

Protecting what will matter.

HIGHLIGHTS

2020

Growth

VIG Insurance Group signed a purchase agreement with the Dutch company Aegon in 2020 to acquire its companies in Hungary, Poland, Romania and Turkey. This will increase the customer base by

4.5 million.

The Group will consolidate its leading position in the CEE region and will be

No. 1

in Hungary for the first time. The acquisition is expected to be formally concluded in the 2nd half of 2021.

Financial market

VIG shares continue to be included in VÖNIX in 2020/2021, which means it has been

15 years

since they were listed in the Austrian sustainability index.

The listing in the international FTSE4Good Index was also confirmed again in 2020.

Digitalisation

Digital healthcare services became more important in 2020.

Wiener Städtische, for example, offers

digital prenatal classes.

See page 32

Innovation

In Poland, VIG company Compensa introduced digital motor insurance with

Beesafe.

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Investment

VIG Insurance Group takes social and environmental criteria into account in its investment strategy. At the end of 2020, the Group held

EUR 238.2 million

in green bonds.

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Coronavirus

VIG Insurance Group invested

EUR 7 million

in Apeiron Biologics AG to support development of a drug against Covid-19. Wiener Städtische and Donau Versicherung are providing up to

EUR 3 million

in support via the investment company "Stolz auf Wien" (Proud of Vienna) to ensure the continued existence of Vienna businesses endangered by the coronavirus crisis and the jobs they provide.

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Life insurance

Wiener Städtische launched “Eco Select Invest”, the market’s first unit-linked life insurance to receive the

Austrian Ecolabel.

See page 36

Award

“Forbes” magazine once again chose VIG Insurance Group as one of the

750 best employers

in the world. This makes it the only Austrian financial services provider in the list.

See page 41

Work-life balance

Since March 2020, the motto has been “home office before office”. According to a survey in VIG Holding,

94%

of the employees participating in the survey would like to continue working more from home in the future.

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Coronavirus

3,000

masks were distributed to paramedics and carers by the Slovakian VIG company Kooperativa. Many other companies were also taking part in the fight against the coronavirus.

See page 48

Gender equality

Group-wide,

25%

of the Managing Board positions are held by women. At the second management level, it is

46%.

See page 45

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 page of
the Group Annual Report 2020 shows the
Group's promise: "protecting what matters".

Satisfying this promise requires a certain
attitude. One has to be aware of the
long-term consequences of one's actions.
Thinking in terms of generations is at the
core of the insurance business, and by also
protecting what will matter tomorrow, we
ensure that we continue to be a reliable
partner in the future.

Taking a long-term view also means taking a
broad view. Profitable growth is necessary,
but not sufficient for achieving sustainable
prosperity. Other requirements are also
necessary: a healthy environment and a
functioning society. We also protect these
things, because they will matter even more
than ever tomorrow.

“Future viability is not shown by numbers alone.”

Dear Ladies and Gentlemen,

Referring to 2020 as a challenging year is probably still quite an understatement. The EU commission called the coronavirus pandemic the “greatest health crisis in living memory”. It was also accompanied by a sharp economic downturn. The events this year once again confirmed something for me: sustainability pays for itself.

Our promise is to protect what matters. Our stakeholders can have confidence in us as a long-term reliable partner. That is a necessary condition for our business, as we promise to provide customers benefits that are often received decades in the future. We also protect what will matter tomorrow. That is the premise underlying our approach to business.

Economic stability is an important requirement for this. VIG Insurance Group showed that it was highly resilient in 2020 and able to withstand unexpected events. We have succeeded in achieving profitable growth in previous years. That gives us the strength to maintain our course, in spite of headwinds, and stand by our promise. Our broad diversification across countries, brands, products and distribution channels also helped.

Future viability is not shown by numbers alone. One also has to keep a watchful

eye on current developments. In 2020, we benefited from the fact that the digital transformation was already well under way across our Group. We managed an almost seamless transition into home offices, while maintaining contact with our customers in spite of the change. In addition to technical issues, digitalisation also requires changes in the way we think and act. Our goal is to use new solutions to increasingly help customers avoid losses before they occur. And we will be further increasing the added value we offer with our risk coverage, such as by expanding our assistance services.

In addition to digitalisation, climate change is the second biggest challenge that will determine our future. The increase in extreme weather events and the losses they cause, which are already having a significant effect on us, are just one of the consequences of global warming. As a society, we are collectively faced with the challenge of protecting today what will matter even more tomorrow: sustainable, renewable energy, natural habitats of all kinds, necessary resources and social solidarity.

VIG Insurance Group is making a contribution by, for example, aligning its investment strategy with social and environmental criteria and offering products with environmental added value. I believe, however,

that we will only master this challenge one way: together. That is why we make our core value of diversity an integral part of the day-to-day life in our Group. We provide every employee room to develop and we benefit from different points of view. And VIG Holding, the VIG companies and Wiener Städtische Versicherungsverein, our principal shareholder, support many projects that promote respect and solidarity, mutual understanding and building bridges between different cultures. That is the only way we can protect what matters. And protect what will matter.



Elisabeth Stadler
Chairwoman of the Managing Board

Sustainability Report 2020

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#01 Core business

- 20 For VIG Insurance Group, sustainable management means continuing to integrate social and environmental factors into the core business.

#02 Customers

- 30 VIG Insurance Group wants to serve as broad a range of people as possible – with innovative products that provide social and environmental added value.

#03 Employees

38 VIG Insurance Group offers a good working environment with modern management that allows all employees to contribute their many talents and points of view.

#04 Society

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#05 Environment

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VIG INSURANCE GROUP AT A GLANCE

VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe is an international insurance group. VIG Holding is headquartered in Vienna and manages and assists around 50 insurance companies in 30 countries. Their more than 25,000 employees develop insurance solutions that are custom-tailored to the local and personal needs of more than 22 million customers. Central and Eastern Europe (CEE) is the regional focus of the insurance group.

The internationally recognised rating agency Standard & Poor's has granted

VIG an A+ rating with stable outlook, which means VIG has the best rating of all companies in the ATX, the leading index of the Vienna Stock Exchange. 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, the remaining are in free float. Wiener Städtische Versicherungsverein is a stable principal shareholder that focuses on the long term. It assists VIG companies with cultural and social matters and provides support for many projects in these areas.



This logo identifies examples of the many support activities performed by VIG Insurance Group's principal shareholder.

THE VIG INSURANCE GROUP VALUE CHAIN

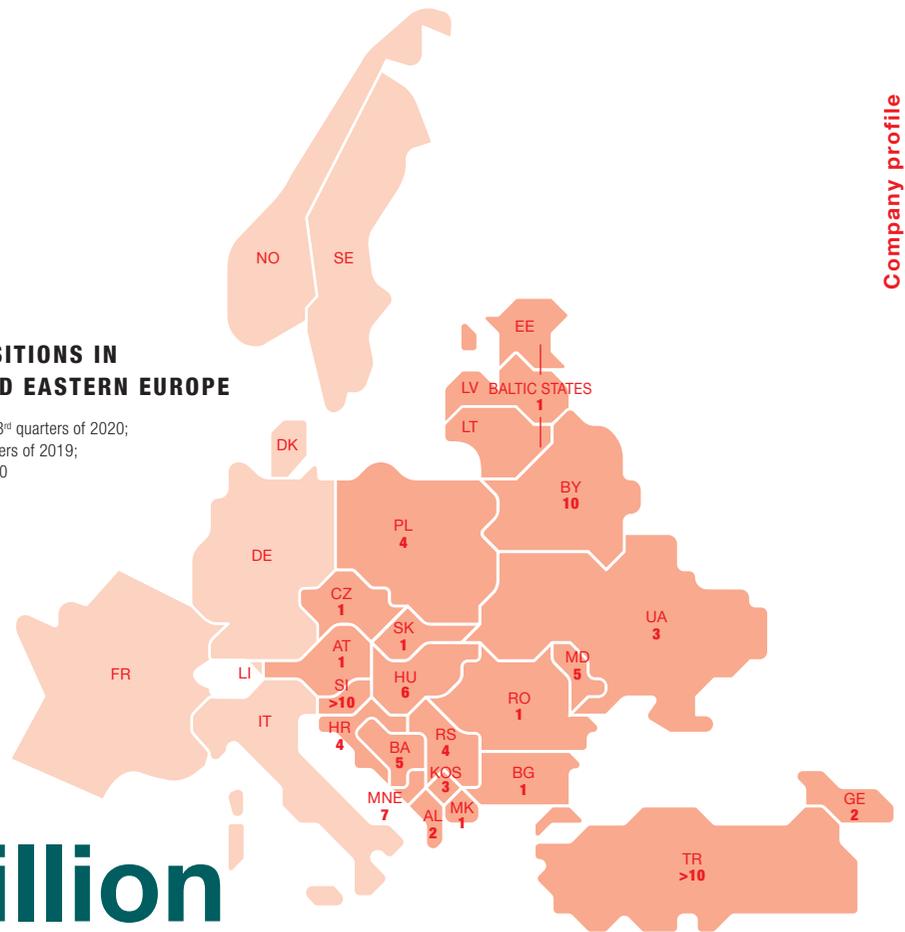
This simplified chart shows the inputs and internal processes that the companies in the Group use to create value – and their products, namely insurance solutions. One of the simplifications is that reinsurance is not only purchased on the market, but also provided internally within the Group by VIG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



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

MARKET POSITIONS IN CENTRAL AND EASTERN EUROPE

Market rankings 1st to 3rd quarters of 2020;
 Hungary 1st to 4th quarters of 2019;
 Slovenia 1st half of 2020



Number of employees in 2020 (average for the year):

25,680

Total premium volume in 2020:

EUR 10.4 billion

Result before taxes in 2020:

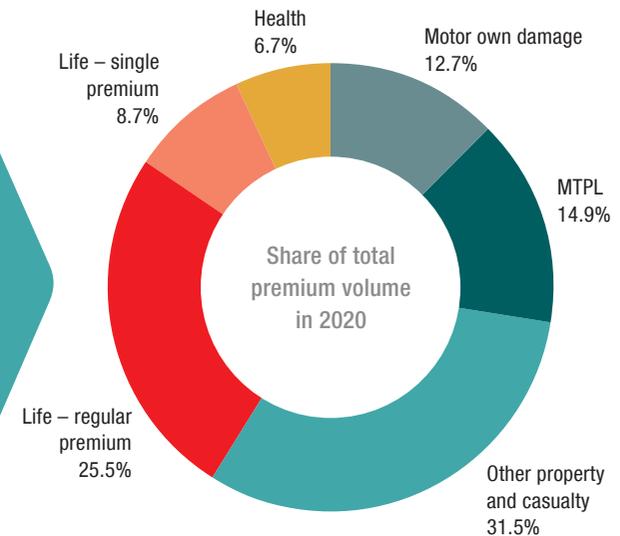
EUR 345.9 million

Solvency ratio in 2020:

238%

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.



