cash and cash equivalents and excl. investments for unit-linked and index-linked life insurance). The Group makes it an absolute priority to invest the premium payments in a way that ensures it can fully meet its obligations to customers at any time. It therefore focuses on security for investments, with a preference for good credit ratings and, as a result, stable returns. At the same time, however, VIG Insurance Group also takes responsibility for the social and environmental effects of its investments.

companies that are not required to report non-financial information.

The following table presents the key investment figures in accordance with the Taxonomy Regulation:

Key figures in accordance with Art. 8 of the Taxonomy Regulation

	EUR million	%
Exposures to taxonomy-eligible economic activities ¹	3,203.2	6.1
Exposures to non-taxonomy-eligible economic activities ²	13,234.3	25.4
Exposures to governments, central banks and supranational issuers	12,133.8	23.3
Derivative financial instruments	30.1	0.1
Exposures to companies that are not required to publish non-financial information under Art. 19a or Art. 29a of Directive 2013/34/EU	15,392.5	29.5
Total assets	52,178.2	100

¹ These include real estate, real estate rights of use and software for insurance services.

² These include exposures determined approximately based on the criteria of Directive 2013/34/EU using data from third-party providers and include both taxonomy-eligible and non-taxonomy-eligible economic activities based on the criteria of Art. 7 para. 4 DelReg that are reported as non-taxonomy-eligible with reference to the 2022 FAQs and mortgage loans to companies not required to report non-financial information for which no key figures are yet available.

Voluntary investment reporting

In contrast, if the assessment of the taxonomy-eligibility of an exposure is based on estimated values or data from third-party providers, it is disclosed separately under the voluntary key figures. When reporting taxonomy key figures based on estimated values, companies in which investments were made are classified according to their main economic activity based on their

respective NACE codes. If the main economic activity is described in the technical screening criteria of Delegated Regulation (EU) 2021/2139, the exposure is reported as taxonomy-eligible.

The following table presents these key figures in accordance with Article 8 of the Taxonomy Regulation in conjunction with Article 10 of Delegated Regulation (EU) 2021/2178 (DelReg):

Voluntary key figures in accordance with Art. 8 of the Taxonomy Regulation

	EUR million	%
Exposures to taxonomy-eligible economic activities ³	5,038.3	9.7
Exposures to non-taxonomy-eligible economic activities ⁴	11,399.1	21.9
Exposures to companies that are not required to publish non-financial information under Art. 19a or Art. 29a of Directive 2013/34/EU, taxonomy-eligible ⁵	3,458.9	6.6
Exposures to companies that are not required to publish non-financial information under Art. 19a or Art. 29a of Directive 2013/34/EU, non-taxonomy-eligible ⁶	11,933.6	22.9
Total assets	52,178.2	100

³ These include exposures already included in the key figures in accordance with Art. 8 of the Taxonomy Regulation and those included under exposures to non-taxonomy-eligible economic activities based on the FAQ due to lack of key figures whose taxonomy-eligibility was determined using data from third-party providers, with reference to Art. 7 para. 4 DelReg.

⁴ These include in part the exposures already included in the key figures in accordance with Art. 8 of the Taxonomy Regulation, without the exposures whose taxonomy-eligibility was determined based on estimated values, with reference to Art. 7 para. 4 DelReg.

⁵ These include exposures that are not required to report non-financial information and were determined approximately to be taxonomy-eligible using data from third-party providers based on the Directive indicated, with reference to Art. 7 para. 4 DelReg.

⁶ These include the remaining exposures to companies that are not required to report non-financial information.

Boost for green and social investments

VIG Insurance Group was the first insurance company in Europe to issue a benchmark sustainability bond.

VIG Insurance Group issued a EUR 500 million sustainability bond in March 2021. Around 50 institutional investors in twelve European countries subscribed to the bond. More than three quarters of them manage portfolios that explicitly focus on sustainability. In addition to improving the long-term financial planning of the Group, the capital is also being used for investments in both social and environmental projects. This makes the VIG Group the first insurance company in Europe to place a sustainability bond – not just a green bond

focusing on environmental projects – on the market. The net proceeds from the issue are being used for projects in the areas of renewable energy, green buildings and clean transportation, as well as social projects for more affordable housing and better access to basic services such as education and healthcare.

Controlled investments

A sustainability bond framework developed in-house establishes clear criteria for which green and social projects the capital can be

used. Sustainalytics, an independent ESG rating agency, assessed the framework as credible and effective. A sustainability bond committee ensures that the capital is used in accordance with the framework. It consists of representatives from different areas of the Group, such as Treasury, Asset Management, ESG and Compliance, and decides whether the capital from the bond can be allocated to a project.

SUCCESSFULLY FUNDED PROJECTS

VIG Insurance Group investments support many environmental and social projects. The capital from the sustainability bond was allocated to the examples presented here. More detailed information on the use of the capital and the impacts achieved is provided in the allocation and impact report for the sustainability bond on the company website (vig.com).



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Wiener Städtische invested EUR 87 million in “The Brick”, a multifunctional building complex in Vienna whose design combines sustainability with technical innovations. It has received ÖGNI Platinum certification for sustainable buildings. In addition, the VIG Fund acquired three office buildings in the centre of Warsaw with an investment volume of around EUR 54 million in 2021. All the buildings have received BREEAM very good or excellent certification.



© LSEA

Wiener Städtische and Donau Versicherung invested EUR 25 million in a high-speed rail link in France. The 340-kilometre link between Tours and Bourdeaux helps to shift traffic to rail. The two VIG companies also invested in the metro extension of Line 9 in Barcelona.



© Atlantica Sustainable Infrastructure

Two solar power plants in the Spanish region of Castilla-La Mancha generate enough environmentally friendly solar power for around 52,000 households. VIG companies Wiener Städtische and Donau Versicherung invested EUR 40 million in a project bond.



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Non-profit housing societies, in which the VIG Group holds an interest, continuously invest in the construction and renovation of affordable housing.

The VIG Group invests heavily in green bonds. They are used to fund environmentally friendly projects, such as wind farms.



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Environmental and social investment criteria

No means no

From the coal industry to banned weapons, the VIG Insurance Group investment strategy has defined clear exclusionary criteria.



VIG Insurance Group does not invest in companies whose practices conflict with sustainability principles. The climate change strategy, for example, which was adopted in 2019 and slightly adapted in 2021, requires the Group to completely eliminate investments in the coal sector. (See pages 61-62 for the climate change strategy requirements for the area of underwriting.) No new direct investments are being made in companies that meet the following criteria:

- more than 30% of revenues from thermal coal extraction and/or

- annual production of more than 20 million tonnes of thermal coal and/or
- more than 30% of total energy production from thermal coal and/or
- more than 10 gigawatts of energy generated annually from thermal coal.

Existing investments in companies in the coal sector will be reduced by significantly more than one half by the end of 2025 (compared to March 2019) and completely eliminated from the portfolio by the end of 2035 at the latest. These investments serve

to fulfil the commitments made under insurance policies and can therefore only be eliminated from the portfolio before maturity in individual cases.

The Group has also committed to not investing in any company that produces or trades in banned weapons. This includes biological and chemical weapons, cluster munitions, including ground-launch and air-drop systems, anti-personnel mines, nuclear weapons and depleted uranium munitions.

GREEN MEANS GREEN

The VIG Insurance Group climate change strategy also specifies that the share of environmentally friendly investments is to be increased. Green bonds, that is, bonds used to fund environmentally friendly projects, are one example of this. Detailed information on the climate change strategy is available at www.vig.com/climate-change-strategy

2018

EUR 70 million

2019

EUR 154 million

2020

EUR 238 million

2021

EUR 436 million

The Gropyus buildings are developed using “universal design” principles. These include accessibility and adaptability to different preferences and phases of life.



© Gropyus

Environmental and social investment criteria

Environmentally friendly, affordable housing

Through their investments in non-profit housing societies, Wiener Städtische Versicherungsverein and VIG Insurance Group promote social and environmental causes.



The increasing cost of housing is a concern for many people. Experts are now calling affordable housing the social issue of the 21st century. One of the ways the VIG principal shareholder and VIG Insurance Group fulfil their social responsibility is by investing part of their capital in non-profit housing societies in Vienna and other Austrian states. According to a 2021 study by the Austrian Institute of Economic Research (WIFO), the prices of rental units built by non-profit housing societies are 22% lower than those built by profit-oriented providers. Specifically, the savings are EUR 2.30 per square metre, which corresponds to an average of EUR 160 per month for each unit. Newly built units are even EUR 3 per square metre cheaper. This is because the earnings of housing societies are limited by law and the prices are cost-based.

Affordable and environmentally friendly

The VIG principal shareholder and VIG Insurance Group investments support housing that is affordable and environmentally friendly. SOZIALBAU AG, for example, is working on two major environmental projects: where technically possible, all housing complexes will be equipped with photovoltaic systems by 2023. The heating systems in thousands of units will also be centralised. In order to convert from natural

gas to renewable heating, the gas-fired combination boilers will be replaced by a heat pump functioning as a communal boiler. SOZIALBAU AG is also installing EV charging stations in the garages of its housing complexes supplied by electricity from the photovoltaic systems. It will provide an electric car sharing service in some of the complexes to give residents access to climate-friendly mobility.

Alpenländische Gemeinnützige WohnbauGmbH in Tyrol is also making a major contribution to mitigating climate change. That was shown in the summer of 2021 at the awards ceremony for “klimaaktiv”, a building standard that guarantees low energy consumption, healthy indoor air and – due to high quality construction – long-term economic efficiency. 29 of the buildings that Alpenländische built in Tyrol and Vorarlberg received awards, 20 at the top gold level.

START-UP INVESTMENT

VIG Insurance Group has acquired an interest in the real estate start-up Gropyus. The company is located in Vienna, and plans, builds and manages buildings. Sustainable materials, especially wood, reduce the environmental footprint, while automation and digitalisation reduce costs. Gropyus aims to make sustainable and, in the future, affordable housing possible for everyone and currently operates in Germany and Austria. As part of the VIG investment, these activities are to be expanded to other countries in the CEE region.

Through their investments in non-profit housing societies, VIG principal shareholder and VIG Insurance Group provide more than

100,000

homes at affordable rents.

Material topic:**# Responsible corporate governance/compliance****Why the topic is important**

Compliance with all statutory and regulatory requirements and voluntary obligations (e.g. Code of Business Ethics) is an important part of responsible corporate governance. Insurance companies are now subject to an abundance of requirements. An efficient and effective compliance management system aimed at ensuring compliance with all these requirements is therefore a key element of functional corporate governance.

Opportunities

Mitigation of financial and reputational risks, promotion of a culture of integrity, increased employee motivation by providing clear requirements

Risks

Penalties and other financial losses (e.g. claims for damages, regulatory measures, exclusion from public tenders, legal and advisory expenses) and reputational damage

Due diligence processes and measures

Compliance organisation (see page 30) and reporting of breaches (see pages 30-31)

Guiding principles/guidelines

Code of Business Ethics, compliance management system policy, guidelines for implementation of compliance management and other specialised policies and guidelines

Responsibility

Like the Group itself, the compliance organisation also has a decentralised structure. Compliance officers who are locally responsible for developing and implementing the compliance management system have been appointed in each (re)insurance company. These compliance officers are assisted, managed, supported and monitored by VIG Compliance.

Objectives

- Continuous expansion of the compliance management system
- Raising awareness of compliance-related issues among employees
- Avoiding penalties and other financial losses

Successes

- Regular, close contact with the Group companies
- Exchange of best practice examples between Group companies
- Inclusion of non-insurance Group companies in the Group-wide compliance management system



A culture of integrity

VIG Insurance Group has further strengthened its compliance organisation and increased its monitoring activities.

VIG Insurance Group has to comply with extensive statutory and regulatory requirements, as well as obligations that it has voluntarily assumed. All these rules have to be observed by more than 25,000 employees in all of its companies, and the compliance organisation ensures that this actually takes place. This is done in two ways, by creating rules itself, raising awareness and monitoring compliance with the rules, and by promoting a culture of integrity.

Compliance organisation

Like the Group itself, the compliance organisation also has a decentralised

structure. It is represented by the Group Compliance Committee, which consists of the compliance officers of the Group companies and the head of VIG Compliance. A policy approved by the Managing Board and a guideline specify roles, responsibilities and minimum standards. These documents must also be implemented accordingly at the local level. The compliance officers report directly to and are responsible only to the local managing boards. They are responsible for monitoring the legal situation and recommending necessary measures, identifying and assessing compliance risks, taking measures to prevent breaches of the rules, advising employees, and

monitoring existing processes and handling compliance incidents. Group Compliance instructs, assists, supports, manages and monitors the local compliance officers in the performance of these duties.

Reporting breaches

People inside and outside the Company can report compliance breaches to the compliance officers, at both the individual company and Group levels. All reports, including anonymous reports, are examined carefully and as long as required to finally clarify the issue. Precisely defined reporting requirements govern the reporting from Group companies to VIG Compliance.



The compliance officers can also perform routine risk-based checks. If they find any misconduct, they take strict action and report directly to the managing board of the local company. Particularly serious cases are also reported to VIG Compliance. This allows improper conduct to be quickly detected and penalised. No cases of corruption were reported during the reporting period. In addition, no contracts with business partners or employees had to be terminated or not renewed due to confirmed breaches of corruption regulations.

Group-wide exchange of information

To achieve Group-wide coordination and continuously improve the compliance management system, VIG Compliance holds an annual meeting with the local compliance officers. The topics of the meeting are determined based on the legal environment and compliance risk situation. The meetings are used for both informational and training purposes and the exchange of experience and good practices. Due to the ongoing contact restrictions due to the COVID-19 pandemic during the reporting period, the meeting was once again held as a series of virtual events. The topics discussed included legal developments at the EU level, with a focus on sustainable finance, data protection, updates to the Group-wide compliance organisation, dealing with international sanctions and local implementation of Group requirements. Panel discussions also took place on the integration of non-insurance Group companies into the compliance management system and the EU Whistleblower Directive.

Developments during the reporting period

The Group-wide compliance management system was expanded, the compliance organisation was strengthened and monitoring activities were increased in 2021.

Increased contact with Group companies: The resource build-up in 2019 and 2020 and the subsequent establishment of country and functional responsibilities in VIG Compliance significantly strengthened the cooperation with the local compliance officers. More extensive and frequent contact between VIG Compliance and the local compliance officers allowed control and monitoring of Group companies to be increased, support to be tailored to local organisational and legal circumstances and quality to be improved at all levels of the compliance organisation. Even though on-site visits to the Group companies were not possible due to the COVID-19 pandemic, regular virtual meetings were used to maintain continuous contact. The contents of the periodic and event-driven reports for VIG Compliance were further expanded and standardised.

Inclusion of non-insurance Group companies in the Group-wide compliance management system: The focus was on the integration of non-insurance Group companies in 2021. The local compliance officers were trained and assisted in analysing the risk exposure of the subsidiaries and defining the degree of inclusion in the local compliance management system. Risk analysis of the companies was largely completed across the Group during the reporting period; some of

the relevant companies were already completely integrated.

Newsletters: VIG Compliance performs regular, standardised legal monitoring with the support of the European Affairs and ESG, and General Secretariat and Legal areas. The information is used to prepare newsletters for the Group companies and VIG Holding. The “EU Lex & Compliance Newsletter” has been sent to Group companies quarterly for several years, and the “VIG Lex & Compliance Newsletter” is published monthly. Special newsletters were published on the topics of international sanctions and the Foreign Account Tax Compliance Act. These newsletters provide an overview of relevant changes in the legal and regulatory environment and relevant case law, along with recommendations on how to address these changes. Information on new and revised governance documents is also regularly provided.

Compliance risk analysis: During the compliance risk analysis, all the compliance risks in the business processes of the Group companies are identified and assessed, and existing controls are described and their effectiveness evaluated. All compliance risks are assigned to eleven sub-categories (including, for example, financial crime or competition law). Each company reports the results of its local analysis to VIG Compliance, which then prepares an overall analysis for the Group and informs the VIG Managing Board of the results. The compliance risk analysis once again resulted in an overall medium level of



>

compliance risk for VIG Insurance Group in 2021 (on a scale of low/medium/high/very high). Comparability of results was further improved by additional standardisation of the methodology during the reporting period (in addition to the mandatory risks in 2020, a uniform approach was rolled out for multiple occurrence risks in 2021).

Training: VIG Holding expanded its training programme during the reporting period. In addition to general compliance training, specialised training on, for example, international sanctions and capital market law, was also provided. 171 employees received training in 2021. The compliance e-learning programme was also expanded with three additional modules and now covers the following areas: data protection, information security (these two modules already existed before 2021), code of conduct, anti-corruption and money laundering prevention. The e-learning programme had to be completed by all existing employees and will also be mandatory for all new employees.

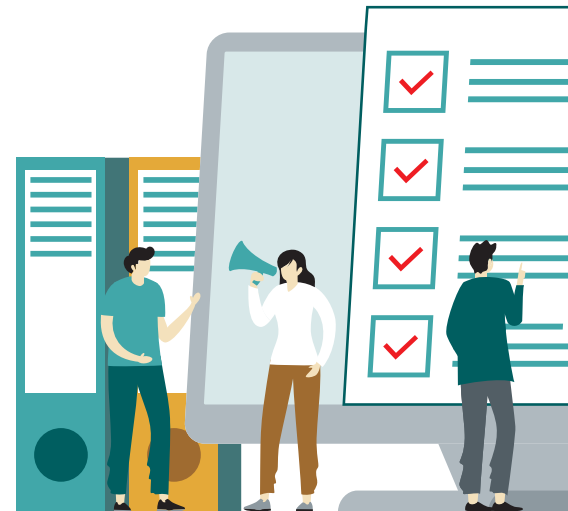
Due diligence measures: The screening of customers, business partners, job applicants and board members for international sanctions, politically exposed persons, negative media reports and criminal prosecution was further increased during the reporting period. The natural persons and legal entities involved in potential transactions such as investments and acquisitions are subject to particularly detailed due

diligence. A sanctions screening tool that was rolled out throughout the Group in 2019 was used. A Group-wide project is currently working on automating the screening process.

International sanctions: The complexity and scope of international sanctions continued to increase during the reporting period. The new sanctions imposed against Belarus are particularly noteworthy. After they were published in mid-2021, the Group companies were promptly informed in detail about the restrictions, and recommendations were made concerning the actions to be taken.

Whistleblower system: The requirements of the EU Whistleblower Directive were to be transposed into national law by 17 December 2021. Transposition was delayed in many countries. As a result of the requirements in the Directive and the national (draft) laws based on it, work began on modifying existing Company-wide processes. In particular, roles and responsibilities have to be defined in detail, information must be published and awareness-raising measures are needed to ensure timely implementation.

Monitoring activities: As part of its monitoring activities, VIG Compliance regularly queries the Group companies about the implementation of legal and internal requirements. Queries concerning outsourcing, the Foreign Account Tax Compli-



ance Act, implementation of Group-wide governance documents, implementation of requirements under the EU Disclosure Regulation and penalties imposed by the authorities were performed during the reporting period. Due to delays in transposing the EU Whistleblower Directive into national law in all VIG Group countries, a query concerning implementation of the obligations under this directive was postponed to 2022.

Tasks and challenges for 2022

Changes in the legal environment, many related to the EU Sustainable Finance Action Plan, are the main challenges expected in 2022. In particular, VIG Holding and the Group companies will have to modify their business processes due to the following legislation:

- EU Taxonomy Regulation (starting 1 January 2022)



Outsourcing

VIG companies can outsource functions and business activities in, for example, the IT and claims handling areas, to external service providers in order to handle tasks better and more efficiently. This outsourcing involves risks, however, such as possible dependency on the service providers used, or potentially more extensive quality control. The Group is therefore very careful when choosing service providers and naturally observes all statutory requirements. An outsourcing policy establishes Group-wide minimum standards for outsourcing within and outside the Group. It defines processes for monitoring and quality control that are aimed at ensuring that the contracted services are actually provided. Outsourcing of critical or important functions or business activities is governed by even stricter rules. Such cases must, for example, satisfy stricter selection criteria and be assigned a person responsible for the outsourcing.



Code of Business Ethics

The Code of Business Ethics is based on the VIG Insurance Group mission statement and values: diversity, customer proximity and responsibility. It specifies minimum standards that serve as a uniform code of conduct in the Group. The code includes 15 principles, ranging from compliance, the protection of human rights, diversity and environmental protection to data protec-

tion, fair competition, reliable communication and avoiding corruption. Dealing with inappropriate behaviour and its consequences are also addressed. The code of conduct applies to all employees, regardless of their position in the Company. Each Group company is responsible for appropriate and effective implementation of the code and proper communication to all employees. The entire contents of the code are available online at www.vig.com.



Human rights and employee rights

VIG Insurance Group makes a clear commitment to human rights in its Code of Business Ethics and takes this into account in its business activities. In its immediate sphere of influence, this concerns how the Group treats its own employees. Good working conditions and recognition of employee rights form the basis for a fair and respectful relationship. The diversity strategy (which is described in more detail in the Corporate Governance Report) promotes diversity and equal opportunity. To protect personal information and ensure confidentiality, top priority is given to exercising due care when processing customer and employee data (see pages 42-43). The Group also uses international sanction lists and chooses its business partners with the greatest care (see pages 32 and 34).



- Amendment to Solvency II Delegated Regulation 2015/35 as regards the integration of sustainability risks in the governance system (starting 2 August 2022)
- Amendments to Insurance Distribution Directive (IDD) delegated regulations with regard to product oversight and governance requirements (POG) and insurance-based investment products (IBIPs) (starting 2 August 2022)
- Regulatory technical standards from the three European supervisory authorities for the EU Disclosure Regulation and Taxonomy Regulation (expected starting 1 January 2023)
- Amendment to the delegated regulation on key information documents for packaged retail and insurance-based investment products (PRIIPs) (expected starting 1 January 2023)





Corporate governance

Corporate governance provisions and measures ensure that responsibility plays a central role in the Group’s business activities. VIG Holding complies with the rules of the Austrian Code of Corporate Governance. The deviation from C-Rule 52a of the Austrian Code of Corporate Governance for the 2021 reporting period is presented in the 2021 consolidated corporate governance report. The remuneration system for the Managing Board is designed for the long term.

Variable remuneration depends on business development over several years and non-financial factors are also included when assessing target achievement. The variable remuneration component is also capped. Detailed information concerning remuneration is published on the company website (www.vig.com/en/investor-relations/corporate-governance/remuneration). Complete, reliable information is needed to make sound strategic decisions. The Group therefore has experts who provide the Managing Board and local company management with in-depth analyses to help them in their decision-making. Clearly defined channels of communication ensure that needed information can be exchanged between individual Group companies and VIG Holding.

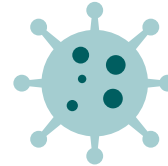
The Managing Board of VIG Holding informs the Supervisory Board members about important sustainability topics. Sustainability topics (such as the EU requirements for sustainable finance or an update on managing sustainability risks) and information security were regularly discussed in Supervisory Board meetings during the reporting period. The audit committee and Supervisory Board reviewed and checked the sustainability report for 2020 that was provided by the Managing Board and reviewed by KPMG during the reporting period.



Risk management

The insurance industry – and, therefore, the Group’s business – faces many challenges and risks, such as investment and underwriting risks (including natural disaster risks). This broad range of uncertainties makes a strong risk culture necessary for the Company to remain profitable over the long term. The corporate group has an integrated risk management system for this purpose, consisting of a risk management department at VIG Holding and local Group company level. The risk management processes include risk inventory and risk controlling. The first of these processes quantitatively and qualitatively identifies all types of risks across the Group. The second process specifies how the risks are controlled and monitored. Both of these processes are subject to continuous quality assurance and are further developed if needed.

Among other things, the audit committee monitors the effectiveness of the internal control system, internal audit function and risk management system. The meeting for this took place on 3 December 2021. The audit committee also examines the report prepared by the financial statement auditor on the functioning of the risk management system and reports its findings to the Supervisory Board.



Risks related to the COVID-19 pandemic

A further lengthening or worsening of the COVID-19 pandemic, and the effects this could have on capital markets and the insurance business, could have a negative effect on the net assets, financial position and results of the operations of VIG Insurance Group. These include, in particular, risks related to possible fluctuations in bond and capital markets like those observed in the early phase of the COVID-19 pandemic. If the COVID-19 pandemic continues or worsens again, there are also smaller risks of an increase in claims and reduction of premium volume.



Managing sustainability risks

The explicit survey of sustainability risks that are likely to have a negative impact on society or the environment (inside-out view) was performed in previous years using assessments by internal experts in the EU companies. The sustainability risks to which the Company is exposed (outside-in view) have so far been implicitly included in the VIG Insurance Group risk management processes. An explicit assessment of these risks was started during the reporting period based on the Austrian Financial

Partnerships

A win-win situation for everyone

Good partnerships create more value. The long-term cooperation between VIG Insurance Group and Erste Group is one example of this.

VIG Insurance Group prefers to work with companies that share the same values. The Group strives to create long-term dependable relationships with its business partners. Partners are selected carefully, and fairness, respect, appreciation and transparency form the basis of these relationships. The long-term partnership with Erste Group is an example of this. VIG Insurance Group acquired the Erste Group insurance companies in 2008 and the two have been “preferred partners” since then.

Market Authority Guide for Managing Sustainability Risks. This was the first step in the integration of sustainability risks in existing risk management processes. Attention was also paid to the management of sustainability risks in internal (risk management) guidelines.

An initial list of sustainability risks was prepared in order to ensure a structured approach to the identification and assessment of sustainability risks in VIG Insurance Group. This list was used during the regular Group-wide risk inventory process, both in the individual VIG insurance companies and VIG Holding, for further identification and assessment of sustainability risks.

The results of the analysis of sustainability risks were recorded in the Group Own Risk and Solvency Assessment (ORSA) reports. Overall, the analysis showed that VIG Insurance Group sustainability risks are currently mainly low to medium-level risks. They are nevertheless expected to become more relevant in the future, due in part to the increasing importance of this topic. The process for the Group-wide identification and assessment of sustainability risks that was established during the reporting period will now be carried out regularly, thereby creating a central foundation for further expansion of an appropriate sustainability risk management system.

VALUABLE PARTNERSHIPS

VIG Holding and Wiener Städtische in Austria provide support for many associations, communities and initiatives. Some examples of their partnerships:

- Arbeitsgemeinschaft für Datenverarbeitung (ADV) (Austrian Working Group for Data Processing)
- Aktienforum (Austrian Federation of Equity Issuers and Investors)
- Austrian Business Council for Sustainable Development (ABCSD) – respACT
- BIOTECH AUSTRIA (Association of Austrian Biotechnology Companies)
- Federation of Austrian Industries
- Kuratorium für Verkehrssicherheit (KFV) (Austrian Road Safety Board)
- Kuratorium Sicheres Österreich (KSÖ) (Advisory Board for a Safe Austria)
- Österreichischer Gewerbeverein (ÖGV) (Austrian Association of Cooperatives)
- Österreichische Gesellschaft für Meteorologie (ÖGM) (Austrian Society of Meteorology)
- Österreichische Gesellschaft für Umwelt und Technik (ÖGUT) (Austrian Society for the Environment and Technology)
- Österreichische Gesellschaft für Versicherungsfachwissen (GVFW) (Austrian Society for Specialised Insurance Knowledge)
- Austrian Institute for Research on Vocational Training (ÖIBF)
- Austrian Institute of Economic Research (WIFO)
- Transparency International – Austrian Chapter, anti-corruption organisation
- Vienna University of Technology Alumni Club – Association of the friends and alumni of the Vienna University of Technology
- UN Global Compact
- Austrian Association for Public and Social Economy (VÖWG)

#02

Customers

#Product innovation

#Customer orientation

#Comprehensibility of products

#Data protection and security

#Product innovation

#Customer orientation

Innovation in the service of customers

High quality service and a strong culture of innovation go hand in hand. The digital transformation therefore remains at the top of the VIG Group agenda.

The VIG 25 strategic programme underscores the VIG Group's efforts to further strengthen and improve its client relationships. This objective is closely related to the digital transformation, because digital communication channels as well as products and services can contribute greatly to improving the customer experience and making services easier to use. And a culture of innovation is required to develop solutions for new needs.