Insurance Encyclopaedia), Wiesbaden, p. 430 ff

IN DIALOGUE WITH STAKEHOLDERS

In order to know what is important to them, VIG companies maintain an ongoing dialogue with their different stakeholder groups. They use a wide range of communication channels for this purpose. Due to the pandemic, personal contact was reduced during the reporting period and virtual forms of communication were used more often.

Customers

- contact by customer advisors, customer visits to service offices or by video, telephone, email, etc.
- feedback via social media channels
- customer surveys
- customer/market analysis

Employees

- virtual employee events
- roll-out of a new Group-wide intranet
- regular, structured employee reviews
- surveys
- contact with potential employees at virtual job fairs and co-operations with universities

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 by Group Communication
- 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 trainings
- newsletters
- distribution portals
- events

Industry members

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

The most important topics

The materiality analysis shows which aspects of its sustainability activities VIG Insurance Group should focus on.

The Group's sustainability strategy is based on a materiality analysis that indicates which topics should be given priority. It centres on two questions, whose answers are summarised in the materiality matrix (see chart below):

- Which topics are relevant from a stakeholder point of view? The answers are shown on the (vertical) y-axis of the materiality matrix.
- On which topics does the Group have a major impact? The answers are shown on the (horizontal) x-axis.

How it came about: The process

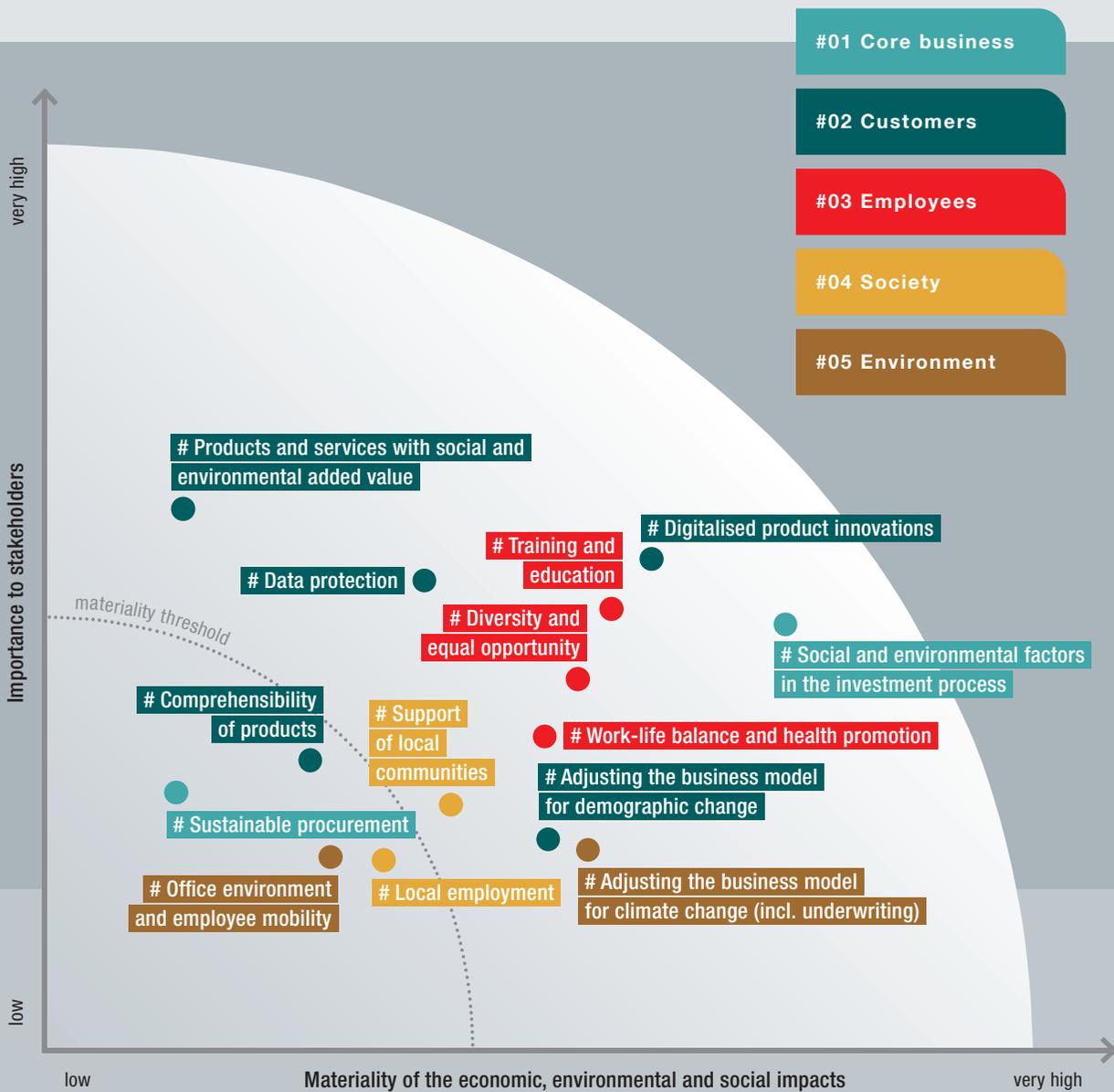
The process for the materiality analysis began in 2016. First, the sustainability topics that play a role in VIG Insurance Group's business were identified. The different internal and external stakeholders were then surveyed online. Around 770 people indicated how strongly a certain topic influenced them in their assessment of VIG Insurance Group. An impact analysis was performed on this basis in 2018 in order to closely examine the impact VIG Insurance Group has. The multi-stage process included both quantitative assessments as

well as workshops with management and individuals responsible for topics led by external experts.

What it led to: The results

The sustainability activities of VIG Insurance Group centre on topics that are highly relevant from a stakeholder point of view and those where the Group has a major impact. The impact analysis increased the focus on the following topics: social and environmental factors in the investment

process, adjusting the business model for climate change (incl. underwriting), and adjusting the business model for demographic change. These factors were subsequently given greater weight by VIG Holding's sustainability management. The impact analysis confirmed the relevance of topics like digitalised product innovation.



OUR PRINCIPLES

Our company mission statement and strategy define the principles that guide VIG Insurance Group in its business activities.

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.

Primary strategic objective

Expanding market leadership and taking advantage of growth potential in Central and Eastern Europe (CEE)

Key strategic elements

Core business insurance

VIG insurance companies concentrate on their core business, namely providing insurance solutions and other services that best address the security and future provision needs of people.

Focus on CEE

The Group focuses on CEE, with the aim of exploiting growth opportunities in this region. The economic and insurance-related differences between the markets also ensure broad risk diversification.



Management principles

Local entrepreneurship

VIG Insurance Group's decentralised organisational structure gives 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 36,646.3 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. Most of the investments are therefore 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.

Non-financial objectives

Corporate social responsibility

In addition to its economic objectives, VIG Insurance Group also pursues social and environmental objectives to protect what will matter. Detailed information on VIG Insurance Group's sustainability strategy is provided on pages 12–15.

Employer of choice

VIG Insurance Group can only protect what matters if it has the right employees. The appreciation of different experiences and expectations creates a work environment that allows everyone to follow their ideal development path. Further information on VIG Insurance Group's position as an attractive employer with an international background is provided starting on page 38.

CLEAR PRIORITIES: THE SUSTAINABILITY STRATEGY

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

CSR MANAGEMENT

VIG Insurance Group considers corporate social responsibility (CSR) an important part of its strategic orientation. VIG Holding has a CSR team in the General Secretariat and Legal department that reports directly to the Chairwoman of the Managing Board. The team coordinates CSR agendas across the Group and coordinates the different topics with management at the Company headquarters and the CSR officers in the VIG insurance companies. Information is regularly exchanged – almost exclusively through virtual meetings during the reporting period – to increase understanding of topics relevant to CSR.

#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.

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 internal Code of Business Ethics.

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
- CSR Officers increase the understanding of CSR topics and professionalise CSR management



VIG insurance companies feel their primary objective is to provide comprehensive protection against the risks of day-to-day life 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 is an important element.

#02 Customers

OUR AMBITION WITH RESPECT TO CUSTOMERS:

- VIG insurance companies increasingly develop products with social or environmental added value
- VIG insurance companies also further develop innovative and digital 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 work-life balance and options for health promotion. The corporate 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, motivates and retains them.

OUR AMBITION WITH RESPECT TO EMPLOYEES:

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



#04 Society



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 close monitoring of socio-economic trends.

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

OUR AMBITION WITH RESPECT TO SOCIETY:

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



#05 Environment

As an insurance company, VIG Insurance 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 expert knowledge concerning 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:

- all insurance companies actively work on building awareness of climate risks
- the business model, including underwriting, is being adjusted for climate change
- CSR Officers continue to develop internal environmental management

SUSTAINABLE DEVELOPMENT GOALS

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

The United Nations defined the Sustainable Development Goals (SDGs) in its 2030 Agenda to contribute to the creation of a better, more peaceful and prosperous world. The 17 goals and 169 targets cover economic, social and environmental issues. They call on governments and companies to align their actions with these goals. VIG Insurance Group examined the SDGs carefully and has integrated them into its sustainability reporting starting in 2019. The chart describes the four goals and relevant targets where 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>Pension products, promotion of health in the Company, digital services allowing access even, for example, during the coronavirus pandemic (online prenatal classes, etc.)</p> <p>More information is provided on pages 30–32, 34–37 and 41</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 to strengthen women in all expert and leadership roles</p> <p>More information is provided on pages 44–45</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</p> <p>More information is provided on page 24</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, increase in environmental investments, products and services for innovative sectors</p> <p>More information is provided on pages 20–23, 36–37 and 50–53</p>

“WE CAME TO STAY”

Digitalisation of the insurance industry received a strong boost in 2020, according to Managing Board Chairwoman Elisabeth Stadler. 30 years after VIG entered the market in Central and Eastern Europe, she continues to see great potential there.

2020 will go down in history as the year of the COVID-19 pandemic. How did VIG Insurance Group fare during this turbulent period?

ELISABETH STADLER: In mid-March, almost from one day to the next, thousands of our employees started working from home and our customer service centres had to be closed. Customer support and the work performed in the background suddenly had to make do without personal contact. They used email, video calls and the good old telephone to communicate with one another. I was actually quite surprised how quickly this major change was made and how well it worked. We managed to successfully maintain our business operations. And, thanks to a strong beginning of the year, we even recorded a slight 0.3% increase in premiums compared to the previous year. At the same time, VIG companies became involved in efforts to help people who were particularly strongly affected by the coronavirus pandemic in their markets, ranging from supplying FFP-2 masks and performing contact tracing, all the way to producing online videos to educate people about protective measures.

What do you think the medium and long-term effects of the pandemic will be?

STADLER: I think digitalisation received a

strong boost. Many customers began using digital channels for the first time in order to communicate with us, buy policies or submit loss notifications – and they noticed how quick and easy it was. Many employees have also developed a liking for their home offices. There is also a greater awareness of cyber risks, which increased the demand for insurance in this area. Digitalisation will also have a positive effect on our environmental footprint. After such good experience with working together virtually, we will probably fly less frequently to international meetings in the future.

Climate change has moved a bit into the background in public discussion.

STADLER: Climate change may have disappeared from the headlines for a while, but it continues to be the second major challenge – after digitalisation – that will determine our future. I believe it is very important that sustainability is firmly anchored in our Company and responsibility is one of our core values. Our stakeholders – from customers and employees to investors – are increasingly taking sustainability into account when deciding where to buy insurance, apply for jobs and invest their capital. By the way, there has also been no change in demographic trends. Average life expectancy is increasing by twelve months every

four years in Austria, and company and private pensions can help eliminate the risk of gaps in future provisions for pensions, healthcare and nursing care.

VIG Insurance Group has been operating in Eastern Europe since 1990, which makes it 30 years now.

Has the expansion paid off?

STADLER: In 1990, we were three Austrian companies with a premium volume of EUR 1 billion. Today, we are a group of around 50 companies with total premiums of more than EUR 10 billion. Our market share of around 19% makes us the leading insurance group in the CEE region. The expansion was therefore definitely the right decision to make. I am also convinced that economic growth in Eastern Europe will once again exceed growth in Western Europe after the crisis. The region continues to offer huge potential. We therefore also decided to reach an agreement with Aegon in the Netherlands to acquire its companies in Hungary, Poland, Romania and Turkey, along with a total of 4.5 million customers. The purchase agreement was signed in November 2020 and we expect formal closing to take place in the second half of 2021. This will strengthen our leading position in Central and Eastern Europe. The region continues to be our strategic focus. We came to stay.

Men continue to dominate the managing boards of large companies in Austria. How can that be changed?

STADLER: The top management and owners of a company have a great responsibility in this area. If they make diversity a key part of their strategy, then concrete changes will occur. In VIG Insurance Group, for example, we have made diversity one of our three core values. Within the Group, women hold 25% of the managing board positions and around 46% of the positions at the second management level. This shows that diversity is truly a part of our day-to-day life here.



© Iant Ehm

“Climate change and digitalisation are the big challenges that will determine our future.”

Elisabeth Stadler,
Chairwoman of the Managing Board of VIG Holding

#01

Core business

Social and environmental factors in the investment process

Responsible corporate governance

Partnerships

Social and environmental factors in the investment process

A legal framework for green capital flows

The EU is working on legislation and has already passed some laws to increase capital flows into sustainable areas of the economy. This has also had an effect on VIG Insurance Group.

The insurance industry plays an important role in achieving climate goals. This is not because it generates a particularly large volume of greenhouse gases, but because it manages a very large amount of money, namely the premiums paid by its customers. Where this capital is invested affects the direction of economic change. In addition, creating an environmentally friendly energy system is expensive and government financing alone is insufficient to cover the investments needed. The EU has also recognised this. The European Commission already issued its “Sustainable Finance” action plan in 2018. The goal is to increase the use of “ESG” criteria when making investment decisions. The abbreviation “ESG” stands for “Environmental, Social and Governance”, meaning environmental and social goals and good corporate governance.

New regulations

The action plan creates a basis for concrete laws that have already been proposed by the EU Commission and adopted into European law. Two regulations that have already been published in the EU Official Journal and are particularly relevant are outlined briefly below:

- The Taxonomy Regulation specifies criteria that determine which economic activities are considered environmentally sustainable. An activity can only be called green if it contributes to one of six environmental objectives, including climate protection and a circular economy. This will allow companies to provide clear information in the future on how environmentally sustainable their activities are. Financial market participants must in turn publish information on how sustainable their investments are. The

Commission is currently still working on technical screening criteria to specify the requirements in detail. Application will take place in phases starting as of 1 January 2022.

- The Disclosure Regulation requires financial market participants to provide information on how sustainability risks have been integrated starting in March 2021. This includes pre-contractual disclosure of these risks in the description of financial products. In VIG Insurance Group, this affects all life insurance companies in the EU. They have prepared intensively for application of the new requirements, so that the information concerned can be disclosed starting 10 March 2021.

Material topic:

Social and environmental factors in the investment process

Why the topic is important

Insurance companies are important providers of capital for national economies. VIG Insurance Group's investment decisions have indirect social and environmental effects that could be positive or negative. 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 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 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 that show an involvement in illegal weapons

Successes

- Gradual reduction of investments in the coal sector
- Increased investment in green bonds
- Support provided for affordable, environmentally-friendly housing
- Involvement in the fight against the coronavirus pandemic and its effects
- No investments in companies involved with banned weapons



* Based on the investment portfolio in March 2019

Withdrawal from coal

The VIG Insurance Group climate change strategy specifies the environmental orientation of its investments. Exposure is being reduced in the coal sector and increased in environmentally-friendly projects.



VIG Insurance Group approved a climate change strategy in May 2019 to promote the transition to an environmentally-friendly, low-carbon economy. The requirements apply to all VIG insurance companies. In addition to underwriting rules (see page 50), the strategy requires complete elimination of direct investments in the coal sector. This especially applies to mining companies and coal-fired power plants. Existing 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 share of environmentally-friendly investments, however, is to be increased at the same time. The Group companies, for example, are providing capital for increasing the use of renewable energies. The EU will introduce uniform rules in the Taxonomy Regulation (see page 20) for assessing which investments are environmentally sustainable. VIG Insurance Group will also take this framework into account in its reporting on green investments.

WHAT IS THE COAL SECTOR?

The climate change strategy uses the following criteria to define which companies are in the coal sector:

- 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.

EUR 36.6 billion

VIG Insurance Group manages EUR 36.6 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.



© Atlantica Sustainable Infrastructure

Two solar power plants in the Spanish region of Castilla-La Mancha produce enough environmentally friendly solar power for around 52,000 households. Wiener Städtische and Donau Versicherung used a project bond to jointly invest EUR 40 million in the two power plants in 2020.



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The “Hohe See” and “Albatros” offshore wind farms in northern Germany provide clean wind power for around 710,000 households. Wiener Städtische and Donau Versicherung provided a EUR 40 million financing to support their construction and operation.



INCREASED INVESTMENT IN GREEN BONDS

Green bonds are used to provide financing for environmentally-friendly projects (e.g. renewable energy)

2018

EUR 69.9 million

2019

EUR 154.3 million

2020

EUR 238.2 million



VIG CLIMATE CHANGE STRATEGY: BINDING REQUIREMENTS FOR ALL VIG INSURANCE COMPANIES

- No new direct investments (shares and corporate bonds) in companies in the coal sector
- Existing investments 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.*
- The share of environmentally-friendly investments (e.g. renewable energies, green bonds, environmentally-friendly construction methods) will be increased.
- Underwriting: no policies for new coal mining or coal-fired power plant projects (see page 50)

For more information see www.vig.com/climate-change-strategy

* Based on the investment portfolio in March 2019

Issuing a sustainability bond

Based on the long-term capital planning of the Group, the Managing Board initiated measures in January 2021 to issue a senior sustainability bond, with a focus on increasing investments in socially and environmentally sustainable projects. Depending on market conditions, the bond will be issued in the 1st half of 2021 with a volume of up to EUR 500 million. The details of the issue and the sustainability bond framework, incl. a second party opinion from an independent rating agency, will be published during the course of the issue.

Social housing: Good for people, good for the environment

VIG Insurance Group and Wiener Städtische Versicherungsverein hold interests in a number of non-profit housing societies, thereby promoting affordable, environmentally-friendly housing for a broad range of people.



VIG Insurance Group has invested part of its capital in non-profit housing societies in Vienna and other Austrian states. These indirect real estate investments had a book value of EUR 4 billion at the end of 2020. This achieves a number of goals at the same time. First, it can rely on stable returns. Second, it provides support for both social and environmental concerns. This is because the non-profit housing societies build and manage housing, but not based on the principle of profit maximisation. VIG Insurance Group indirectly provides more than 100,000 homes at affordable rents to a broad range of people through its investments. This is particularly important today, as housing has become considerably more expensive in previous years. From 2010 to mid-2020, the price of freehold units and houses increased by 76% in Austria and rents rose 46%. In comparison, general inflation was only around 20% during this period. Experts are now calling affordable housing the social issue of the 21st century.

good access to public transport also contributes to climate protection. If people have to move to lower priced areas around the city, they often have to commute to work, which increases CO₂ emissions.



© SOZIALBAU/AGB

Wiener Städtische Versicherungsverein has held interests in non-profit housing societies in Austria since the 1980s. It also holds an interest in Sozialbau AG together with VIG Insurance Group. Sozialbau will install photovoltaic systems on the roofs of all its residential buildings by 2023. This will reduce CO₂ emissions as well as operating and energy costs.

Social housing is good for the environment

Social housing does more than help people who are worried about the rising cost of housing. The non-profit housing societies also ensure that the residential buildings are socially mixed and offer inclusive forms of housing. Environmental factors are also addressed. Energy-efficient construction and renovation of existing buildings reduces the need for heating, which in turn reduces emissions of climate-damaging greenhouse gases. Building affordable housing with

Through its investments in non-profit building societies, VIG Insurance Group provides more than

100,000

homes at affordable rents.

SMART CITIES

To support cities and municipalities in their efforts to achieve sustainability, VIG Holding became a “Founding Anchor Partner” of Plug and Play Vienna Smart Cities. With this partner, VIG Holding is able to offer relevant start-ups a professional environment that promotes further development.

Social and environmental factors in the investment process

Investing in the fight against the coronavirus and its effects

VIG Insurance Group provides support for developing drugs and safeguarding jobs.

VIG Insurance Group is helping in the fight against the coronavirus. Its efforts are focused on both the health and economic consequences of the pandemic. The Group invested, for example, EUR 7 million in Apeiron Biologics AG in June 2020.