The VIG insurance companies have prepared individual plans for implementing the digital transformation that take special local circumstances into account. VIG Holding uses centralised resources to assist with this process. The **Digital Hub** collates experiences from within the Group, performs additional research, in the area of InsurTechs for example, and makes this knowledge available to all the companies. The Serbian company **Wiener Städtische**

Osiguranje, for example, benefited from expertise related to digital signatures during the reporting period. The Digital Hub also provides information on start-ups and connects the companies with each other in order to build a Group-wide digitalisation and innovation community. Cooperations, such as those with Digital Impact Labs Leipzig, Plug and Play and Venpace, also take place through the Hub. The **Digital Base**, on the other hand, is a web platform that the companies can use to exchange best practice examples.

The internal Group innovation competition **VIG Xelerate** is another measure implemented by VIG Holding to promote the digital transformation. It offers financial support for promising digitalisation projects proposed by the companies, while also strengthening a culture of openness and innovation. Around EUR 9 million has been distributed so far.

Material topics:**# Product innovation****# Customer orientation****# Comprehensibility of products****Why the topics are important**

An orientation to customer needs, comprehensible product descriptions and needs-based services are the key to long-term success. Designing products and services is part of our core business. On the one hand, it has effects on customers, e.g. healthcare services (see page 40) make it easier for health insurance customers to access medical services. It can, however, also have positive effects on the environment, e.g. due to products such as “green” life insurance.

Opportunities

New products and services, especially value-added services, are becoming more important.

Risks

A lack of innovative and sustainable products, employees, systems and

processes not prepared for change (for related measures, see pages 44-47 in the employees section)

Due diligence processes and measures

The VIG 25 strategic programme includes a wide variety of initiatives in these areas (e.g. promotion of the digital transformation, customer loyalty). The VIG insurance companies perform digital self-assessments. The digital self-assessment consists of an assessment performed by the company itself followed by a quality assessment and recommendations for action by VIG Holding. VIG Holding also supports the companies with advice and the transfer of know-how within the Group, and uses the internal Group innovation competition VIG Xelerate to promote the development of new ideas.

Responsibility

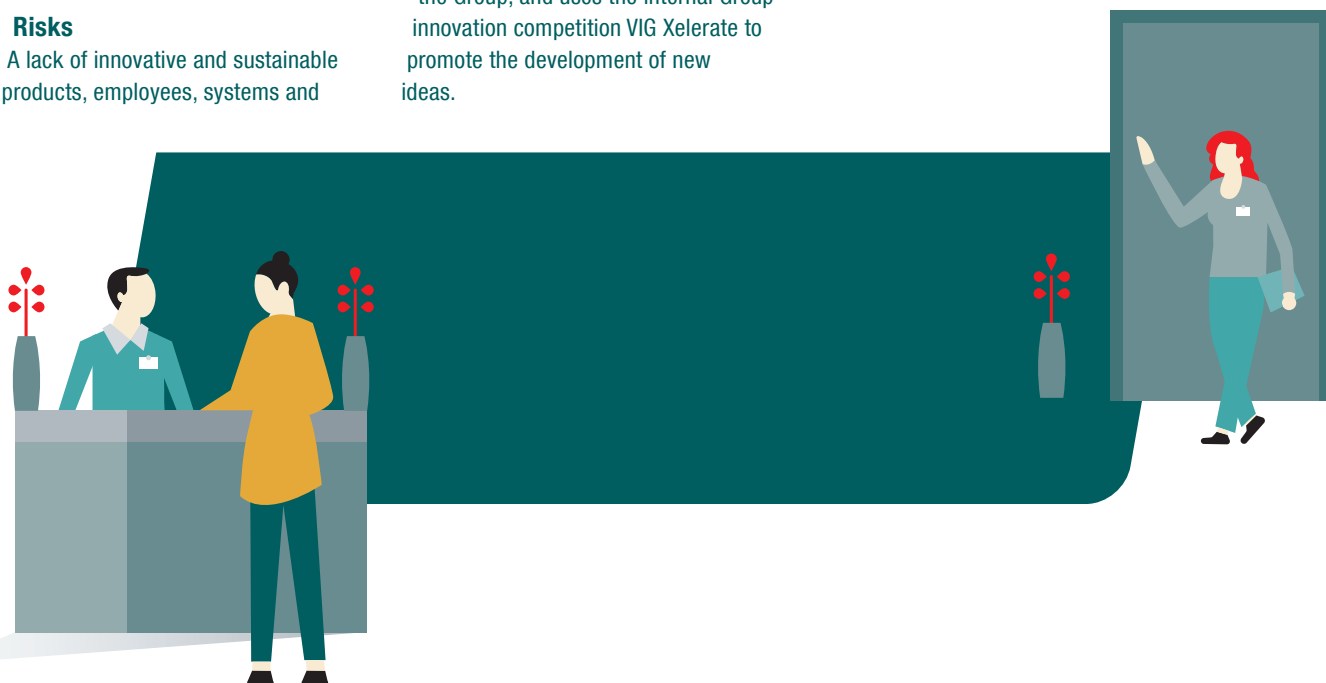
The local Group companies are responsible for designing products and services that meet the needs of their local customers.

Objectives

Continuing and intensifying the digital transformation, developing new ways to approach and retain customers in order to respond to changes in their expectations and behaviours

Successes

Continuous development of new products and services (see pages 39-41)



#Product innovation

#Customer orientation

Fresh ideas from outside

The VIG Group systematically searches for innovative solutions and works with many start-ups to achieve this objective. It made investments in the Venpace and IST cube venture capital funds in 2021.

“We want to use the growing InsurTech scene and its innovative ideas to further expand our range of products and services”, explained Managing Board Chairwoman Elisabeth Stadler about VIG Holding’s investments in the start-up sector. The Group invested in the new Cologne-based investment company **Venpace** with three other insurance companies in 2021. This InsurTech fund invests in early-stage start-ups that are working on predefined topics. The initial focus is on life insurance companies and digital points of contact with customers. The VIG Group aims to use these investments to generate new ideas and long-term financial returns. The minimum investment for each of the four shareholders is EUR 2.4 million over the next five years. The four founding companies can also make direct investments in the companies that are particularly relevant for them. The Group also made a seven-figure investment in **IST cube** (EuVECA) during the reporting period. This venture capital fund works together with the IST Austria research institute in Klosterneuburg. It invests in so-called deep tech companies whose product ideas are based on science and technology research. In addition to commercial success, the investment is also aimed at gaining an information advantage. “We also feel our investment helps ensure Austria’s future as a location for the rapidly growing deep tech scene”, stated Elisabeth Stadler. In addition to the VIG Group, other



© IST Austria

The venture capital fund IST cube works with the IST Austria research institute. The institute’s campus is located in Klosterneuburg and combines state-of-the-art infrastructure with a beautiful natural environment.

investors in IST cube include the European Investment Fund and Austria Wirtschaftsservice. The fund has so far invested in twelve projects in the areas of medicine, IT and biochemistry.

Long-standing cooperations offer VIG companies access to even more start-ups and their innovative ideas. The **Plug and Play** innovation platform allows them to work with more than 15,000 pre-screened start-ups. The cooperation with **Digital Impact Labs Leipzig** also provides the Group with many ideas for innovation.

Product innovation

Customer orientation

Digital services

The **VIG** companies develop new products and services that make life easier for customers.



Digital motor vehicle insurance

Both sales and claims processing are largely digitalised. This innovative model for motor insurance won **Beesafe** second place in the “InsurTech” category at Insurance Innovation Day 2021 in Vienna in October. The start-up was founded by VIG Holding and the Polish **Compensa** as a pilot project to launch this digital product on the market.



Photographs for vehicle assessment

The company **BTA Baltic** introduced Drive X to the market. This innovative service allows customers to have the assessment of their insured vehicle performed digitally. Instead of visiting a BTA branch as they would have done in the past, customers are now sent a link to their mobile phone and can then take photographs of their vehicle. Artificial intelligence-based software helps customers take the photographs, checks their quality and further processes them. Damage can also be recorded this way. In addition to improving the customer journey, this process also reduces fraud.



Online household insurance

The Austrian company **Donau Versicherung** is setting new standards in the insurance market by offering customers the option of purchasing household insurance online since 2021. Customers can purchase “WohnenNext” any time of the day or night and receive the policy just a few seconds later. When developing the new household insurance, care was taken to ensure that the process was as easy and transparent as possible. The online product complements existing products without customers having to do without personal advice from the company’s advisors. Donau Versicherung also received first prize for “WohnenNext” in the internal Group innovation competition VIG Xelerate.



Cyber insurance: Protection against blackmail and more

More and more people are becoming victims of digital break-ins and data theft. **Donau Versicherung** now also offers cyber insurance for private customers. If worst comes to worst, the financial consequences are reduced and IT experts are on hand to provide advice and support. “DONAU Sicher im Netz” is, of course, easy to purchase online and provides protection against online shopping fraud, financial theft and Internet blackmail, among other things.



Submit paperwork digitally with a few clicks

Wiener Städtische significantly expanded a successful product in 2021. Customers have been able to use its healthcare app to submit paperwork digitally since 2019. Previously only available to customers with private doctor and daily allowance insurance, the product has now been expanded to include the household and homeowner insurance lines of business. That means that in addition to doctor’s fee invoices, receipts for medicine and certificates for health spa and rehabilitation centre visits, the new “losleben” app can now also be used to quickly submit any losses covered by household and homeowner insurance with a few clicks. Based on its app store ratings, the app was named the best insurance app in Austria. It was developed by viesure, the corporate start-up and innovation centre founded by Wiener Städtische and VIG Holding.

#Product innovation

#Customer orientation

Symptom checking tool for everyone

Wiener Städtische makes healthcare more accessible. The new XUND service can be used anonymously free of charge, both by customers and any other interested users.

Wiener Städtische is making the XUND digital symptom checking tool available to everyone 18 years of age or older, regardless of whether they have purchased insurance. Users enter their main and secondary symptoms at wienerstaed-tische.at/xund and then answer additional questions. XUND identifies the most likely cause for the complaints or a suspected illness. The digital checking tool is not a substitute for a visit to the doctor. It does, however, offer a sound initial assessment and helps users take the next steps. The XUND technology is certified as a Class I medical device and bears the CE mark of the European Union. It therefore satisfies the highest safety and quality standards.

“Whereas search machines often provide results from unreliable sources and leave much room for interpretation, the XUND medical database is based on verified medical literature”, explained Sonja Steßl, member of the Managing Board of Wiener Städtische. The decision-making algorithms can use artificial intelligence to process information from the current database of 2.2 million medical publications that have been reviewed by an experienced team of doctors. XUND currently covers the 350 most common illnesses. The list is being continuously increased. The queries are anonymous and the only information entered is the user’s age and sex. It is not possible to identify users.



XUND – the digital symptom checking tool guides users safely through a medically certified process.

#Product innovation

#Customer orientation

Safe, social and environmentally friendly

“Green” life insurance makes it possible to provide responsibly for one’s own retirement.

In addition to covering personal risks, some insurance products also have a positive effect on society and the environment. VIG insurance companies, for example, offer unit-linked life insurance policies that invest in ESG funds (“ESG” stands for “Environment, Social, Governance”). The “Eco Select Invest” and “s Fonds-Polizze Eco” unit-linked policies offered by **Wiener Städtische** are two examples. The Austrian company is the first insurance company to receive Austrian Ecolabel certification

for unit-linked insurance. The premium payments are put into funds that only invest in companies that make an active contribution to environmental, climate and animal protection and take care to make efficient use of natural resources. They also observe social standards, such as good working conditions. In total, various VIG companies are offering around 50 ESG funds for new unit-linked life insurance business.



Illustrations: Shutterstock/Egger & Lerch

Customer orientation

Affordable protection

Lower premiums for certain target groups allow more people to purchase insurance coverage.

Polish company **InterRisk** offers special prices for low-income households purchasing casualty insurance for children and students. Its “Edu Plus” product has been named “Family Brand of the Year” for the third year in a row. Slovakian company **Komunalna** gives schools for children with disabilities a 20% price discount on casualty insurance. The Czech company **Kooperativa** offers free travel insurance for children below the age of six, and a 20% discount for those under 26. The Romanian company **Omniasig** also provides a discount on travel insurance for young people.

Customer orientation

Open ears

Complaint management ensures that any problems are solved quickly and easily.

The Group aims to achieve the best possible customer satisfaction. The insurance companies perform regular customer satisfaction analyses. If complaints nevertheless arise, the employees in complaint management ensure they are handled quickly, fairly and without complications. The Group’s decentralised approach can also be seen here, as each Group insurance company has its own contact person for complaints.

They handle a wide variety of concerns, mainly about products and services. Complaint handling data for VIG Holding and its branch offices is analysed regularly to identify and address repeated or systematic

problems and potential legal or operational risks. The responsible persons for complaint management inform the Managing Board of VIG Holding regularly for this purpose.



Comprehensibility of products

Knowledge creates security

Only those who know their risks are in a position to protect themselves against them. The Romanian company Asiom therefore promotes financial education for students, in order to better prepare them for the future.

Paying too little attention to risks can lead to unpleasant surprises. Romanian company **Asiom** therefore began working with the non-profit organisation Junior Achievement in 2021 to implement the “Meaning of Money” educational project. Around 3,000 students are benefiting from training, free study materials and an interactive web platform to help them expand their financial knowledge. They can learn the answers to questions such as “What role does money

play in everyday life?” or “How can we manage our resources effectively?” This will help them make better decisions in the future and as a result protect what matters to them, whether that is their health, property or retirement income.



© Junior Achievement Romania, Shutterstock

An interactive web platform helps to make better financial decisions.



Material topic:

#Data protection and security

Why the topic is important

The Group has data related to life and health insurance that is particularly sensitive. The impacts occur inside and outside the organisation and mainly affect employees and customers.

Opportunities

Responsible handling of data can increase customer and employee trust

Risks

Data protection breaches, cyber attacks

Due diligence processes and measures

A data protection management system exists. IT security incidents must be reported to VIG Holding in monthly reports, critical incidents must be reported immediately.

Guiding principles/guidelines

Data protection guidelines, IT security guidelines (based on the ISO 27001 standard, also apply to external service providers)

Responsibility

VIG Holding and each VIG insurance company have data protection officers. A data protection coordinator at VIG Holding is responsible for coordination within the Group. All of the VIG insurance companies also have people responsible for IT security, and VIG Holding has a steering committee responsible for IT security.