This Vienna biotechnology company was founded by the Austrian geneticist Josef Penninger and is developing a drug against the Covid-19 disease caused by the coronavirus. It also performs research on cancer therapies. VIG Insurance Group was the largest investor in the financing round and now holds slightly more than 3% of Apeiron's shares. The Group primarily views this as a social investment aimed at helping in the fight against Covid-19. "The goal of the insurance business is to preserve value", stated Managing Board Chairwoman Elisabeth Stadler. "For us, this also includes helping to create a future worth living." VIG Holding also provides support for BIOTECH AUSTRIA, the association of Austrian biotechnology companies.

Investment in "Stolz auf Wien"

The economic consequences of the coronavirus are also putting at risk the goal of a future worth living. Wiener Städtische and Donau Versicherung are therefore supporting the "Stolz auf Wien" (Proud of Vienna) investment company, which provides capital to companies in the form of temporary investments. This ensures the continued existence of these companies and the jobs

they provide. The target group is Viennese businesses that have encountered short-term difficulties due to the coronavirus, but have a positive long-term outlook. The investment company was founded by

the City of Vienna and has EUR 38.75 million in capital from both the City and corporate partners. Wiener Städtische and Donau Versicherung committed to an investment of EUR 3 million.



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Research is being performed in Vienna on a drug against Covid-19.

Social and environmental factors in the investment process

No investments in banned weapons

VIG Insurance Group checks carefully to determine whether companies are involved in the production or trade of banned weapons.

VIG Insurance Group has 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. These weapons cause unconscionable suffering. Their use is therefore governed by a number of international conventions, such

as the Convention on Cluster Munitions, Ottawa Convention, Nuclear Non-Proliferation Treaty, Biological Weapons Convention and Chemical Weapons Conventions. Even if a company's involvement in the production or trade of banned weapons cannot be unequivocally proven, to be on the safe side, the Group refrains from making an investment in order to avoid financing such weapons as far as possible.

Trust is good, compliance is better

Compliance officers in VIG Holding and the VIG companies ensure that all rules are observed in Group companies.

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 the 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 for the Group companies and the head of Group Compliance. A policy approved by the Managing Board and a guideline specify roles, responsibilities and minimum standards. The compliance officers 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 potential 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 Group 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 Group Compliance. This allows improper conduct to be quickly detected and penalised. No cases of corruption were reported during the reporting period.

Group-wide exchange of information

To achieve Group-wide coordination and continuously improve the compliance management system, Group Compliance holds an annual meeting with the local compliance officers. Measures such as the prevention of corruption and bribery, anti-competitive behaviour, market abuse, violations of sanctions and embargoes and money laundering are discussed. The following are some of the topics discussed during this reporting period: legal developments at the EU and national levels, changes to the Group-wide compliance organisation, dealing with international sanctions, local implementation of Group requirements and the compliance risk analysis. Due to the Covid-19 pandemic, the meeting did not take place as usual in Vienna, but as a series of virtual

meetings extending over two months, with online presentations, webinars and best-practice sessions.

Developments during the reporting period

The compliance organisation was further developed and the Group-wide compliance management system expanded as follows in 2020:

Country and functional responsibilities: Resources were expanded and country and functional responsibilities created in the Group Compliance department. More extensive and frequent contact between Group 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. During on-site visits to Group companies, information was collected on the status of the local compliance management systems and agreement was reached on improvements. Regular teleconferences and virtual meetings have been used to maintain close contact since the beginning of the Covid-19 pandemic.

Inclusion of non-insurance Group companies in the Group-wide compliance management system:

The inclusion of non-insurance Group companies into the compliance management system also continued during the reporting period. Specifically, criteria were defined for the degree of inclusion, and the process of implementation was started in the Group companies.

Newsletters: Group Compliance performs ongoing standardised legal monitoring with support from the European Affairs and General Secretariat and Legal departments. 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” was introduced during the reporting period and appears monthly. Both 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.

Improvements to the document governance system:

Modifications were made to the document governance system during the reporting period and monitoring of the implementation of existing documents in Group companies continued. Monitoring was also initiated to ensure timely and appropriate implementation of the requirements under the EU Disclosure Regulation (also see page 20) by the Group companies concerned.

Sanction screening tool: A Group-wide sanction screening tool was already rolled out to the Group companies in 2019 to ensure compliance with all applicable national and international sanctions along the entire value chain. This tool can also be used to identify politically exposed persons. A follow-up project to automate the screening process and improve efficiency was initiated during the reporting period.

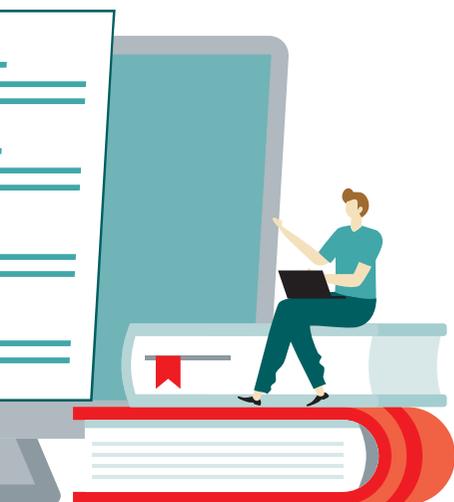
Compliance risk analysis: During the compliance risk analysis, all the compliance risks in the business processes of Group companies are identified and assessed, and existing controls are described and their effectiveness evaluated. All compliance risks are assigned to eleven sub-categories (including, for example, financial crime). Each company reported the results of its local analysis to Group Compliance, which then prepared an overall analysis for the Group and informed the VIG Managing

Board of the results. The compliance risk analysis once again showed a medium level of compliance risk for VIG Insurance Group as a whole in 2020. Comparability of the results was also improved during the reporting period by introducing a mandatory list of compliance risks.

Tasks and challenges for 2021

The compliance organisation will be further expanded and optimised in 2021. The systematic uniform integration of non-insurance Group companies into the Group-wide compliance management system is to be completed and the compliance risk analysis further standardised. In addition, work will continue on the project for automating use of the sanction screening tool. Preparatory work has to be performed by the Group companies affected by the following EU legislation, with Group Compliance acting in an advisory and monitoring role for implementation of the respective requirements:

- **Whistleblower Directive:** Directive (EU) 2019/1937 must be transposed into national law by 17 December 2021.
- **Disclosure Regulation:** Regulation (EU) 2019/2088 becomes applicable in large part on 10 March 2021 (also see page 20).
- **Taxonomy Regulation:** Regulation (EU) 2020/852 is applicable as of 1 January 2022 (also see page 20).



Outsourcing



Group 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 provider 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 service provider actually provides the contracted services. Outsourcing of critical or important functions or business activities is governed by even stricter rules. Each outsourcing of this kind, for example, must satisfy stricter selection criteria and be assigned its own outsourcing officer.

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 protection, 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 on the Company's website (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 page 33). The Group also checks sanction lists and chooses its business partners with the greatest care (see pages 27 and 29).

Corporate governance



Corporate governance provisions and measures ensure that responsibility plays a central role in the Group's business activities. VIG Holding is in compliance with all of the provisions of the Austrian Corporate Governance Code. 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.

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 about important sustainability topics. In addition to an update on the latest news in the area of corporate social responsibility, the members of the Supervisory Board were also informed about developments concerning future EU requirements for sustainable finance and the Austrian Financial Market Authority Guide for Managing Sustainability Risks in 2020. The audit committee and Supervisory Board reviewed and checked the sustainability report for 2019 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 risk (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 control. 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. 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 1 December 2020. 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.

The ongoing low interest rate environment, the coronavirus pandemic and the resulting capital market volatility were among the biggest challenges for VIG Insurance Group in 2020. Premium volume was greatly affected by the various lockdown requirements in VIG markets, causing new business to decrease, particularly in the second quarter of 2020. In spite of these negative effects, VIG Insurance Group managed to record stable premium volume in 2020 due to a good beginning of the year and the Group's broad diversification.

To keep up to date on developments and the measures taken by countries and VIG companies during the coronavirus pandemic, in March 2020 the Managing Board of VIG Holding decided to perform regular surveys of country management, initially on a weekly basis and then every 14 days. The surveys were used to assess the current status of the COVID-19 situation and deter-

mine the steps that should be taken to assist the companies. The survey mainly collected information on the situation in each country, the status of employees, business continuity, liquidity, investments and solvency. Since the coronavirus pandemic will continue to play a major role in 2021 and possibly longer, scenario analyses were performed to assess potential negative changes.

Significant non-financial risks were identified in 2020 using expert assessments by the CSR officers in the EU companies. These non-financial risks are not generally risks that the Company is exposed to, but instead risks that would likely have negative effects on society or the environment. It is, therefore, an inside-out perspective. The non-financial risks concern the important topics identified during the materiality analysis (see page 9). The analysis showed that no significant risks exist after current measures were taken into account. The non-financial risks were identified as part of the ORSA (Own Risk and Solvency Assessment) process and the results are shown in the corresponding report.

Partnerships

Valuable relationships

Good partnerships benefit both sides, as shown by VIG Insurance Group's long-standing cooperation with Erste Group.

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 business in 2008 and the two have been "preferred partners" since then.

TOGETHER INSTEAD OF ALONE

VIG Holding and Wiener Städtische in Austria provide support for many associations and communities. 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
- Austrian Association for Public and Social Economy (VÖWG)

#02 Customers

Digitalised product innovations

Data protection

Adjusting the business model for demographic change

Complaint management

Products and services with social and environmental added value



Digitalised product innovations

Digital means everywhere

Digital products make day-to-day life easier. They are particularly valuable during lockdowns and social distancing, which is why they were even more popular in 2020.

2020 was the year of lockdowns and social distancing. Although customer service was not disrupted, it was changed. Due to the need to restrict personal contact, customers of VIG companies increasingly used on-line services. Customer advisors were still available to answer questions and provide assistance, but relied on video sessions, telephone calls and email communications due to the circumstances. At the same time, VIG companies continued to expand their digital services in 2020. As a result, the pandemic gave digitalisation another boost in VIG Insurance Group and showed that many of its 22 million customers could already be served digitally to a large extent if that is what they want, or if required by the circumstances.