Objective

Provide the best possible protection for customer data and information assets and ensure overall information security

Successes

A variety of training and awareness-raising measures were implemented (e.g. through the Group e-learning platform, intranet articles) to ensure that employees know about cyber risks, cyber threats and how to securely manage all types of information



#Data protection and security

Secure information

Strict rules and clearly defined processes protect valuable data from cybercrime, among other things.

The VIG Group implements many measures to protect sensitive customer and employee data. A data protection coordinator at VIG Holding has managed all such projects since 2019. The data protection officers at the individual companies are responsible for implementing specific measures. They also analyse new projects from a data protection point of view and train employees. The data protection management system includes technical and organisational measures, as well as measures to raise the awareness of risks.

The data protection experts in the Group share information extensively. Meetings are held by video conference approximately every three weeks. They either discuss a pre-arranged topic, such as a recent decision by the European Court of Justice, or deal with a variety of topics in an “open meeting”. This can take place in private with the coordinator or together with other responsible persons. There were 51 data protection breaches for the VIG insurance companies during the reporting period that were reported to the data protection authority, and two substantiated complaints based on official procedures.

Multilevel security

Managing IT risks is essential for data security. A multilevel security concept that protects data against cybercrime and other threats is used. The Group IT security guideline, which is based on the ISO 27001 standard, is binding for all VIG companies and is reviewed and updated regularly. External service providers are also included

in its scope. They must also have certain internationally recognised certifications in order to provide IT services for the Group. All internal IT providers in the VIG Group are certified under ISO 27001. Other layers of the security concept include physical access controls, alarm and monitoring systems and logical network security systems that identify and prevent unauthorised access to data. External security specialists also perform regular security audits.

Since cyber criminals are using increasingly sophisticated methods, the VIG companies inform their employees intensively about cyber threats. This is because well-

informed, aware employees play an important role in preventing IT security breaches. In addition to the VIG Holding steering committee responsible for IT security, the security experts at VIG Holding and the VIG insurance companies exchange information regularly on current IT security topics.

More information on information security is available on the Company website (www.vig.com/en/corporate-responsibility/governance/information-security).



#03

Employees

Learning and development

Life balance and
health promotion

Diversity and
equal opportunities

Learning and development

Competences for long-term success

The clearly defined competences in the VIG Talent Toolset form the basis for many learning programmes that support the personal development of employees and the dynamic development of the Group.

What competences do VIG Insurance Group employees need to be successful in the long term? The answer is found in the VIG Talent Toolset, a competence model developed by the Human Resources department of VIG Holding and the Group companies in 2021. The competences are aligned with our VIG business strategy and promote the personal development of employees, experts and managers and the dynamic development of the Group and are used in a wide range of HR initiatives.

Masterplan: digital learning platform

Learning when and where you want – e-learning has proven to be the method of choice for this. The VIG Group has entered into cooperation with the Masterplan digital learning platform to make its employees fit for the future. After proving its worth in a pilot project in 2020, use of the platform was expanded in 2021. Around 3,000 Group employees can currently use the e-learning programme. Although the focus is on digitalisation, the learning platform also >





Material topic:

#Learning and development

Why the topic is important

Employee learning and development is essential for every company. The technical knowledge of employees, their customer-orientation and openness to new developments are some of the most important factors in the success of insurance companies. Employee learning and development are therefore very important to VIG Insurance Group.

of their local employees. An annual survey is performed of the average number of training hours completed in each company.

Responsibility

VIG insurance companies design and organise local trainings, seminars and other events for their employees. Group-wide learning and development are developed by Human Resources at VIG Holding and carried out with competent international cooperation partners.

Opportunities

Employees can react quickly to changing conditions and new developments.

Risks

A lack of knowledge in the Company, non-compliance with the Insurance Distribution Directive

Objectives

Managers and employees who are fit for the future.

Due diligence processes and measures

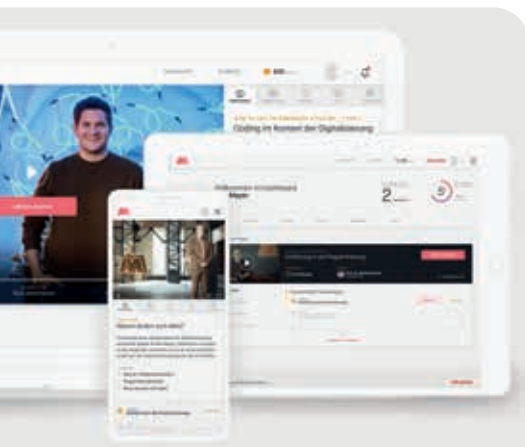
Since the Group companies are responsible for the design and organisation of learning and development programmes, they can adjust them to meet the needs

Successes

- New VIG Talent Toolset
- New training formats and digital learning platform



3,000 employees are already using the Masterplan digital learning platform.



© Masterplan.com GmbH

>

includes many other interesting current topics. Quizzes, study groups and rankings help to make learning fun.

Inputs for special target groups

A number of event series offer special target groups the opportunity to network and exchange information on current developments. The “**Communication Matters**” series is aimed at managers in VIG Holding and was devoted to topics such as “empowerment” and “Back to the office, why?” in 2021. The “**HR Community Matters**” series allowed HR managers in all of the companies to benefit from the “Unconscious bias in HR” presentation. “**Expertise Matters**”, on the other hand, is aimed at the experts in VIG Holding and highlights important current issues, such as “What does the European Green Deal mean for the insurance industry?”. “**HR Coffee**” is an event series by VIG Human Resources for all VIG Holding employees. A wide variety of topics cover different aspects of our everyday work.

Initiatives within the Group

The Austrian company **Wiener Städtische** offers employees online training and in-person seminars focusing on remote working. The Czech company **Kooperativa** also expanded its online training, focusing on topics such as remote people management. **BTA Baltic** organises at least one presentation each month in all the Baltic states that focuses on personal development topics, such as how to manage stress. These presentations are very

popular with BTA Baltic employees. The Austrian company **Donau Versicherung** started a webinar series that was used by 800 people in 2021 for training on a variety of topics, such as avoiding prejudice and the effects of climate change on the insurance industry. After a lengthy period spent in home offices, team coaching sessions were held at **VIG Holding** to strengthen team spirit again. And three Group projects were started to promote the use of agile methods.



Regular presentations on personal development issues help reduce workplace stress at BTA Baltic.





Average hours of training per full-time equivalent by gender and employee category

	2021	2020
Male	32.4	28.1
Female	31.9	26.1
Administration	22.1	13.5
Sales	40.7	38.0
Managing Board members	26.8	20.0
Management directly below the Managing Board	36.8	21.8
Employees (not including management)	32.0	27.1

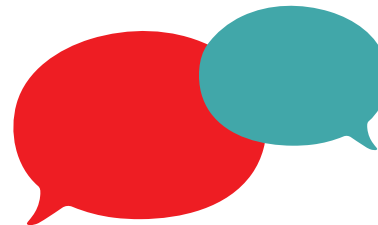
OBJECTIVES OF THE HUMAN RESOURCES STRATEGY

THE OBJECTIVES ...

- the Group should be seen as a diverse, innovative, learning organisation
- management should ensure employees have a positive working environment and support them with future challenges
- encourage a feedback culture

ARE ACHIEVED BY ...

- strategic HR partnerships
- a sustainable value-driven working environment
- management and employees that are fit for the future



New annual reviews: Let's talk!

The Austrian VIG companies redesigned employee annual reviews in a joint project in 2021. The new reviews were introduced as "VIG Talk" at VIG Holding. These meetings between employees and managers take place once a year and consist of two parts. The "Target Talk" focuses on mutual feedback, work priorities and objectives. The "Talent Talk" provides an opportunity to think about the VIG Talent Toolset and discuss personal and professional development. A new IT tool helps to prepare and document the reviews. As before, the focus is on a personal exchange.

#Life balance and health promotion

Life in balance

Human Resource Management is constantly developing measures to improve the “life balance” of employees.



VIG Insurance Group focuses on “life balance” in the Company because the term is better at expressing the idea that “work” and “life” are closely connected and even more inseparable than “work-life balance”. Human Resource Management is therefore constantly developing measures to improve “life balance”.

Flexible working

The Group relied heavily on home offices during the pandemic. As a large number of employees have indicated that they like working from home, many companies will continue to make flexible working possible in the future. The Hungarian company **Union Biztosító**, for example, has adjusted all of its employment contracts and internal regulations to allow maximum flexibility. Training courses, intranet articles and videos are provided to help employees to successfully work remotely.

More training for a better balance

Many companies began to focus on the strategy of “more trainings for a better balance”. Croatian company **Wiener Osiguranje**, for example, started a “Learning Fridays” e-learning series for developing soft skills. It deals primarily with topics such as stress management, time management and promoting resilience – skills that help people maintain a good balance between the different areas of their lives.



“As an employer, it is important to provide a work environment that gives everyone the opportunity to balance their work and personal priorities. Both are equally important parts of our lives and should therefore be in harmony. As a result, we now talk about ‘life balance’! We will also continue to expand and improve our activities in the areas of jobs and development, balance and flexibility, health and sports, diversity and appreciation, true to our slogan of ‘protecting what matters’.”

Elisabeth Stadler,
Chairwoman of the Managing Board
of VIG Holding

Mental health

In VIG Holding, all employees – and relatives in the same household – can receive assistance with personal or work problems. A free, anonymous hotline offers professional advice and coaching on topics such as parental leave, workplace conflicts and family stress. The external experts can provide assistance by chat, video or in person. This strengthens mental health and resilience. The employee assistance programme has also included a wellbeing platform with videos, podcasts and articles since January 2022. “Offering preventative resources along with assistance is a wonderful addition that strengthens our approach to ‘life balance’ in the Company”, stated Barbara Hohl, Head of VIG Human Resources.

Sports and prevention survey

VIG Holding employees provided information about their needs and desires with respect to health and prevention in an internal survey. One consequence of this was the integrated concept of “Keep Moving” for improving sustainability, mobility and health. Employees can take advantage of this in person or virtually in our many sports programmes.



© VIG

In addition to being healthy, sports also ideally strengthen a sense of community, such as when people run together in the Vienna City Marathon, which was sponsored by Wiener Städtische again in 2021.

Awarded family-friendly

The Austrian companies Wiener Städtische and Donau Versicherung have been awarded family-friendly under the “berufundfamilie” (Career and Family) programme for many years. After successful completion of the re-audit at the end of 2021, Wiener Städtische once again received certification as a “family-friendly employer” on 2 March 2022. Due to the COVID-19 pandemic the award was given digitally.

80.5%

of the employees benefit from flexible working time models that go beyond the legal requirements.

In 2021, the average number of sick days per employee was

6.8 days.*

(2020: 7.0; 2019: 6.9)

* The number of sick days has limited applicability to the occupational health status of employees in an international service company. For example, a high average number of sick days in a company could be due to a small number of employees with long-term illnesses. Recording employee illness, however, also depends on local social laws, e.g. to determine whether employees should receive immediate wage compensation for sick days. In Austria, based on current legislation, occupational disability due to coronavirus illnesses was not recorded as “sick leave” but as “isolation in accordance with the Epidemic Act”. Those days are therefore not included in the statistics for sick leave.

Health programmes in VIG insurance companies:

- Ergonomics**
85.4% (2020: 85.7%, 2019: 88.6%, 2018: 88.6%, 2017: 78.6%)
- Burnout prevention**
68.3% (2020: 76.2%, 2019: 72.7%, 2018: 63.6%, 2017: 61.9%)
- Preventive healthcare**
73.2% (2020: 71.4%, 2019: 72.2%, 2018: 75.0%, 2017: 73.8%)
- Health counselling**
68.3% (2020: 69.0%, 2019: 63.6%, 2018: 65.9%, 2017: 66.7%)
- Physiotherapy**
24.4% (2020: 21.4%, 2019: 22.7%, 2018: 20.5%, 2017: 28.6%)

The distribution of the above-mentioned programmes is based on the consolidated insurance companies. The percentage of employees that benefit from the programmes is generally higher, however, as the programmes are offered more in large companies. Health counselling, for example, is offered in 68.3% of the companies, but 76.3% of the employees work for these companies.

Diversity and equal opportunities

Valuable diversity

A Diversity Advisor and diversity strategy promote inclusion and equal opportunities.



Diversity is one of the core values of VIG Insurance Group. Instead of a challenge, diversity is seen as an opportunity – and is therefore actively promoted. VIG Holding has had its own Diversity Advisor since 2017. The diversity strategy applies throughout the Group and can be implemented flexibly by the local companies, which choose their own priorities. In VIG Holding, for example, the focus is on gender, generations and internationality.

Virtual pride

A number of measures also promoted equal opportunities in 2021. VIG Holding organised a virtual (“pride”) rainbow parade in June with the Austrian companies **Wiener Städtische** and **Donau**

Versicherung. It was a social media campaign to support all people, regardless of sexual orientation or identity, and promote awareness of diversity and inclusion. Videos and statements of support from employees and management were posted on social media. The Austrian companies also participated in DIVÖRSITY, the “Austrian Diversity Days” in October.



Mersiha Korjenic, CFO of Vienna Osiguranje (right) and Dajana Džindo, Managing Director of Foundation 787, which performs the certification process for “Excelling in Diversity”.

© Vienna Osiguranje (Bosnian-Herzegovina)



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Numerous awards

The Group was included in the list of “**Financial Times Diversity Leaders 2022**” again this year. The list is reserved for companies with outstanding achievements in the area of diversity and inclusion in the workplace.

The advisory company Boston Consulting Group and “trend” business magazine published the **BCG Gender Diversity Index Austria**, which rates gender parity in Austria’s 50 largest listed companies, for the third time. After ranking second in 2018 and first in 2019, VIG Holding once again reached second place in the ranking for 2020, which was published in the financial year 2021.

In 2021, **Vienna Osiguranje** became the first Bosnian financial company to be awarded the “**Excelling in Diversity**” certificate. It is given to Bosnian companies that work continuously to ensure that all employees and job applicants are treated equally, regardless of gender, sexual orientation, ethnicity, disability and other characteristics that are used to marginalise groups of people.



VIG CEO Elisabeth Stadler (right) at the award ceremony for the BCG Gender Diversity Index with the other Diversity Champions, Pascal Schmidt from Marinomed and Silvia Azzali from Wolford.