In the middle of the digital transformation

VIG Insurance Group has been promoting the digital transformation in all its lines of business for years – primarily in a decentralised manner, as consistent with the philosophy of the Group. Each Group company works with VIG Holding to create a digital vision specifying the areas where digitalisation can make a contribution. The company then uses this to prepare a transformation plan including relevant measures needed to implement the digital transformation. VIG Holding continues to provide support during this process. One example, is the **VIG Digital Hub**, which deals with trend research, the start-up scene and digital developments and assists

the companies in developing apps and other solutions. It also offers a collaborative web platform (VIG Digital Base) to promote the Group-wide exchange of best practices. The internal Group innovation competition, **VIG Xelerate**, promotes a culture of openness and innovation and provides support for promising digitalisation projects by the companies – around EUR 8 million including special awards have already been provided. In addition, VIG Insurance Group's cooperation with the Silicon Valley innovation platform **Plug and Play** allows it to work on specific topics with over 15,000 pre-screened start-ups, and Digital Impact Lab in Leipzig serves as an innovation laboratory.

Material topic:

Digitalised product innovations

Why the topic is important

In a few years, half of our potential customers will belong to generation Y. They have grown up with the Internet, have significantly higher expectations with respect to the range of choices and service available, and expect an insurance partner who fits into their flexible digital world. The digital demands of the broad population also changed during the COVID-19 pandemic. This is affecting the design of products and services and internal processes and workflows, and could subsequently also affect the business model.

Opportunities

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

Risks

Risk of employees, systems and processes being unprepared for the change (relevant measures presented on pages 42–43 of the Employee section), choosing the proper time for the transformation

Due diligence processes and measures

Digitalisation was part of the Agenda 2020. The process of digital transformation is being managed in three stages: 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.

Responsibility

The companies are responsible for implementing the digital transformation plan. VIG Holding manages the Group-wide process and supports the companies by providing a systematic methodology, advice and transfer of know-how within the Group. Digital Impact Lab, Leipzig, and Plug and Play, for which VIG Holding is a “Founding Partner” in Vienna and Munich, provide additional support for individual projects, and VIG Holding uses the internal Group innovation competition VIG Xelerate to support the development of new ideas.

Objectives

Implement the digital transformation in all companies and lines of business

Successes

Continuous development of new digital products, such as e-health services and completely digital motor insurance in Poland, and digitalisation of internal processes



Prenatal classes also go online

VIG companies digitalised many healthcare services in 2020, giving customers the option of using them from home.

Virtual services can also be helpful for important real-life events. This was shown by **Wiener Städtische**'s offer of digital prenatal classes in the spring of 2020, which allow future parents to prepare for the most wonderful moment of their lives without exposing themselves to the risk of coronavirus infection. The digital classes, which include a total of 16 hours of course material and the possibility of viewing a maternity ward in advance, are naturally also available to customers with supplementary insurance on a long-term basis. This is also true for other new e-healthcare services offered by Wiener Städtische. The "Iosleben" digital app can be used to submit all invoices covered by private doctor and daily allowance insurance, such as doctor's fee invoices, receipts for medicine and certificates for health spa and rehabilitation centre visits. Other services that can be used through the website include digital consultations, a second

medical opinion and a "results interpreter" who can explain laboratory results.

Other VIG insurance companies are also offering similar services. **BTA Baltic** launched a health insurance app and digital health insurance card in Latvia at the beginning of 2020. The service was also introduced in Estonia in the middle of the year, and later

in Lithuania. Georgian company **GPIH** digitalised the handling of incoming invoices. Like **Wiener Osiguranje** in Croatia, **Omniasig** in Romania is now also offering telemedicine consultations under its health insurance. And **Bulstrad Life** in Bulgaria introduced online psychotherapy consultations, among other things, during the coronavirus crisis.



Services that are available any time and any place are especially popular during the pandemic.

CREATING ADDED VALUE BY OFFERING MORE SERVICE

FULLY DIGITAL MOTOR INSURANCE

VIG Holding founded the Beesafe start-up together with the Polish company Compensa. A pilot project was used to introduce an innovative motor insurance product allowing sales and claims settlement to be performed in large part digitally. After slightly less than a year of setup work, Beesafe began operations in the Polish market in November. If successful, expansion to other VIG countries is planned. Poland is the most highly developed online insurance market in Central and Eastern Europe.

VIG Insurance Group is following a strategy of creating added value by offering more of its own assistance services to customers. In 2020, it founded its own assistance company Global Assistance Baltic in Riga, which provides services to the customers of all the Baltic state companies. The Group now has its own assistance companies in ten countries. The expansion is also part of the digitalisation strategy. Many services are being offered digitally based on a software system that was developed in-house, one of the most modern on the market.

AWARD FOR VIENNA LIFE

Polish company Vienna Life received the renowned "E-Commerce Polska" award for its "Fund Alert" service. The tool helps customers manage their investment funds by drawing attention to relevant financial market changes.

VIRTUAL DAMAGE SURVEY

Polish company Wiener TU S.A. offers fully digital handling of property and casualty claims. The solution is very popular with customers and uses a smartphone video connection. It allows experts to survey the damage regardless of location. Photographic documentation is also performed online. Romanian company Omnisig offers a similar service.

Material topic:

Data protection

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 security breaches, data leaks

Due diligence processes and measures

An appropriate data protection management system exists. IT security incidents must be reported to VIG Holding in a monthly report, and 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. There is also a steering committee responsible for IT security.

Objectives

Communication with the data protection officers in the companies is to be further increased.

Successes

The data protection coordinator has offered regular virtual exchanges of information with all data protection officers since the autumn of 2020.



Data protection

Data protection measures

Technical measures go hand in hand with intensive communications.

VIG Insurance Group implements many measures to protect sensitive customer and employee data. The data protection management system also includes measures that help to raise the awareness of risk. 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.

Communication between all data protection experts in the Group increased in 2020. Meetings take place by video conference approximately every three weeks where pre-agreed topics are discussed, such as a current decision by the European Court of Justice. Data protection officers can also discuss specific topics in “open meetings” with the coordinator alone or together with other officers.

Appropriate technical measures are essential for effective data protection. The Group's IT security guidelines are based on the ISO 27001 standard. IT security incidents must be reported to VIG Holding in monthly reports, critical incidents must be reported immediately. In addition to the steering committee for IT security, an international working group deals with current IT security topics. The IT security guidelines also apply to external service partners. They must have certain internationally recognised certifications in order to work together with the Group. There were 13 data protection breaches for the VIG insurance companies during the reporting period, with reports to the data protection authority.



Illustration: Shutterstock/Viktor Kuras/Egger & Lerch

Material topic:

Adjusting the business model for 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, health care 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 range of products and services, develop new solutions and increase the number of customers we serve.

Risks

Gaps in pension and healthcare provisions

Due diligence processes and measures

Expanding the health insurance line of business was part of the Agenda 2020.

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

Expand health insurance and create an attractive and affordable range of products

Successes

- VIG Insurance Group increased premiums by 1.4% in the health insurance line of business in 2020.
- Pension fund business expanded by acquisition of Aegon companies in the CEE region

Adjusting the business model for demographic change

Security in all phases of life

VIG insurance companies offer new solutions for an ageing society.

Life expectancy is rising, the number of children is falling. Both the average age and proportion of older people will increase in Central and Eastern European countries in coming years. Demographic change is making it more difficult to provide funding for pensions. Healthcare and nursing care systems are also being put under pressure due to the increase in chronic diseases with age. Private insurance companies

can help eliminate the risk of gaps in future provisions. VIG insurance 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. New products offered by VIG companies combine this objective with environmen-

tal, social and ethical investments (see pages 36–37). Promoting insurance and services in the area of healthcare is a strategic priority for the Group, as can be seen, for example, by the many innovative e-health products and services offered (see page 32).

Adjusting the business model for demographic change

Heroes of the system

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



They are some of the heroes of the coronavirus pandemic: the hundreds of thousands of people providing private and professional nursing care. Now is an especially good time to say “thank you” to all of them. And that is what Wiener Städtische Versicherungsverein and Wiener Städtische have been doing every year since 2012. The “Carer with a Heart” association they created brings people to the stage each year who deserve special recognition for the outstanding service they provide in the area of nursing care. Close to 3,100 people were nominated for the 2020 “Carer with a Heart” award this year in the “nursing care professional”, “family carer” and “24-hour care provider” categories.



Hundreds of thousands of people provide outstanding service in the nursing care sector every day.

Complaint management

Quick and fair

Complaint management employees are always ready to listen to customers.

The Group’s goal is to achieve the best possible customer satisfaction. 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 a 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 regularly for this purpose.



Material topic:

Products and services with social and environmental added value

Why the topic is important

Designing products and services is part of our core business. On the one hand, it has effects on customers, e.g. telemedicine (see page 32) makes it easier for health insurance customers to access medical services. It can, however, also have effects on the environment, e.g. due to discounts on motor insurance for low-emission vehicles.

Opportunities

Developing new products and services

Risks

Failure to offer appropriate products and services and creating the wrong incentives

Due diligence processes and measures

The Group's decentralised organisational structure gives 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. This also applies to the design of products with social and environmental added value. The CSR team at VIG Holding and the local CSR officers regularly exchange information on topics like these, at least once a year.

Responsibility

The individual insurance companies are responsible.

Objectives

Expand the products offered

Successes

Unit-linked life insurance that combines retirement provisions and sustainable investment, special motor insurance policies promoting environmentally friendly mobility

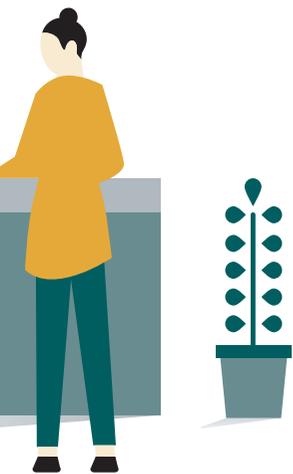
Products and services with social and environmental added value

Providing for the future in two ways

Unit-linked life insurance from VIG companies protects both pension income and the future of the planet.

VIG companies offer a range of products to customers that provide for the future in two ways. Unit-linked life insurance can be used to provide for your own old age. And, at the same time, the money is invested in sustainable investments. One example is the "ECO SELECT INVEST" and "s Fonds-Polizze

ECO" unit-linked life insurance policies that Austrian company **Wiener Städtische** introduced to the market in May 2020. It became the first insurance company to be awarded the Austrian Ecolabel certification for unit-linked insurance as a result. This government-certified environmental seal is



Products and services with social and environmental added value

Environmentally friendly driving is better

Custom-tailored insurance policies promote environmentally friendly mobility.

awarded for products and services that are high quality in terms of their effects on the environment. 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. No investments are made in fossil fuels, nuclear power, genetic engineering or the arms industry.

Wide range of products for a green future

In addition to these products, Wiener Städtische customers can also choose from a range of sustainable unit-linked life insurance products with investment approaches based on ESG criteria (ESG stands for “Environmental, Social and Governance”). 22 funds of this kind were offered in 2020, 17 of which bear the Austrian Ecolabel.

Other VIG companies are also allowing customers to make responsible investments in future provisions. The “Green Protect” unit-linked life insurance policy introduced in 2020 by Austrian company **Donau Versicherung** also invests exclusively in investment funds that have received Austrian Ecolabel certification. The German company **Interrisk** offers a variety of options for its IRis unit-linked annuity insurance, including the “Iris-Verde” portfolio strategy, which focuses exclusively on ESG-compliant investments. And the Hungarian **Union Biztosító** and Bulgarian **Bulstrad Life** companies offer sustainable investment funds for unit-linked life and pension products.

VIG company **Bulstrad Non-Life** offers its “Green Casco” motor insurance product exclusively for electric and hybrid vehicles. The product was introduced in 2020 and is the first insurance product of this kind offered in the Bulgarian market. Other VIG companies also offer motor insurance products with environmental added value.

Wiener Städtische already introduced special environmental rates for low-emission vehicles twelve years ago. Customers with vehicles that produce less than 141 grams of CO₂ emissions per kilometre pay up to 20% less for motor third party liability insurance. Those with alternative drive vehicles, such as electric, plug-in hybrid, natural gas and hydrogen vehicles, pay 30% less for motor third party liability and own damage insurance.

Donau Versicherung has similar offers for environmentally friendly drivers.

Alternative drive vehicles are not the only way to reduce harmful emissions in the area of transport. The way that mobility is organised, such as car sharing, can also make a difference. Wiener Städtische also provides insurance protection that helps these innovative forms of mobility. Its “Selbstbehaltstreter” deductible saver reduces costs if you cause an accident or parking damage with a car-sharing car.

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Lower emissions mean higher discounts.

GOOD FOR ME, GOOD FOR YOU

Hope Plus, a policy against cancer offered by the Hungarian company Union Biztosító, provides special added value. The premium includes a donation to the organisation Bátor Tábor (Camp of Courage). In normal circumstances, the foundation organises summer camps for children with chronic illnesses. Due to the coronavirus pandemic, Bátor Tábor organised “digital home camps” in 2020.

MORE SERVICE, MORE ACCESSIBILITY

Since November 2020, Czech company Kooperativa has offered a new service for customers with a hearing impairment – a recording of communications with the call centre or branch employees. In November and December 2020 alone, 28 calls totalling 141 minutes in length were transcribed by a social organisation with visually impaired employees.

#03 Employees

Work-life balance and health promotion

Training and education

Diversity and equal opportunity

Work-life balance and health promotion

Working during the coronavirus pandemic

By quickly transitioning to home offices, we were able to successfully continue our activities during the Covid-19 pandemic. Working from home was well received by employees and we aim to offer it also in the future.

The biggest health crisis in a long time also presented challenges for VIG Insurance Group. Since March 2020, the motto has been “home office before office” and many employees have worked primarily from home since then. This allowed us, as an employer, to minimise the risk of infection. The reduced use of shared offices and public transport also helped reduce the overall number of people infected. Telephone and email communications as well as video calls with customers and other employees increased which led to a significant reduction in business travel. There was no need for job reductions due to the coronavirus pandemic in the Group, in spite of the health and economic crisis. The companies proved that they are stable, reliable employers.

New virtual forms of work and the employee assistance programme

The changeover to home offices represented a major change in the way we work. Almost all of VIG Holding’s employees worked from home for months. Human Resources quickly developed measures to help employees cope with this unusual situation better. A variety of online seminars provided opportunities for different target groups to think about the new form of working and discuss it with fellow employees. Managers were offered coaching and special training to help them manage and assist their teams virtually. Opportunities were also available for all employees to learn technical information about communication tools and gain know-how



Material topic:

Work-life balance and health promotion

Why the topic is important

Health in general, a balance between career and leisure/private life are very important for the employees. It is also in the Company's interest for this balance to be successful in the long run and for employees to be in a work environment in which they feel comfortable and can freely follow their ideal development path. The impacts occur inside the organisation and employees are mainly affected.

Opportunities

High level of employee motivation

Risks

Employees subject to a variety of stresses

Due diligence processes and measures

The work-life balance in general and the interplay between career and family in particular function better if they are actively supported by the company. Such support has a long tradition in the Group. The local Group companies are responsible

for the specific manner of implementation. The two Austrian insurance companies – Wiener Städtische and Donau Versicherung – received the “berufundfamilie” (Career and Family) government seal of approval for their family-friendly working environment.

Local VIG companies also design and organise the employee health promotion measures. This allows them to optimally adjust them to meet the needs of their local employees. An annual survey collects information on how broadly distributed a wide variety of health programmes are in the Group.

Responsibility

The individual companies are responsible for implementing measures related to the work-life balance and promotion of health.

Objectives

Create an appropriate work-life balance and offer a variety of options for promoting health

Successes

- Awards (details on page 41)
- Support services were quickly developed to help employees better manage the special challenges arising due to the coronavirus pandemic



Necessity is the mother of invention: The Lithuanian branch of BTA developed handshake alternatives compatible with the pandemic.



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with respect to decentralised collaboration, teamwork and the work-life balance. An external employee assistance programme has also offered coaching and counselling services for VIG Holding employees and their immediate families since 2019. Experts are available to provide free, anonymous help with both professional and private concerns, ranging from workplace conflicts to stress in the family, and including, of course, the special challenges presented by the pandemic.

94% would also like to work from home in the future

It was important for Human Resources to know how employees were managing with the new form of working. A survey in VIG Holding painted a very positive picture. Productivity and concentration were rated very good when working from home. Many, however, missed the social contact with their colleagues. 94% of the employees participating in the survey nevertheless wanted to work from home more in the future. One response to the survey was: "It's great to see that it also works well in the end, just differently." VIG Holding therefore created a new framework that offers employees greater flexibility in performing their day-to-day work after the pandemic. Many of the local VIG insurance companies also plan to establish and expand the use of home offices in the long term. This flexibility and the trust placed in employees makes VIG Insurance Group an even more attractive employer.

WAVING IS THE NEW HELLO

How should people greet each other when the traditional handshake poses a risk of infection? The Lithuanian branch of VIG company BTA prepared a list of alternatives for meetings that continue to take place in person – from the elbow bump to the Asian namaste. A survey found that employees found waving was the best. Top management then also began to use this form of greeting, helping to establish the new behaviour. Employees are also using the other handshake alternatives based on their personal preferences.



FROM HOME OFFICE TO HOME FITNESS

The coronavirus pandemic limited the opportunities to do sports. VIG Holding therefore modified some of the sports programmes it offers for employees to make them available virtually, including yoga courses and other sports and fitness programmes. In addition, since December 2020, employees in Austria have been able to get tips on how to stay fit and active during these challenging times from a video series titled "Fit im Homeoffice" (Fit in Your Home Office).

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

Health and well-being

VIG Insurance Group's focus in health care is on topics such as stress management and a healthy working environment. The Group companies are responsible for implementing the associated measures.

Virtual programmes were increasingly offered in 2020. The chart at the lower right shows how widespread these programmes and activities are.

In 2020, the average number of sick days per employee was

7.0 days.*

(2019: 6.9)

* This figure is calculated based on headcounts starting in 2020 (previously: full-time equivalents), as only full sick days are reported (2019: 6.9 days per employee based on headcount).

Health programmes in VIG insurance companies:

Ergonomics

85.7% (2019: 88.6%, 2018: 88.6%, 2017: 78.6%)

Burnout prevention

76.2% (2019: 72.7%, 2018: 63.6%, 2017: 61.9%)

Preventive health care

71.4% (2019: 72.2%, 2018: 75.0%, 2017: 73.8%)

Health counselling

69.0% (2019: 63.6%, 2018: 65.9%, 2017: 66.7%)

Physiotherapy

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 69.0% of the companies, but 74.7% of the employees work for these companies. 100% of the employees of the fully consolidated insurance companies benefit from at least one of the health programmes mentioned.

74.8%

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

Multiple awards for a leading employer

VIG Insurance Group continued to achieve top positions in multiple international rankings in 2020.

"Forbes" magazine ranked VIG Insurance Group as one of the **World's 750 Best Employers**. It is also the only Austrian financial services provider in the list. The ranking included companies in a total of 58 countries.

The Group was included in the list of **"Financial Times Diversity Leaders 2021"**, which is reserved for companies with outstanding achievements in the area of diversity and inclusion in the workplace.

In 2020, VIG Holding also received first place in Austria in the **2019 Gender Diversity Index** ranking by the Boston Consulting Group.

The largest annual recruiting study by "Best Recruiters" for the region of Germany, Austria, Switzerland and Liechtenstein uses 243 criteria to rank the employer branding activities and recruiting of 529 Austrian companies. For the fourth time in a row, VIG Holding was named **"Best Recruiter"** for the insurance companies in 2020/21 and received an overall 10th place among all the companies studied.



Training and education

Networking from a distance

Training and further development make employees fit for the future. We skilfully achieved the leap into the virtual world.

Employee training and further development is a critical factor for success in a time of rapid change. VIG Insurance Group therefore uses a large number of training programmes to ensure that employees remain up to date and open to new developments. The coronavirus pandemic also made changes necessary in this area during the reporting period. Managers and employees were both confronted by the unusual situation of working primarily from home. Special programmes were therefore designed to provide the managers at VIG Holding the best possible support for this new virtual form of management. Employees were also provided virtual opportunities for advanced training, information exchange and networking.

Virtual learning

In 2020, the so-called “Innovation Bootcamp” was held online with 39 employees from 11 countries participating. This Group-wide programme trains innovation ambassadors, who then pass their knowledge of innovation methods on to their companies. Other initiatives were also adjusted to the change in circumstances and therefore took place virtually. These included “Expertise Matters”, a series of lectures on a variety of topics for experts at **VIG Holding**, and the WSO Academy, an advanced training programme for the Serbian company **Wiener Städtische Osiguranje**. The content of the training provided at the WSO Academy was also adjusted to current requirements and dealt, for example, with topics such as managing virtual teams and building trust, as well as



From job interviews to onboarding and all the way to training, we stayed in contact virtually.

maintaining mental health and a sense of continuity during times of increased remote work. VIG Holding and the Austrian companies worked intensively on a pilot project to introduce Masterplan, an innovative digital learning platform. 140 people successfully received advanced digital training with this platform in 2020. Based on positive feedback from the pilot group, Masterplan will also be offered Group-wide to a specified group of people.