Diversity facts and figures

GROUP-WIDE NATIONALITIES

22 Nationalities in the Managing Boards

(2020: 21, 2019: 21, 2018: 22, 2017: 22)

19 Nationalities in the Supervisory Boards

(2020: 19, 2019: 19, 2018: 20, 2017: 21)

Percentage of employees and members of governance bodies by gender and age group

	Supervisory Board members		Managing Board members		Management directly below the Managing Board		Employees (not including management)		Sales		Administration	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Male	75.9%	78.2%	74.6%	74.6%	56.9%	54.1%	35.7%	35.8%	36.6%	37.0%	36.4%	36.1%
Female	24.1%	21.8%	25.4%	25.4%	43.1%	45.9%	64.3%	64.2%	63.4%	63.0%	63.6%	63.9%
under 30	0.0%	0.0%	0.0%	0.0%	1.4%	1.5%	17.4%	17.9%	17.2%	17.8%	16.5%	16.6%
30 to 50	27.0%	28.9%	57.7%	62.7%	68.7%	71.3%	56.7%	56.5%	53.8%	53.7%	60.9%	60.8%
over 50	73.0%	71.1%	42.3%	37.3%	29.9%	27.3%	25.8%	25.6%	29.0%	28.5%	22.6%	22.5%

The key figures above provide information on the gender, nationalities and ages of the employees and board members in the fully consolidated VIG insurance companies (based on headcount).

Around one quarter of the managing board and supervisory board members were women at the end of 2021. More than 40% of the managers in the management level directly below the manag-

ing board were women. 22 different nationalities were represented in the managing boards and 19 nationalities in the supervisory boards (based on citizenship). Although the Group operates in 30 countries, the companies in two countries are not consolidated. The Group is represented by branch offices in another seven countries. There are no managing boards or supervisory boards there.

One of the world's best employers

VIG Insurance Group achieves top positions in a number of rankings.

VIG Holding was included in the “Leading Employers Austria” list. Based on the world's most comprehensive study of employer characteristics, the study was performed as a meta-analysis and used a wide range of criteria to produce an overall rating. The largest annual recruiting study by “Best Recruiters” uses around 250 criteria to rank the employer branding activities and recruiting of companies in the DACH region (German-speaking Europe). VIG Holding once again received the gold award for the insurance industry in the region of Germany, Austria and Switzerland.



The following tables provide an overview of the total number of employees by country and various categories. The companies in VIG Insurance Group have shown that they continue

to be a stable, reliable employer, in spite of the ongoing coronavirus pandemic. There was even a small increase in the number of employees Group-wide.

Total number of employees by employment contract, gender and region

	Permanent contracts				Temporary contracts				Apprentices, trainees ⁵			
	Male		Female		Male		Female		Male		Female	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Austria	2,924	2,934	2,254	2,247	1	3	4	6	101	75	119	103
Czech Republic	1,321	1,280	3,276	3,259	176	210	476	550	2	0	3	0
Poland	977	928	1,546	1,527	102	94	217	200	0	0	0	0
Extended CEE¹	3,496	3,603	7,858	7,947	171	113	407	307	2	0	3	2
Special Markets²	486	487	853	749	5	1	33	39	2	2	6	4
Group Functions³	193	186	254	237	3	3	3	6	2	2	5	3
Total⁴	9,397	9,418	16,041	15,966	458	424	1,140	1,108	109	79	136	112



WORK IN THE BEST ENVIRONMENT

The Group also respects and supports international human rights in its human resources work. There is, of course, no forced labour or child labour in any of the VIG companies. Discrimination is not tolerated. The Group recognises employee rights such as freedom of assembly, collective agreement negotiations and the choice of representatives. Collective agreement results are recognised and associated statutory provisions are observed in each country. Employees and their representatives are regularly informed about important business decisions.

FAIR, PERFORMANCE-BASED REMUNERATION

The remuneration is designed to attract and retain talented, experienced and capable employees in a competitive environment. If the remuneration includes variable components and no minimum wage is required under national law or collective agreements, the fixed remuneration must be sufficiently high to prevent employees from depending too greatly on their variable remuneration. In addition to remuneration, the Group companies also offer many fringe benefits that differ from company to company, such as childcare, healthcare services and flexible working hours.

Total number of employees by employment type, gender and region

	Full-time employees				Part-time employees				Other employees ⁶			
	Male		Female		Male		Female		Male		Female	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Austria	2,858	2,860	1,592	1,594	132	110	630	621	36	42	155	141
Czech Republic	1,471	1,455	3,208	3,254	25	27	156	149	3	8	391	406
Poland	616	613	1,387	1,348	461	407	301	298	2	2	75	81
Extended CEE¹	3,181	3,252	7,142	7,071	476	451	834	791	12	13	292	394
Special Markets²	488	474	832	705	5	15	57	84	0	1	3	3
Group Functions³	191	181	184	172	6	9	56	56	1	1	22	18
Total⁴	8,805	8,835	14,345	14,144	1,105	1,019	2,034	1,999	54	67	938	1,043

¹ Extended CEE: Albania incl. Kosovo, Baltic states, Bosnia-Herzegovina, Bulgaria, Croatia, Moldova, North Macedonia, Romania, Serbia, Slovakia, Ukraine, Hungary

² Special Markets: Germany, Georgia, Liechtenstein, Turkey

³ Group Functions: VIG Holding, VIG Re, Wiener Re

⁴ Fully consolidated insurance companies, headcount

⁵ Contracts of apprentices, trainees, working students etc.; excl. interns

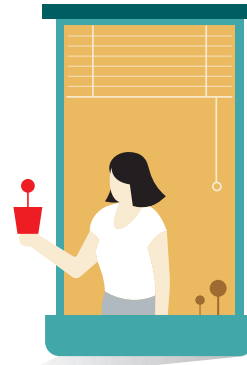
⁶ Employees on parental leave and leave of absence (military service, etc.)

#04

Society

Support of local communities

Demographic change



- 1 Employees of BTA Baltic in Latvia cleaned litter from meadows, rivers and trees.
- 2 Employees of Asirom in Romania devoted their time to disadvantaged families and performed renovation work together with an aid organisation.
- 3 Sonja Steßl, member of the Managing Board of Wiener Städtische, and her team devoted their Social Active Day to the bees. They planted a variety of flowers and shrubs on the Caritas "carla nord" site to benefit the bees.
- 4 To support local school libraries in Bosnia-Herzegovina, employees of Wiener Osiguranje collected many books, which were personally signed by the members of the managing board.
- 5 Wiener Städtische employees used their Social Active Day to collect litter in the Donau-Auen National Park.
- 6 The Sunnahof farm of the Lebenshilfe Vorarlberg association was happy to have help from Simon Krainz (Wiener Städtische employee), who lent a hand in the carpentry workshop.
- 7 Wiener Städtische employees assisted at the Team Österreich (Team Austria) table of the Austrian Red Cross even during the coronavirus pandemic.
- 8 Employees of VIG Holding help sort food for people in need as part of the Caritas "Lebensmittel und



Orientierung" (Food and Orientation) project.

9 VIG Holding CFRO Liane Hirner and her team took refugee families living at the Caritas Domaris residence on a trip to the Schönbrunn Zoo.

10 Baking biscuits for the needy and homeless: Generous donations of biscuits from many VIG Holding employees benefited the Caritas Canibus soup bus, Juca residence and Gruft homeless facility in Vienna, among others.

11 Employees of the Croatian company Wiener Osiguranje decorated the offices of the "Mali Zmaj" (Small Dragon) association in a child-friendly way.

12 Ready for school: Elisabeth Halper from Wiener Städtische helped distribute back-to-school care packages (Schulstartpakete) for the Vienna Red Cross.

13 Judit Havasi, CEO of Donau Versicherung, and other Managing Board members and managers used their Social Active Day for a spring clean-up in the Donau-Auen National Park.

14 Employees of Union Biztosító in Hungary showed their skills by volunteering for a children's home and building a small wooden house for the youngest children.

#Support of local communities

Making society a little bit better

"Social Active Day", which was initiated by VIG Insurance Group's principal shareholder Wiener Städtische Versicherungsverein, celebrated its 10th anniversary in 2021. Employees in more than 20 countries have donated around 300,000 working hours for good causes since the start of the initiative.

Starting in 2011, VIG Insurance Group employees have been able to use one working day per year for a socially valuable cause. They can volunteer their time in many ways for Social Active Day. In ten years, thousands of employees in more than 20 countries donated a total of around 300,000 hours for good causes, such as providing time and assistance to people in need. "Social involvement, solidarity and volunteer work know no boundaries. After starting in Austria, Social Active Day quickly spread throughout Central and Eastern Europe to become a living part of

our corporate culture", explained Elisabeth Stadler, CEO of VIG Holding.

The activities that employees, including top management, engage in on Social Active Day are highly varied and differ according to organisation and local needs. The Austrian company **Wiener Städtische**, for example, organises many projects in cooperation with social organisations such as Caritas, Hilfswerk, Red Cross and Volkshilfe, ranging from helping in social supermarkets and cooking for people in need, to paying visits to nursing care facilities, >



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retirement homes and refugee accommodations. Several countries focused on collecting litter in 2021. One reason for this was that it was relatively easy to observe social distancing rules. The employees of the Austrian companies, for example, collected litter that keeps washing up onto the banks of the Danube over time. This is a major environmental problem, particularly in the Donau-Auen National Park, which has a long-term partnership with Donau Versicherung. A total of 6,064 people in 20 countries took part in Social Active Day during the reporting period.

Lap of Peace

VIG Holding sponsors the prize for the best Children's Peace Image of the Year.

The Global Peace Photo Award was inspired by Nobel Peace Prize winner Hermann Fried. Launched in 2013, it honours photographers who go beyond the raw brutality of the images in the media today to capture the human and peaceful aspects of our lives. The prize is awarded in cooperation with the World Press Photo Foundation, UNESCO and Austrian Parliament, among others. More than 16,000 images from 114 countries were submitted for the Global Peace Photo Award in 2021.

Since 2017, there has also been a separate children's and youth category, the Children's Peace Image of the Year, with a prize of EUR 1,000 awarded by VIG



© Aadhyaa Aravind Shankar

The "Lap of Peace" photograph shows the mother of the young photographer Aadhyaa Aravind Shankar resting on Aadhyaa's grandmother's lap while the grandmother is reading.

Holding. In addition to underlying the core business of the Group, our commitment to thinking in terms of generations and assuming responsibility is also reflected in our support for projects like this. In 2021, seven-year-old Aadhyaa Aravind Shankar from India won the prize for her image "Lap of Peace".

"VIG Kids Camp" promotes an understanding of diversity

Play should be used to teach even the youngest children values such as mutual understanding, solidarity and social awareness.

For many years, Wiener Städtische Versicherungsverein has invited children of VIG employees to VIG Kids Camp in Austria during the summer. In addition

to internationality and diversity, the shared activities also place great importance on meeting other generations and social involvement. VIG Kids Camp

"Success can be shared"

The "Günter Geyer Award for Social Conscience" recognises VIG companies for special social involvement.

Günter Geyer, Chairman of the Supervisory Board of Wiener Städtische Versicherungsverein, believes that "success can and must be shared". The "Günter Geyer Award for Social Conscience" was created in his honour in 2012 and has been awarded by Wiener Städtische Versicherungsverein each year to insurance companies in the VIG Group for outstanding social commitment. The 2021 award winners: First place went to the Polish company Interrisk, which regularly organises its own charity runs to collect donations for a variety of social organisations and will also be getting more involved in blood donations and transport in the future. The Baltic company BTA Baltic received second place for its big heart for children and children's safety in traffic and its contribution to sustainable environmental protection. Third place was won by the Croatian company Wiener Osiguranje, which provides help quickly and unbureaucratically to those in need in acute emergencies, such as the earthquake in Croatia at the end of 2020. Together with "PWMN Zagreb", it also provided support for the "Obitelji 3plus" project, which gave digital devices, such as tablets and computers needed for remote learning from home, to children from low income families.



Award in Field to Voluntary



© Wiener Städtische Versicherungsverein

was held for the tenth time in the summer of 2019. Around 500 children from 23 European countries had an exciting time enjoying a variety of activities in four camps. To protect the health of everyone involved, the camp was not held in 2020 or 2021 due to the pandemic.

The silent heroes of the Group

The “Award in Recognition of Commitment to Voluntary Activities” honours employees of VIG companies for activities performed in their free time.

Convinced it was not enough to just provide support for voluntary work, and that broad recognition was also needed, Wiener Städtische Versicherungsverein brought the “Award in Recognition of Commitment to Voluntary Activities” to life in 2013. It has been awarded each year since then to employees who regularly spend their free time helping others in a wide variety of ways. Impressive individuals in eight countries – from Slovakia to Georgia – were once again chosen in 2021.



The employees receiving the award come from a variety of companies in the Group.



The GMYO played in the Great Concert Hall of the Hamburg Elbphilharmonie in 2021, among other venues.

Orchestra of opportunities

The Gustav Mahler Youth Orchestra shone in 2021, with some special concert performances at the Salzburg Festival and other venues.

The Gustav Mahler Youth Orchestra (GMYO) was founded in Vienna in 1986/87 on the initiative of Claudio Abbado and is considered the world’s leading youth orchestra today. In addition to promoting and working with young musicians, Abbado also wanted to help young Austrian musicians play music with their colleagues from Hungary and the former Czechoslovakia. As a result, the GMYO became the first international youth orchestra to hold free auditions in the countries of the former Eastern Bloc. In 1992, the GMYO was opened to musicians up to the age of 26 from all over Europe. On its 25th anniversary, it was appointed ambassador for UNICEF Austria.

The GMYO has been a regular guest of concert organisers and festivals around the world for years. The coronavirus pandemic also posed major challenges for the GMYO in 2021. It is therefore all the more impressive that the orchestra was able to be so active, which was due in part to its diversity and flexibility.

In 2021, in addition to performing the opening concert in the Wiener Musikverein (twice in a row) after the end of the lockdown in May, it was also able to stand in at short notice for the opening concert of the Salzburg Festival. The GMYO also played two pieces at the “Youth for Eternal Hope” concert (commemorative event for the 80th anniversary of the establishment of the Theresienstadt Ghetto), and presented a new CD at the end of 2021.

VIG Holding has supported the Gustav Mahler Youth Orchestra for many years and continued its support even during the difficult period of the coronavirus pandemic. Diversity and peaceful coexistence have been core values of the orchestra since it was founded and are also part of the day-to-day life in the VIG Group.



Material topic:

#Demographic change

Why the topic is important

Demographic change is putting Europe's social systems under pressure. The products offered by insurance companies can help reduce this pressure and help eliminate the risk of gaps in future provisions for pensions, healthcare and nursing care. The Company can also use awareness-raising measures to draw attention to these gaps.

Opportunities

Demographic change offers insurance companies an opportunity, but also the social obligation, based on our purpose in society, to expand our existing range of products and services, develop needs-appropriate solutions and provide broad access to future provisions and risk protection.

Risks

Gaps in pension and healthcare provisions

Due diligence processes and measures

Developing a healthcare ecosystem is one of the initiatives in the VIG 25 strategic programme.

Responsibility

The local Group companies are responsible for designing products and services that meet the needs of their local customers. This also applies to adjusting products for demographic change.

Objectives

Developing a healthcare ecosystem

Successes

VIG Insurance Group increased premiums by 6.0% in the health insurance line of business in 2021.

Demographic change

Closing the gaps

The VIG Group helps supplement government pension, healthcare and nursing care systems.

Demographic change is affecting future provisions in key areas. Due to increased life expectancy, the ageing of society and the increase in chronic illnesses in old age, it is becoming more difficult to fund the pension, healthcare and nursing care systems in European countries. Private insurance companies can help eliminate the risk of gaps in future provisions. VIG companies are therefore further developing their range of retirement provision and health insurance products, thereby supplementing government provision systems. Private life insurance, for example, is the only financial product that guarantees a lifelong pension. Examples of other products and services, such as those in the area of healthcare, are provided on pages 37-38.

6.7%

The share of the Group's total premium volume contributed by health insurance

33.2%

The share contributed by life insurance

“Carer with a Heart”

The “Carer with a Heart” initiative recognises all those who are privately or professionally active in the area of nursing care.

Wiener Städtische Versicherungsverein started the “Carer with a Heart” association together with Wiener Städtische in 2012. The goal was to increase public awareness of nursing care and promote the career of carer. The association brings people to the stage each year who deserve special

recognition for the outstanding service they provide in the area of nursing care. In 2020, close to 3,100 people were nominated for the “Carer with a Heart” award in the “nursing care professional”, “family carer” and “24-hour care provider” categories. To protect everyone involved, an award ceremony

was not held due to the pandemic. Instead, the Austrian Broadcasting Corporation (ORF) presented the winners in April 2021 in its “Bundesland heute” broadcasts and one special Studio 2 broadcast on the topic of nursing care on ORF 2.

Demographic change

Caring for nursing care

Wiener Städtische is working to ensure that the elderly and sick receive dignified care.

Enabling people to age with dignity is one of the key social challenges of the future, because the number of elderly and sick people is rising while there is a shortage of trained personnel. Austrian company **Wiener Städtische** is working to provide solutions. Since the end of 2021, it has offered a new service for customers with nursing care insurance. In cooperation with the experts at ITS Pflegemanagement, it offers a comprehensive initial personal consultation on the complex topic of nursing care services. Because good nursing care begins with good planning.

Wiener Städtische's involvement goes far beyond helpful services for customers. For example, it has provided support for the Caritas nursing care campaign for many years in order to raise awareness of this important issue. It is also a partner of the Caritas psychosocial counselling service for relatives providing nursing care. Providing nursing care for family members can be extremely demanding, both physically and mentally. The counselling service helps with

problems and questions, offers discussion groups and also visits the home of the caring relative upon request. Wiener Städtische has also supported the large care organisations Volkshilfe and Hilfswerk for many years, thereby making a major contribution to the growth of domestic nursing care services and the training and education of their skilled personnel.



© Shutterstock/Photographia

Enabling people to grow old with dignity is one of the key challenges facing our society.

Society

#05

Environment

#Climate change

#Office environment

#Climate change

Reducing and protecting against climate risks

We all have to deal with the effects of global warming. VIG Insurance Group analyses these risks carefully and develops measures to reduce them.



Although insurance companies have always been concerned with potential losses due to natural risks, global warming is underscoring the urgency of the problem. VIG Insurance Group greatly increased its underwriting know-how in previous years. Special scenario analyses have been performed since 2019 to estimate how climate change will affect the frequency and size of losses and, therefore, the insurance business in different sectors. The medium and long-term effects of climate change are also examined in the “Own Risk and Solvency Assessment” (ORSA), a periodic analysis of a company’s own risk situation and capital adequacy (solvency). The main focus is on potential extreme weather events, such as flooding, storms and severe weather with hail, but also earthquakes are considered. Current scientific studies are used to analyse the possible effects of global

warming of 1.5°C, 2.0°C and 3.0°C above pre-industrial levels. Natural disasters and their effects are modelled with the help of external experts. The risk models used are constantly improved based on new data and findings, such as newly built flood protection measures.

Recommendations for reducing risk

VIG Insurance Group is using its increased underwriting knowledge to purchase reinsurance for the risks it assumes. The more frequent extreme weather events are increasingly affecting the support provided to corporate and large customers, that is, the underwriting process. The support process begins with a careful analysis of the risk situation and protective measures that have already been implemented. The experts at the partner company RiskConsult use this to develop individually tailored



Material topic:

#Climate change

Why the topic is important

Climate change has an effect on insurance companies. At the same time, VIG Insurance Group can make a positive or negative contribution to climate change through, for example, its investments. The Company can also help its customers to deal better with consequences. The insurance companies can also reduce the CO₂ footprint of their own office operations.

Opportunities

Contributing to the adaptations to climate change, indirect positive contribution to climate protection, expansion of the insurance business

Risks

Increase in extreme weather events, lack of insurance for innovative sectors, greenwashing, legal risks related to a rapidly changing regulatory environment

Due diligence processes and measures

A withdrawal from the coal sector in the corporate and large customer business was approved in 2019. In addition, corporate customers and private customers are also assisted in preventing losses due to natural disasters. Standardised risk management processes are regularly used to analyse the effects of possible natural disaster scenarios, such as storms, hail, flooding and earthquakes. The CO₂ footprint of the Group's office operations is measured annually.

Guiding principles/guidelines

Climate change strategy (www.vig.com/climate-change-strategy), underwriting policy

Responsibility

Adjusting the business model for climate change has an effect on a variety of business areas, including, for example, Asset Management (see pages 24-27), Underwriting, Reinsurance and Risk Management.

Objectives

Reducing exposure to the coal sector

Successes

In 2021, coal risks in the corporate business were reduced by 74% compared to 2019.



#Climate change

An end to coal

As part of its climate change strategy, VIG Insurance Group has committed to not issuing new policies to companies in the coal sector.

Insurance companies influence the risks that companies can take. VIG Insurance Group uses this lever to help create a more environmentally friendly economy. The decision to withdraw from the coal sector was already part of its climate change strategy in 2019 (the strategy also affects investments, see pages 22-28). No new policies are being issued for coal mining or coal-fired power plant projects.

Existing policies in this area are being gradually reduced. In 2021, coal risks in the corporate business were reduced by 74% compared to 2019.

In 2021, coal risks in the corporate business were reduced by

74%

compared to 2019.

>

recommendations for further improving the risk situation and preventing losses. Companies have an incentive to implement the recommendations because it would reduce their premiums or, in some cases, because they would not be insurable unless they did so. Due to global warming, preventing losses due to natural disasters is playing an increasingly important role in this process.

Information and awareness

VIG Group has developed a variety of services to help corporate customers and households manage climate risks more effectively. Early warning systems such as Wiener Städtische's "Wetter plus" app, provide warnings for extreme weather events. The company also collaborates with Austria's central institution for meteorology and geodynamics (Zentralanstalt für Meteorologie und Geodynamik – ZAMG) to provide an SMS service. The **Slovakian company Kooperativa** also offers a free weather warning app. The **Czech Kooperativa** has also developed an early warning system and offers a flood information system in collaboration with the local insurance association so that users can better assess the risk of flooding. In Austria, support is provided for the "eHora" flood risk zoning tool. These measures reduce risk by, for example, influencing decisions about whether or not to build a house in certain locations. They also make people aware of the relevant risks and draw attention to longer-term trends.



Early warning systems provide warnings of extreme weather events. In this way, the VIG companies help households and companies to manage climate risks better.

Key figures under the EU Taxonomy Regulation for non-life insurance

As explained in the core business section on page 22, certain companies have to report the degree to which they are sustainable based on the EU taxonomy for sustainable economic activities. In addition to the share of “green” investments, the share of “green” non-life insurance premiums must also be published. Non-life insurers can therefore make a significant contribution to the adaptation to climate change. A simplified presentation will be published for financial years 2021 and 2022 (similar to investments). For the time being, the taxonomy-eligible share of non-life insurance premiums (not the taxonomy-aligned share yet) will be disclosed (also see the explanatory notes on page 24).

According to Annex II of the Delegated Regulation supplementing the Taxonomy Regulation (Regulation (EU) 2020/852), eight of a total of twelve non-life insurance lines of business under Solvency II (based on Annex I of Delegated Regulation (EU) 2015/35) are taxonomy-eligible in principle. These are medical expense insurance, income protection insurance, workers’ compensation insurance, motor vehicle liability insurance, other motor insurance, marine, aviation and transport insurance, fire and other damage to property insurance and assistance services. In addition, in a questionnaire concerning key figures to be disclosed that was published by the European Commission in December 2021,

it was stated that the only insurance lines of business that should be classified as taxonomy-eligible are those that also include coverage for climate risks as defined in Appendix A of Annex II mentioned above. The VIG insurance companies currently only evaluate climate risks in the form of natural disaster coverage. The natural disaster risks that are relevant under Solvency II are flooding, earthquakes, storms and hail. Since earthquakes are not included in Appendix A, they are not taken into account in this evaluation. Coverage for the remaining natural risks exists in the following three insurance lines of business: other motor insurance, marine, aviation and transport insurance and fire and other property insurance. The percentage of these three insurance lines of business relative to total non-life insurance premiums written is therefore the taxonomy-eligible share of premiums that must be disclosed. It is 54.4%. The percentage of non-taxonomy-eligible premiums relative to total non-life insurance premiums written is 45.6%. The explanatory notes for the premiums include both direct premiums written and assumed reinsurance. The percentage of taxonomy-eligible premiums from assumed reinsurance relative to total premiums from assumed reinsurance is 75.6%. The percentage of non-taxonomy-eligible premiums from assumed reinsurance relative to total premiums from assumed reinsurance is 24.4%.

Mandatory reporting of the percentage of taxonomy-eligible premiums

Percentage of taxonomy-eligible premiums relative to total non-life insurance premiums	54.4%
Percentage of non-taxonomy-eligible premiums relative to total non-life insurance premiums	45.6%
Percentage of taxonomy-eligible premiums from assumed reinsurance relative to total premiums from assumed reinsurance	75.6%
Percentage of non-taxonomy-eligible premiums from assumed reinsurance relative to total premiums from assumed reinsurance	24.4%

A voluntary calculation was also performed in addition to the mandatory disclosures, as very different interpretations of the definition of the percentage of taxonomy-eligible premiums exist. The strict interpretation, which includes classification in one of the eight insurance lines of business as well as coverage of climate risks, was used to calculate the key figures above. A more moderate interpretation includes classification in the eight insurance lines of business, but does not take climate risks into account. Therefore, the percentage of premiums in the eight insurance lines of business listed in Annex II of the Delegated Regulation supplementing the Taxonomy Regulation (Regulation (EU) 2020/852) relative to total non-life insurance premiums written was also calculated at this point. It is 88.5%.

Office environment

Contribution to the circular economy

The VIG Group has been working with the non-profit IT service provider AfB for ten years. Together, they extend the life of IT equipment, thereby conserving resources and helping people with disabilities.

Unlike the “throw-away economy”, in the circular economy products are used as long as possible and any waste is ideally reused. This saves money and resources, reduces greenhouse gases and requires fewer landfills. The companies in the VIG Group use a wide range of measures to reduce their environmental footprint. They are also helping with the transition to a circular economy, which is also being promoted by the European Union. The Austrian companies **Wiener Städtische**, **Donau Versicherung**, the IT subsidiary **twinformatics** and **VIG Holding** have been working closely with AfB for ten years. Europe’s largest non-profit IT company refurbishes and sells IT equipment and mobile devices, while providing jobs for people with disabilities at the same time. Around 45% of its 500 employees in five countries benefit from inclusive workplaces.

VIG Managing Board member on the expert advisory board

In 2021, the VIG companies gave 6,410 used devices with a total weight of 12.7 tonnes to AfB. 64% of the devices could be sold and reused after data destruction, hardware tests, repairs, upgrading and cleaning. As a result of this cooperation, 5 jobs for people with disabilities could be offered during the reporting period. 420,762 kilograms of greenhouse gases (CO₂ equivalents), 173,615 kilograms of raw materials such as metal and minerals (iron equivalents), 1.5 million kilowatt-hours of electricity and 3.1 million

litres of water were saved, compared to the production of new equipment.

Gerhard Lahner, member of the Managing Board of VIG Holding, has also been a member of the expert advisory board of AfB since June 2021. “Our partner combines a number of aspects of sustainability at the same time”, stated Lahner. “Refurbishment and reuse make an important contribution to resource conservation and the circular economy, and providing jobs for people with disabilities is an important social responsibility.”

Many companies are involved

Other VIG insurance companies are also giving used equipment a second life. Czech company **ČPP** works with the non-profit organisation Remobil, which recycles computers and mobile phones. Another Czech company, **Kooperativa**, donates old equipment that is still functional to NGOs and schools, and recycles as much other equipment as possible. Romanian company **BCR Life** donates old computers to the non-profit organisation “Ateliere Fara Frontiere” that are refurbished under the “Educlick – Give a Byte of Help” initiative. This helps the employees of the organisation who are participating in the social and occupational integration programme, while also giving children in disadvantaged regions the opportunity to participate in online lessons.



Gerhard Lahner (left), Managing Board member of VIG Holding, Günter Geyer (middle), Chairman of the Supervisory Board of VIG Holding, and Kurt Essler, Managing Director of AfB, celebrate ten years of successful partnership.

Office environment

Disappearing waste baskets

Less paper, less waste in general, and more recycling: VIG companies strive to do more for environmental protection in the office.