Virtual onboarding

Traditional recruiting and onboarding were also not possible during lockdown periods. **VIG Holding** therefore offered even

more virtual job interviews for candidates. Initial onboarding of new employees also took place virtually, with employees being introduced to the workplace in a virtual tour through the Ringturm building, instead of the usual in-person tour. A personal welcome took place as soon as possible thereafter. The Czech company **ČPP** took advantage of the change in conditions to revise and update its entire e-learning programme, including a new onboarding course.

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, medical facilities and flexible working hours.

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 VIG companies. Discrimination is not tolerated. The Group recognises employee rights such as freedom of assembly, collective agreement negotiations and the choice of worker 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.



Material topic:

Training and education

Why the topic is important

Training and education are essential for a customer- and service-oriented 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 development and advanced training are therefore very important to VIG Insurance Group.

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

Due diligence processes and measures

Since the Group companies are responsible for the design and organisation of training and education programmes, they can adjust them to meet the needs of their local employees. An annual survey is performed of the average number of training days completed in each company.

Responsibility

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

Objectives

Managers and employees who are fit for the future. Detailed reporting on training is planned for 2021 (incl. number of training hours, participant gender and target groups).

Successes

- Special Group-wide training developed in the areas of digitalisation and innovation (e.g. "Innovation Bootcamp")
- Rapid digitalisation of training due to the coronavirus pandemic and social distancing requirements

In 2020, the employees at all VIG insurance companies completed an average of

4.3 days of training

(2019: 3.5, 2018: 4.0, 2017: 4.2)

Webinars and e-learning courses were increasingly offered in 2020.

Many in-person training courses changed to virtual training.

Material topic:

Diversity and equal opportunity

Why the topic is important

VIG Insurance Group believes that successful diversity management makes companies more profitable and innovative and therefore keeps them fit for the future in a rapidly changing world. It also allows us as an employer to create an appreciative environment for employees.

Opportunities

Taking advantage of the full potential of the labour market; creating a work environment that promotes creative ideas

Risks

Discrimination against various groups of people, loss of reputation as an attractive employer and lack of productivity and motivation

Due diligence processes and measures

In addition to the annual survey of key diversity figures, information is also collected on whether implementation of the diversity strategy is proceeding according to plan in all companies. Since 2017, VIG Holding has had a Diversity Advisor who coordinates efforts in this area within the Group.

Guiding principles/ guidelines

VIG Insurance Group has a diversity strategy that is applicable Group-wide and provides local companies great flexibility with respect to implementation. Diversity is one of the three corporate values of the Group. The topic is also part of the Code of Business Ethics (see: www.vig.com/corporate-responsibility).

Responsibility

The individual VIG companies are responsible for implementing the diversity strategy.

Objectives

The Group should be seen as a diverse, innovative, learning organisation. More detailed reporting on key diversity figures (breakdown by employee categories) is planned for 2021.

Successes

- In 2020, VIG Holding received first place in Austria in the 2019 Gender Diversity Index ranking by the Boston Consulting Group.
- Included in the list of “Financial Times Diversity Leaders 2021” (see page 41)
- Diversity manual created



Diversity and equal opportunity

An opportunity called diversity

The VIG Holding diversity strategy focuses on gender, generations and internationality.

When employees feel they are fully accepted, they feel valued in the workplace. VIG Insurance Group wants to be the ideal employer for all of its around 25,000 employees. It sees diversity as a key element of its strategy and manages diversity systematically. Since 2017 there is also a Diversity Advisor in place. Instead of a challenge, diversity is seen as an opportunity – and it is therefore actively promoted. This is because studies show that diverse companies are not just more attractive, but also more profitable and innovative. The VIG Holding diversity strategy focuses on gender, generations and internationality (the strategy is explained in more detail in the Corporate Governance Report). VIG companies choose their own priorities.

An inspiration manual

The Group-wide “VIG Diversity Award” was awarded in 2019. Companies received the award based on their diversity concepts and employer branding measures related to diversity. The best concepts have now been collected in a manual that shows the diversity of diversity management itself across the Group and acts as a source of inspiration and ideas for further measures in the VIG insurance companies.

Diversity is a key element of the Group strategy.



Diversity facts and figures

GROUP-WIDE NATIONALITIES

21 Nationalities in the Managing Boards

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



19 Nationalities in the Supervisory Boards

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

DIVERSITY IN FIGURES

The diversity figures on the left provide information about the gender distribution, nationalities and age distribution in the Group. At the end of 2020 more than one quarter of the managing board members in the Group were women. At the management level below the managing board, almost half the managers were women. The female supervisory board members in the Group amounted to 22%. 21 different nationalities were represented in the managing boards of the consolidated VIG insurance companies and 19 nationalities in the supervisory boards (based on citizenship). Although the Group operates in 30 countries, 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.

GROUP-WIDE GENDER DISTRIBUTION

Group-wide	Women			Men		
	2020	2019	2018	2020	2019	2018
Supervisory Board	21.8%	19.6%	17.9%	78.2%	80.4%	82.1%
Managing Board	25.4%	25.7%	24.1%	74.6%	74.3%	75.9%
Management level directly below the Managing Board	45.9%	46.3%	47.6%	54.1%	53.7%	52.4%
Group as a whole	62.8%	62.1%	61.7%	37.2%	37.9%	38.3%

GROUP-WIDE AGE DISTRIBUTION

Supervisory Board	under 30	30 to 50	over 50
Combined age distribution	0.0%	28.9%	71.1%
Female Supervisory Board members	0.0%	41.9%	58.1%
Male Supervisory Board members	0.0%	25.2%	74.8%

Managing Board	under 30	30 to 50	over 50
Combined age distribution	0.0%	62.7%	37.3%
Female Managing Board members	0.0%	63.9%	36.1%
Male Managing Board members	0.0%	62.3%	37.7%

Employees	under 30	30 to 50	over 50
Combined age distribution	17.2%	57.1%	25.7%
Female employees	17.4%	58.5%	24.2%
Male employees	17.0%	54.8%	28.2%

#04 Society

Support of local communities



Material topic:

Support of local communities

Why the topic is important

The Company has a very long tradition of social and cultural involvement. This involvement affects a variety of groups in society, so that the social orientation of the Company is visible and tangible for both employees and people outside the Group. This can also act as a source of inspiration for others. The impact on individual people can sometimes be very high.

Opportunities

Promoting solidarity and mutual understanding in society

Risks

Project partners might become dependent on individual supporters

Due diligence processes and measures

VIG companies have provided support for social and cultural projects for many years. Most of the projects are identified and performed by Group companies – in each case taking regional circumstances into account. VIG Holding only provides support to a few projects, most of which are cross-border projects.

VIG Holding records the number of participants in the “Social Active Day” each year. An award presented by Wiener Städtische Versicherungsverein – the Günter Geyer Award for Social Conscience – provides an additional motivation for Group companies to continuously improve their social and cultural initiatives.

Guiding principles/ guidelines

VIG Holding sponsoring guideline

Responsibility

As a rule, the individual VIG insurance companies are responsible.

Objectives

Implementation of social and cultural projects, mobilising employees to participate in Social Active Day

Successes

- Many projects continued in spite of the pandemic
- Support of social organisations and healthcare institutions in managing the pandemic and its effects

Social involvement during the pandemic

VIG companies continued to stand by their long-term partners, in spite of the difficult conditions caused by the pandemic, making many social and cultural projects possible as a result.

2020 was an especially difficult year for many people. VIG Insurance Group took efforts to continue being a reliable partner, particularly in these turbulent times. The Group can look back on a long tradition of support for social and cultural projects. The collaboration in these projects often depends on personal interaction and cannot be easily moved into the virtual

realm. The VIG companies therefore worked with their – often long-standing – project partners to implement joint projects as best possible, even under these difficult conditions. They also started many initiatives to respond to special emergency situations caused by the pandemic. At the same time, however, some projects could not be realised. These included, for

example, the VIG Kids Camp, which was attended by around 500 children from 23 countries in 2019, and the “EYFON VIG YouthDays”, which were initiated in 2019 by Wiener Städtische Versicherungsverein to build bridges between youth from different cultures.

Maintaining solidarity in spite of social distancing

“Social Active Day” also took place in 2020, although under different circumstances.



All employees of VIG insurance companies can devote one working day each year to a good cause on “Social Active Day”, such as helping in a residence for people with disabilities. 5,900 employees from 21 countries took part in the initiative in the previous year. The Covid-19 pandemic meant that everything was also different for this initiative in 2020. Many activities – such as visiting retirement homes – were not

possible due to measures taken against the pandemic. VIG companies tried to continue the initiative in spite of the difficult conditions. In Austria, for example, employees could divide the time available for the Social Active Day into multiple periods. That allowed employees to provide shorter forms of assistance, such as shopping for vulnerable individuals. In Bulgaria, the employees of **Bulstrad Life** and **Bulstrad Non-Life** used an internal company online platform to help maintain their social involvement. The platform listed specific ways in which employees could help aid organisations. These mainly included donations of useful articles and assistance with repair and renovation projects – while maintaining social distancing, of course. A total of 2,300 employees from 14 countries participated in more or less modified forms of the Social Active Day in 2020.



© VIG

Social Active Day: Group Communications & Marketing employees sort food items for people in need

Support of local communities

Global crisis, local aid

VIG companies provided local assistance for people strongly impacted by the Covid-19 pandemic. The assistance ranged all the way from FFP2 masks to assistance with contact tracing.

The Covid-19 pandemic was the dominant topic in 2020 in all 30 of the countries where VIG Insurance Group operates. Socially disadvantaged groups were often strongly impacted. The local VIG companies therefore helped with managing the pandemic and its effects. Each company responded differently based on specific local needs. What all of the projects had in common was that they continued the Group's tradition of social involvement and were adjusted to current needs.

ČPP employees in the Czech Republic provided assistance to a senior's residence in the small city of Litoměřice, where 50 of the residents were infected with the coronavirus. They talked with the operator and authorities to determine how they could help the best, leading to the delivery of 600 FFP2 masks, 30 litres of disinfectant and 100 pairs of gloves. The Palata home for the visually impaired in Prague also received donations of disinfectant, gloves and 150 containers of vitamins to strengthen the immune system. Meanwhile, call centre employees at Czech company **Kooperativa** helped with government contact tracing. Kooperativa also provided motor insurance for 100 aid organisations free of charge.

Assistance for children, the elderly and carers

Sigma InterAlbanian in Albania provided assistance to people in remote areas, the elderly and the disabled. In cooperation with a humanitarian aid organisation, 500 families were given aid packages with food and cleaning agents. The company's marketing team also produced an animated children's video explaining the coronavirus and required changes in behaviour that teachers also used in their classes.