VIG Insurance Group aims to minimise the amount of waste it generates and recycle as much of the waste as possible that it does produce. Numerous measures have been implemented by different companies to achieve this objective. The Czech company **Kooperativa**, for example, has launched a major campaign to promote increased separation of waste in the office. Following the “Give Baskets the Push” initiative, the waste baskets that used to be found at every desk have now been replaced by waste bins for

KEY ENVIRONMENTAL FIGURES

The following table shows information on electricity consumption, heating use and kilometres of air travel since 2017. Electricity consumption was stable compared to the previous year (+0.6%). Heating use rose by 3.3%. This was mainly due to a higher number of

heating degree days in some countries compared to 2020 and 2019. The kilometres of air travel decreased by 6.4% compared to the already very low value recorded in the previous year. Many business trips were replaced by online meetings, often due to the coronavirus.

The CO₂ footprint was also calculated again. It is shown in the table both as a total figure and broken down by emissions in Scope 1 (heating energy and fuel consumption), Scope 2 (electricity, district cooling and district heating consumption) and Scope 3 (business flights).

Key figure	2021	2020	2019*	2018	2017
Electricity use in kWh	31,406,102	31,226,191	37,714,981	34,853,014	35,399,037
Heating use in kWh	50,236,170	48,633,949	49,172,287	48,381,772	51,207,830
Kilometres of air travel	1,100,121	1,175,961	8,618,909	6,919,037	6,907,486
Corporate carbon footprint in tonnes of CO ₂ equivalents	28,465	28,652	35,859	32,439	32,931
Scope 1 (direct emissions) in t CO ₂ equivalents	14,210	13,512	16,213		
Scope 2 (indirect emissions) in t CO ₂ equivalents	14,136	15,022	18,714		
Scope 3 (business flights) in t CO ₂ equivalents	119	118	932		

* including five additional companies compared to the previous year



Kooperativa introduced a new waste separation concept, while also raising awareness among staff.

large groups of employees. As a result, instead of using around 160,000 plastic waste sacks each year, only 66,000 are now needed. The new, larger waste bins also make it possible to separate paper, plastic, glass, aluminium and electronic waste. **Kooperativa** produced its own promotional video to improve employee awareness of waste separation. The changes in just one year are striking, with 33% more paper and 72% more plastic collected, and 27% less general waste generated.

The paperless office

The Bulgarian company **PAC Doverie** is working to significantly reduce the amount of paper used. Clients, for example, were encouraged to switch to digital communication. The company promised to plant trees in return, to maximise the positive environmental impact. **Wiener TU** in Poland used a similar idea to convince its insurance agents to process new insurance contracts electronically. A total of 1,000 trees have been planted as part of this campaign. The weekly newspaper “Gazeta Finansowa” named Wiener TU “Ecological Company of 2021” in recognition of measures like these. **InterRisk** started an information campaign that reduced the use of paper by making greater use of digital documents. The Polish company also implements waste separation and installed water filters to reduce the use of plastic bottles. The Romanian company **Omniasig** is also trying a variety of measures to reduce paper use, as is **Wiener Osiguranje**

in Croatia, which also set up “green corners” in its offices in 2021, where waste baskets are provided for waste separation. Bottle caps are also collected and donated to a leukaemia patient association that uses the proceeds from recycling to fund treatment.

LED lamps and digital meetings

There are many other aspects of environmental protection in the office. The companies are continually improving their energy efficiency, for example by switching to LED lighting. Solar panels are being installed on more and more office buildings to generate environmentally friendly electricity. And business trips by plane are increasingly being replaced by digital meetings – especially since the experience with the coronavirus pandemic.

Significant events after 31 December 2021

Current developments concerning the acquisition of the CEE business of the Dutch company Aegon N.V.

The VIG Group aims to further expand its leading market position in the CEE region. The medium-term objective is to be at least one of the top three insurance groups in each CEE country by 2025, with the exception of Slovenia. The planned acquisition of the CEE business of the Dutch company Aegon N.V., which had not been concluded by the editorial deadline, is a major step in this direction.

In November 2020, VIG Insurance Group signed a purchase agreement with the Dutch company Aegon N.V. to acquire its companies in Hungary, Poland, Romania and Turkey. In addition to making the VIG Group the market leader in Hungary, the acquisition would also allow it to enter the life insurance business in Turkey. The asset management and pension areas would also be significantly strengthened.

The acquisition process is being delayed, however, as the Hungarian Ministry of the Interior refused to provide a required approval. After intensive talks, a positive negotiated solution was reached. The cooperation agreement signed with the Hungarian state-owned holding company Corvinus Nemzetközi Befektetési Zrt. ("Corvinus") on 21 February 2022 provides for a non-controlling minority interest of 45% in the Hungarian VIG companies. Closing of the transaction is subject to the approvals required under supervisory and competition law and the acquisition of the Hungarian Aegon companies.

War situation in Ukraine

VIG Insurance Group is represented by three insurance companies in the Ukrainian market. VIG Managing Board members and staff are deeply concerned about the current developments in Ukraine. Protecting our employees is our top priority. Immediately after the war began, work started on forming a team to coordinate support measures with the Ukrainian employees, beginning in Poland. The Polish VIG companies, for example, organised accommodation so that the employees and their families would have a temporary place to stay if they wanted to, and were able to leave the country. Other companies in the Group followed with similar initiatives. VIG management also proactively set up a VIG Family Fund to give all Group companies

and employees the opportunity to help their Ukrainian colleagues and their families. The goal of the fund is to provide support directly to the affected families of the Ukrainian companies, especially during reconstruction. The fund has a basic endowment of EUR 5 million. All Group companies and employees can also make contributions.

The current political situation in Ukraine is also creating uncertainty in financial markets, among other things. VIG Insurance Group has an exposure of around EUR 211 million to Russian financial instruments. It was not possible to estimate the degree to which the Group would be affected as of the editorial deadline. Information on market risk and capital market scenario analyses is available starting on page 102 of the risk report in the 2021 Group Annual Report.

The three Ukrainian insurance companies in the VIG Insurance Group held around EUR 148 million in assets as of 31 December 2021. In the event of a complete loss of the Ukrainian operations, the VIG Insurance Group result before taxes would be decreased by the net asset value after adjusting for currency effects. As of the reporting date, the Ukrainian insurance companies had net assets of around EUR 55 million after adjusting for currency effects. As of the editorial deadline, the Ukrainian insurance companies had been able to maintain limited operations in spite of the current conditions. Due to the current volatile situation in Ukraine, VIG Insurance Group is regularly examining whether the Ukrainian companies continue to satisfy the requirements to continue as a going concern.

Information about this report

This report covers the Group-wide activities of Vienna Insurance Group in the area of sustainability. Unless indicated otherwise, the key non-financial figures that are presented refer to VIG Insurance Group's consolidated insurance companies.

Sustainability Reports have been prepared each year starting in 2017. Financial year 2021 is the reporting period for this report. Activities taking place in different time periods are indicated separately.

This report was prepared in accordance with the international sustainability reporting standards of the Global Reporting Initiative (core option). The GRI content index starting on page 68 provides information on the names of the GRI Standards used.

The Sustainability Report mainly provides information on social and environmental matters. Please see the 2021 Group Annual Report for additional information on the Company profile, business development, corporate governance and an overview of the Group companies (www.vig.com/en/investor-relations/downloads/annual-reports). Many of the company names mentioned in this report have been shortened. A table of abbreviations can be found in the 2021 Group Annual Report starting on page 184.

This report includes forward-looking statements based on current assumptions and estimates that were made by the management of VIG Holding to the best of its knowledge. Disclosures using the words "expected", "target" or similar formulations are an indication of such forward-looking statements. Forecasts related to the future development of the Company are estimates made on the basis of information available as of the date this report went to press. Actual results may differ from the forecasts if the assumptions underlying the forecast prove to be wrong or if unexpectedly large risks occur.

The report was prepared with great care to ensure that all information is complete and accurate. The possibility of rounding, typesetting or printing errors, however, cannot be ruled out completely.

The key employee figures on pages 47–53 refer to the consolidated VIG insurance companies. The total number of employees (averages based on full-time equivalents) used to calculate training hours is therefore not the

same as the number (also averages based on full-time equivalents) on page 6 of this report. The difference is less than 5%.

Information on key environmental figures

The Group's corporate carbon footprint was calculated based on the Greenhouse Gas Protocol Corporate Standard on the basis of the available data. The calculated greenhouse gas emissions, presented in CO₂ equivalents (taking into account all Kyoto gases, including NF₃), include the emissions created directly at the Company (heating energy and fuel consumption – "Scope 1") and indirectly by the Company (electricity, district cooling and district heating consumption – "Scope 2"). The emissions due to employee business flights are also included ("Scope 3"). The emission factors from the International Energy Agency (IEA) were used for electricity consumption in the current financial year (2021). In addition to the IEA emission factors (due to the lack of local emission factors for Group country Liechtenstein, those for Switzerland were used), factors from the Austrian Environmental Agency (updated 2021) and ecoinvent (version 3.8) were also used to calculate emissions. Country-specific residual mix data from the Association of Issuing Bodies (AIB) was used for unknown energy sources with respect to electricity generation. Scope 2 emissions were calculated using the location-based method (in accordance with the GHG Protocol Corporate Standard). The fully consolidated companies were included in the calculation of greenhouse gas emissions.

Feedback

We would be pleased to receive feedback on this Sustainability Report and invite all stakeholders to send us their comments.

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In case of doubt, the German version is authoritative.

GRI content index

GRI Standard	Disclosure	Page reference or reference to another document	Additional notes or omissions
GRI 102: General disclosures	102-1 Name of the organisation	page 78 (General information)	
	102-2 Activities, brands, products, and services	pages 6-7; Group Annual Report 2021 (starting on page 33)	
	102-3 Location of headquarters	page 78 (General information)	
	102-4 Location of operations	pages 6-7; Group Annual Report 2021 (starting on page 33)	
	102-5 Ownership and legal form	pages 6-7	
	102-6 Markets served	pages 6-7; Group Annual Report 2021 (starting on page 33)	
	102-7 Scale of the organisation	Group Annual Report 2021 (starting on page 33)	
	102-8 Information on employees and other workers	pages 44-53	Temporary contracts are only used in certain situations, such as parental leave replacements or for projects. There are no seasonal employees. In Poland, many employees work part-time for insurance companies and part-time for non-insurance companies at the same time. From the point of view of the insurance companies, they are part-time employees. The number of workers who are not employees is insignificant. The data is requested from the local companies.
	102-9 Supply chain	page 33 and see notes	VIG Insurance Group is a service provider. Supplier relationships are therefore not very important. The most important suppliers include: reinsurance companies, IT providers and various advisory firms (incl. PR and marketing).
	102-10 Significant changes to the organisation and its supply chain	Group Annual Report 2021 (starting on page 83)	
	102-11 Precautionary Principle or approach	pages 29-35	
	102-12 External initiatives	pages 18-19, 35 and see notes	VIG companies take part in a wide variety of local external initiatives in each country.
	102-13 Membership of associations	page 35	
	102-14 Statement from senior decision-maker	pages 3, 20-21	
	102-16 Values, principles, standards, and norms of behaviour	pages 10, 29-35, www.vig.com/en/corporate-responsibility/vig-code-of-business-ethics/the-individual-rules-of-the-vig-code-of-business-ethics	
	102-18 Governance structure	Group Annual Report 2021 (pages 14-19; Corporate Governance Report)	
102-40 List of stakeholder groups	page 8		
102-41 Collective bargaining agreements	page 53	56.8% of the employees of the consolidated insurance companies were covered by explicit collective agreements in 2021. The employees that are not covered work in companies in which collective agreements are not applicable due to national circumstances. These countries, for example, have qualification-based minimum wages or internal company pay scales.	

GRI Standard	Disclosure	Page reference or reference to another document	Additional notes or omissions
GRI 102: General disclosures	102-42 Identifying and selecting stakeholders	page 8	The stakeholder groups invited to take part in the online stakeholder survey were chosen during a workshop with internal VIG Holding experts. All of the stakeholder groups were listed during an initial brainstorming session. The stakeholders were then arranged in a stakeholder matrix in order to better understand the influence that the stakeholders have on the Company and how big an impact the Company has on the individual stakeholder groups.
	102-43 Approach to stakeholder engagement	page 8	An online stakeholder survey was performed in the financial year 2021 as part of the update of the materiality analysis. Internal stakeholders (employees, management) and external stakeholders (large customers, distributors, investors, analysts, political stakeholders, NGOs, experts, media and suppliers) were surveyed online on material topics. An overview of the various forms of stakeholder communication is provided on page 8 of the report. The frequency of communication varies greatly depending on the stakeholder group and communication channel concerned. VIG Holding, for example, has a so-called "VIG Talk" for employees. This meeting takes place between employees and managers each year and consists of a "Target Talk" (focusing on mutual feedback and work priorities and objectives) and "Talent Talk" (focusing on the VIG Talent Toolset and a discussion of personal and professional development).
	102-44 Key topics and concerns raised	pages 8-9	The following five topics were rated particularly important in the online stakeholder survey performed in 2021: customer orientation, product innovation, comprehensibility of products, data protection and security, and learning and development. In addition, both customers and investors rated climate change, environmental and social investment criteria, and responsible corporate governance as highly important. Investors also rated products with social and environmental effects, and data protection and security as highly important topics, and employees rated life balance and health promotion as very important. In May 2019, VIG Insurance Group published a coal strategy in coordination with an NGO in the environmental area that included specific objectives for both the Asset Management and Underwriting departments in connection with the withdrawal from the coal sector.
	102-45 Entities included in the consolidated financial statements	page 67; Group Annual Report 2021 (pages 193-196, Group company address list)	
	102-46 Defining report content and topic Boundaries	page 9	
	102-47 List of material topics	page 9	
	102-48 Restatements of information	see notes	The 2021 Sustainability Report is the fifth prepared in this form for VIG Insurance Group.

GRI Standard	Disclosure	Page reference or reference to another document	Additional notes or omissions
	102-49 Changes in reporting	page 9 and see notes	The materiality analysis was updated in the financial year 2021. This led to a change in the material reporting topics.
	102-50 Reporting period	page 67	
	102-51 Date of most recent report	see notes	The last report was published on 15 April 2021.
	102-52 Reporting cycle	page 67	
	102-53 Contact point for questions regarding the report	page 67	
	102-54 Claims of reporting in accordance with the GRI Standards	page 67	
	102-55 GRI content index	pages 68-73	
	102-56 External assurance	pages 76-77	

MATERIAL TOPICS

Environmental and social investment criteria

GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	page 23	
	103-2 The management approach and its components	page 23	
	103-3 Evaluation of the management approach	page 23	
GRI G4: Financial Services Sector Disclosures	FS 11 Percentage of assets subject to positive and negative environmental or social screening	see notes	Corporate bonds and equities were screened for the coal exclusion criterion during the reporting period. The share of total investments that currently do not satisfy our criteria was 1.5% as at 31/12/2021 (31/12/2020: 1.6%). The coal exposure decreased 8.2% compared to the previous year.
GRI 412: Human Rights Assessment	412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	page 27 and see notes	In the investment management area, extensive due diligence checks are performed before all purchase decisions. VIG Insurance Group does not acquire participations in companies that could damage the reputation of the Group (this also includes clear human rights violations). In 2021, there were no initial investments in VIG Holding (Subsidiaries and M&A).

Demographic change

GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	page 58	The impacts occur outside the organisation and customers are mainly affected.
	103-2 The management approach and its components	page 58	
	103-3 Evaluation of the management approach	page 58	
	Own indicator: share of total premium volume contributed by life and health insurance	page 59	

GRI Standard	Disclosure	Page reference or reference to another document	Additional notes or omissions
Climate change			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	page 61	
	103-2 The management approach and its components	page 61	
	103-3 Evaluation of the management approach	page 61	
GRI 305: Emissions	305-1 Direct (Scope 1) GHG emissions	page 65	
	305-2 Energy indirect (Scope 2) GHG emissions	page 65	

Product innovation

GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	page 37	
	103-2 The management approach and its components	page 37	
	103-3 Evaluation of the management approach	page 37	
	Own indicator: internal digitalisation level	see notes	The process of digital transformation is being managed in a multi-stage procedure: 1. communicate the Group digital vision to local managing boards and employees, 2. perform an assessment (baselining) to evaluate the current level of digital maturity of the company, 3. building on the baselining, local companies define and implement a digital transformation plan (together with VIG Holding, if necessary). The internal digitalisation level shows what levels the companies have already gone through. Almost all of the companies had a transformation plan for further digital development at the end of 2020. This procedure was replaced by a digital self-assessment during the reporting period. The VIG insurance companies use standardised questionnaires on the VIG Digital Base to perform the self-assessment online. The digital self-assessment consists of the assessment performed by the company itself followed by a quality assessment and recommendations for action by VIG Holding. 34 companies already performed the self-assessment in 2021.

Customer orientation

GRI 103:	103-1 Explanation of the material topic and its Boundary	page 37	
	103-2 The management approach and its components	page 37	
	103-3 Evaluation of the management approach	page 37	
	Own indicator	see notes	The materiality analysis was updated in 2021 and finalised at the end of the year. The topic "customer orientation" was classified as material during this process according to the definition in the GRI. The search for a suitable indicator has not yet been completed. ESG workshops planned for 2022 will also aim to define suitable indicators. Publication is planned for the 2022 or 2023 report, depending on data availability.

GRI Standard	Disclosure	Page reference or reference to another document	Additional notes or omissions
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Comprehensibility of products

GRI 103:	103-1 Explanation of the material topic and its Boundary	page 37	
	103-2 The management approach and its components	page 37	
	103-3 Evaluation of the management approach	page 37	
	Own indicator	see notes	The materiality analysis was updated in 2021 and finalised at the end of the year. The topic “comprehensibility of products” was classified as material during this process according to the definition in the GRI. The search for a suitable indicator has not yet been completed. ESG workshops planned for 2022 will also aim to define suitable indicators. Publication is planned for the 2022 or 2023 report, depending on data availability.

Data protection and data security

GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	page 42	
	103-2 The management approach and its components	page 42	
	103-3 Evaluation of the management approach	page 42	
GRI 418: Customer privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	page 43	

Learning and development

GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	page 45	The impacts occur inside the organisation and employees are mainly affected.
	103-2 The management approach and its components	page 45 and see notes	Due diligence process: If employees have questions or suggestions with respect to learning and development, they can direct them to their supervisors or human resources manager. The topic can also be discussed during the annual review. Furthermore, in Austria, for example, employees have the opportunity to provide feedback after taking advanced training. Since the Group companies are responsible for the design and organisation of training and education programmes – aside from group-wide programmes – they can adjust them to meet the needs of their local employees.
	103-3 Evaluation of the management approach	page 45	
GRI 404: Training and education	404-1 Average hours of training per year per employee	page 47	There were a variety of training initiatives in financial year 2021. Special programmes for managers were offered Group-wide by VIG Holding and by some of the local companies.

GRI Standard	Disclosure	Page reference or reference to another document	Additional notes or omissions
Responsible corporate governance/compliance			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	page 29	
	103-2 The management approach and its components	page 29	
	103-3 Evaluation of the management approach	page 29	
GRI 205: Anti-corruption	205-3 Confirmed incidents of corruption and actions taken	page 31	
GRI 206: Anti-competitive behaviour	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	see notes	Two proceedings were pending in the reporting period. They were concluded by the court of first instance; both the Group companies concerned appealed the decisions.
GRI 307: Environmental compliance	307-1 Non-compliance with environmental laws and regulations	see notes	No violations were reported in the reporting period.

The 10 principles of the UN Global Compact

VIG Insurance Group has committed to compliance with the 10 principles of the UN Global Compact. The table below shows the sections of this report that deal with these principles.

No.	Principles	Section	Page
Human rights			
1	Businesses should support and respect the protection of internationally proclaimed human rights.	Sustainability strategy	14
2	Businesses should make sure that they are not complicit in human rights abuses.	Core business	33
		Employees	53
Labour			
3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.		
4	Businesses should uphold the elimination of all forms of forced and compulsory labour.	Employees	53
5	Businesses should uphold the effective abolition of child labour.		
6	Businesses should uphold the elimination of discrimination in respect of employment and occupation.	Sustainability strategy	16
		Employees	50-53
Environment			
7	Businesses should support a precautionary approach to environmental challenges.	VIG 25	12-13
		Sustainability strategy	17
8	Businesses should undertake initiatives to promote greater environmental responsibility.	VIG 25	12-13
		Sustainability strategy	17
		Environment	60-65
9	Businesses should encourage the development and diffusion of environmentally friendly technologies.	Core business	26-27
		Customers	40
		Environment	60-62
Anti-corruption			
10	Businesses should work against corruption in all its forms, including extortion and bribery.	Sustainability strategy	14
		Core business	29-34

Declaration by the Managing Board

This consolidated non-financial report for financial year 2021 was approved for publication on 16 March 2022.

Vienna, 16 March 2022



Elisabeth Stadler
General Manager, CEO,
Chairwoman of the
Managing Board

Areas of responsibility:

Management of the Group, Strategy, Bancassurance and International Partnerships, Communication & Marketing, European Affairs and ESG, General Secretariat and Legal, Human Resources, Internal Audit, Sponsoring, Subsidiaries and M&A, Central Functions

Country responsibilities:

Germany



Hartwig Löger
Deputy General Manager,
Deputy Chairman of the
Managing Board

Areas of responsibility:

Planning and Controlling,
Strategy and Development

Country responsibilities:

Austria, Slovakia, Czech Republic, Hungary



Liane Hirner
CFRO, Member of the
Managing Board

Areas of responsibility:

Asset Risk Management,
Digitalisation, Finance and Risk,
Enterprise Risk Management,
Finance Department, Investor
Relations

Country responsibilities:

Liechtenstein



Peter Höfinger
Member of the
Managing Board

Areas of responsibility:

Corporate Business,
Reinsurance

Country responsibilities:

Albania, Bosnia-Herzegovina,
Bulgaria, Kosovo, Croatia,
Moldova, Montenegro, North
Macedonia, Romania, Serbia



Gerhard Lahner
COO, Member of the
Managing Board

Areas of responsibility:

Asset Management (incl. Real Estate), Holding IT, Process & Project Management, Treasury incl. Asset Liability Management, VIG Corporate IT

Country responsibilities:

Georgia



Gábor Lehel
CIO, Member of the
Managing Board

Areas of responsibility:

Innovation

Country responsibilities:

Belarus



Harald Riener
Member of the
Managing Board

Areas of responsibility:

Assistance, Customer
Experience, Tool Box Sales

Country responsibilities:

Estonia, Latvia, Lithuania,
Poland, Ukraine



Peter Thirring
CTO, Member of the
Managing Board

Areas of responsibility:

Actuarial Department, Active
Reinsurance, Anti-Money
Laundering, Compliance,
Insurance Life/Non-Life Retail

Country responsibilities:

Turkey



Managing Board of VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe, Vienna

This English language independent assurance report is a translation provided for information purposes only. The original German text shall prevail in the event of any discrepancies between the English translation and the German original. We do not accept any liability for the use of, or reliance on, the English translation nor for any errors or misunderstandings that may derive from the translation.

Independent Assurance Report on the Non-financial Reporting according to § 267a UGB

We have performed an independent limited assurance engagement on the combined consolidated non-financial report according to §267a UGB (“NFI report”) for the financial year 2021, which has been published as Nachhaltigkeitsbericht 2021 of

**VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe,
Vienna,**

(referred to as “VIG” or “the Company”).

Conclusion

Based on the procedures performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the NFI report of the Company is not in accordance with the legal requirements of the Austrian Sustainability and Diversity Improvement Act (§267a UGB), the provisions of Article 8 of the Regulation (EU) 2020/852 as amended and the supplementing delegated Regulation (EU) 2021/2178 (hereafter “EU Taxonomy Regulation”) and the sustainability reporting guidelines of the Global Reporting Initiative (GRI Standards) Option “Core” in all material respects.

Management’s Responsibility

The Company’s management is responsible for the proper preparation of the NFI report in accordance with the reporting criteria. The Company applies the legal requirements of the Austrian Sustainability and Diversity Improvement Act (§267a UGB) and the sustainability reporting guidelines of the Global Reporting Initiative (GRI Standards) Option “Core” as reporting

criteria. In addition, the company prepares disclosures in accordance with the EU Taxonomy Regulation, which are published as part of sustainability reporting.

The Company’s management is responsible for the selection and application of appropriate methods for non-financial reporting (especially the selection of significant matters) as well as the use of appropriate assumptions and estimates for individual non-financial disclosures, given the circumstances. Furthermore, their responsibilities include the design, implementation and maintenance of systems, processes and internal controls that are relevant for the preparation of the sustainability report in a way that is free of material misstatements – whether due to fraud or error.

Auditors’ Responsibility

Our responsibility is to state whether, based on our procedures performed and the evidence we have obtained, anything has come to our attention that causes us to believe that the Company’s NFI report is not in accordance with the legal

requirements of the Austrian Sustainability and Diversity Improvement Act (§267a UGB), the legal requirements of the EU Taxonomy Regulation and the sustainability reporting guidelines of the Global Reporting Initiative (GRI Standards) Option “Core” in all material respects.

Our engagement was conducted in conformity with the International Standard on Assurance Engagements (ISAE 3000) applicable to such engagements. These standards require us to comply with our professional requirements including independence requirements, and to plan and perform the engagement to enable us to express a conclusion with limited assurance, taking into account materiality.

An independent assurance engagement with the purpose of expressing a conclusion with limited assurance is substantially less in scope than an independent assurance engagement with the purpose of expressing a conclusion with reasonable assurance, thus providing reduced assurance. Despite diligent engagement

planning and execution, it cannot be ruled out that material misstatements, illegal acts or irregularities within the non-financial report will remain undetected.

The procedures selected depend on the auditor's judgment and included the following procedures in particular:

- Inquiries of personnel at the group level, who are responsible for the materiality analysis, in order to gain an understanding of the processes for determining material sustainability topics and respective reporting thresholds of the Company;
- A risk assessment, including a media analysis, on relevant information on the Company's sustainability performance in the reporting period;
- Evaluation of the design and implementation of the systems and processes for the collection, processing and monitoring of disclosures on environmental, social and employees matters, respect for human rights, anti-corruption as well as bribery and also includes the consolidation of data;
- Inquiries of personnel at the group level, who are responsible for providing, consolidating and implementing internal control procedures relating to the disclosure of concepts, risks, due diligence processes, results and performance indicators;
- Inspection of selected internal and external documents, in order to determine whether qualitative and quantitative information is supported by sufficient evidence and presented in an accurate and balanced manner;
- Assessment of the processes for local data collection, validation and reporting, as well as the reliability of the reported data through a (remotely conducted) survey performed on a sample basis at a daughter company in Poland
- Analytical evaluation of the data and trend of quantitative disclosures regarding the GRI Standards listed in the GRI-Index, submitted by all locations for consolidation at the group level;
- Evaluation of the consistency of the Austrian Sustainability and Diversity Improvement Act (§267a UGB), the EU Taxonomy Regulation and the GRI Standards, Option "Core" to disclosures and indicators of the NFI report, which apply to the Company;
- Evaluation of the overall presentation of the disclosures by critically reading the NFI report.

The procedures that we performed do not constitute an audit or a review. Our engagement did not focus on revealing and clarifying of illegal acts (such as fraud), nor did it focus on assessing the effectiveness and efficiency of management. Furthermore, it is not part of our engagement to audit future-related disclosures, prior year figures, statements from external sources of information, expert opinions or references to more extensive external reporting formats of the Company.

Restriction on use

Because our report will be prepared solely on behalf of and for the benefit of the principal, its contents may not be relied upon by any third party, and consequently, we shall not be liable for any third-party claims. We agree to the publication of our assurance certificate together with the NFI report. However, publication may only be performed in its entirety and as a version that has been certified by us.

General Conditions of Contract

Our responsibility and liability towards the Company and any third party is subject to paragraph 7 of the General Conditions of Contract for the Public Accounting Professions.

Vienna, 16 March 2022

KPMG Alpen-Treuhand GmbH
Wirtschaftsprüfungs und Steuerberatungsgesellschaft

Mag. Peter Ert
Wirtschaftsprüfer
(Austrian Chartered Accountant)

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*We enable customers to live
a safer and better life:
Protecting what matters.*



Sustainability Report 2021

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