The Polish company **Wiener TU S.A.** contacted social organisations and hospices serving hundreds of people in seven communities to find out what they needed, leading to donations of protective equipment, such as masks, visors, gloves and aprons, disinfectant and technical equipment, such as germicidal lamps and a heart rate monitor. Hungarian company **Union Biztosító** worked with the KórházSuli organisation to help children manage their school work in spite of quarantine. **Kooperativa** in Slovakia distributed 3,000 face masks to paramedics and carers. The Georgian company **IRAO** distributed lunch boxes to the elderly so that they could stay at home and, for example, did not have to go to any charities or markets. The North Macedonian company **Makedonija Osiguruvanje** started a Facebook campaign with suggestions on how to handle psychological stress better during the pandemic. A number of companies also donated money to aid organisations or individual projects.

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Sigma InterAlbanian employees distributed aid packages.



Günter Geyer Award for Social Conscience

Special recognition of social solidarity in our Group.



The Group-internal "Günter Geyer Award for Social Conscience" is awarded to insurance companies in recognition of outstanding social involvement. Three companies received the award, which is named after the Chairman of the Supervisory Board of the principal shareholder of the Group, together with a total of EUR 100,000 in prize money in 2020. First place went to Romanian company Omnisig, whose employees renovated a school in a rural area, making it usable again. Slovakian company Komunálna won second place for a sports and leisure programme it developed for kindergartens. Third place went to Vienna Life in Poland for its extensive cooperation with the Polish NGO PFS, which assists disadvantaged adults and children at risk of poverty in many ways.



Support of local communities

Remembering Solidarność



The Vienna Ringturm building was lit up brightly in memory of the Polish freedom movement.

An image was projected onto the Vienna Ringturm building, the headquarters of the Group, in the summer of 2020 in memory of the Solidarność movement in Poland. Wiener Städtische Versicherungsverein and VIG Holding commemorated the

The projection onto the Ringturm building in Vienna could be seen from 28 to 31 August.

40th anniversary of the freedom movement this way to recognise the significant contribution it made to democratic change. On 31 August 1980, the Gdansk Agreement made it possible for the first independent trade union to be formed in a socialist country. Solidarność is considered a harbinger of the fall of the Iron Curtain that allowed many Western European companies to enter new markets in Central and Eastern Europe starting in the 1990s. “We were one of the first insurance companies to take this step”, said Günter Geyer, Chairman of the Supervisory Boards of Wiener Städtische Versicherungsverein and VIG Holding. The Polish VIG companies commemorated the anniversary at the same time.

Hidden heroes

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



To draw attention to the importance of social solidarity, especially in challenging times like these, 20 employees, instead of the usual ten, received the “Award in Recognition of Commitment to Voluntary Activities” from Wiener Städtische Versicherungsverein in 2020. Starting in 2013, the award has been given each year to employees who volunteer their free time for humanitarian causes.



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

Supporting talent in spite of the coronavirus

VIG Holding continued its support for the Gustav Mahler Youth Orchestra during the pandemic.

VIG Holding has sponsored the non-profit Gustav Mahler Youth Orchestra, a place of learning for talented European orchestra musicians, for many years. More than 2,000 instrumentalists from all over Europe apply every year for the opportunity to play together and work with some of the best conductors in the world. The orchestra, it was naturally seriously affected by the Covid-19 pandemic, and a number of projects had to be cancelled. But at least some of the musicians who passed the auditions for 2020 were able to perform. The orchestra is also currently working on a CD. VIG Holding continued to provide support during the reporting period.

#05 Environment

Adjusting the business model for climate change

Office environment and employee mobility



Adjusting the business model for climate change

Less coal, more future

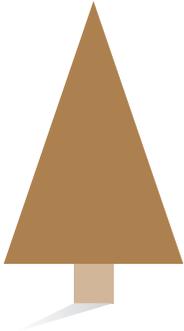
Underwriting is an important lever for making the economy more environmentally friendly. VIG Insurance Group uses it in a number of ways.

Companies are confronted with a wide range of risks, ranging from fire and explosions all the way to losses due to natural hazards. VIG Insurance Group helps corporate and large customers manage these risks better. The precise orientation of the business segment – the so-called Underwriting affects which risks companies can assume and the preventative measures they take. VIG Insurance Group uses this lever to help create a more environmentally friendly, low-carbon economy. In 2019, for example, when it approved its climate change strategy (see pages 22–23) it also approved a new underwriting policy that provides for a withdrawal from the coal sector. New insurance policies are no longer being issued for coal mining or

coal-fired power plant projects. Existing policies in this area are being gradually reduced. The policy is showing an effect. In 2020, coal risks in the corporate and large customer business were reduced 60% compared to the previous year.

Support for innovative sectors

On the other hand, VIG Insurance Group offers insurance for innovative, sustainable technologies. For example, it has provided insurance for renewable energies, such as wind, hydroelectric, photovoltaic and biomass power, for many years in Central and Eastern Europe. This also offers new business opportunities by opening up new customer groups. The Group, for example, is currently one of the leading providers of >



Material topic:

Adjusting the business model for climate change (incl. underwriting)

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 deal with the consequences better.

Opportunities

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

Risks

Gaps in insurance, creation of the wrong incentives, increase in loss amounts

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 helped to prevent losses due to natural disasters.

In standardised risk management processes, effects of possible natural disaster scenarios, such as storms, flooding and earthquakes are regularly examined.

Guiding principles/ guidelines

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

Responsibility

Adjusting the business model for climate change has an effect on a variety of business areas, including, for example, the Asset Management (see pages 20–23), Underwriting and Risk Management departments.

Objectives

Reduction of exposure to the coal sector

Successes

- Coal risks reduced 60% in the corporate and large customer business in 2020
 - Transport-related emissions reduced by increased use of home offices, online meetings and environmentally friendly mobility
-

>

insurance for renewable energy generation systems in Central and Eastern Europe.

Focus on risk prevention

Regardless of the sector, the support process in the Underwriting department always begins with a careful risk analysis. The experts in the partner company RiskConsult go on-site in the company's operations to analyse potential risks and the protective measures that have already been implemented. Based on this, they develop custom-tailored recommendations to further improve the risk situation and ideally avoid losses before they occur. Due to climate change, preventing losses due to natural hazards is becoming increasingly important. VIG Insurance Group steadily improves existing risk models together with national and European institutions in order to assess potential hazards at operating sites more reliably and precisely. This can then be followed by effective protective measures. In addition, services like weather warnings via text message allow companies to take action at short notice.

In 2020, coal risks in the corporate and large customer business were reduced

60%

compared to the previous year.



KEEPING AN EYE ON CLIMATE RISKS

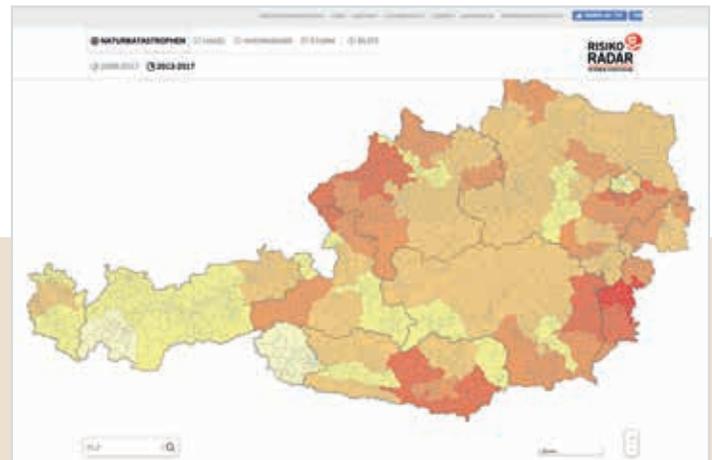
From heat waves to heavy rain, climate change is increasing the frequency of extreme weather events in many regions. VIG Insurance Group therefore started performing special scenario analyses in 2019, aimed at estimating the impact of a climate-induced increase in the frequency and magnitude of losses on different lines of business. The analy-

ses are performed in addition to the traditional natural disaster scenarios (storms, flooding, earthquakes) that are analysed as part of the standardised risk management process. Among other things, the results affect how much reinsurance VIG Insurance Group obtains to ensure adequate coverage at all times.



VIG Insurance Group is one of the leading providers of insurance for renewable energy generation systems in Central and Eastern Europe.

Wiener Städtische's risk radar – at www.risikoradar.at – shows the environmental risks that should be expected in different regions in Austria.



Adjusting the business model for climate change

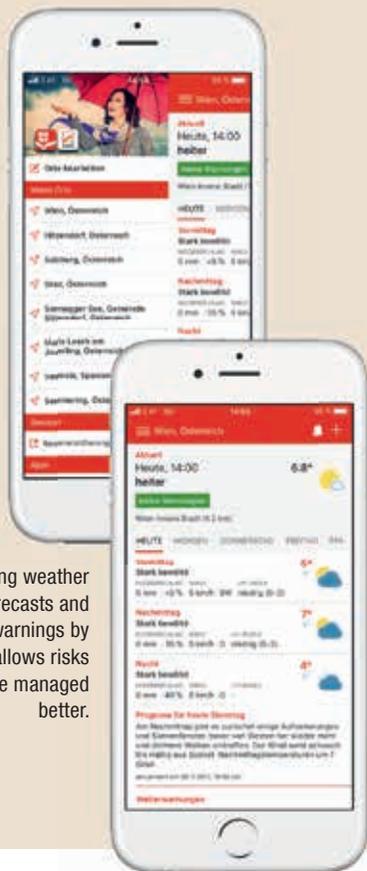
Good information is half the battle

Weather warnings and other services: Services for private customers that protect against environmental risks and raise awareness.

VIG insurance companies have developed a number of tools to help private customers handle environmental and weather-related risks better. These tools also raise awareness of these risks and long-term trends at the same time. **Wiener Städtische's** interactive risk radar (www.risikoradar.at), for example, shows the risks – ranging from hail and lightning to storms and flooding – that should be expected in different Austrian regions. In addition to weather forecasts, the Wetter-Plus app also provides weather warnings. **Wiener Städtische** customers can also receive

weather warnings by text message. Other VIG insurance companies offer similar services. The Czech company **Kooperativa**, for example, works with the local insurance association to provide a flood information system that can be used to better assess the risk of flooding. Customers also receive free storm and flood notifications.

Providing weather forecasts and storm warnings by app allows risks to be managed better.



Virtual meetings instead of real-world business trips

Lockdowns and other restrictions changed employee travel and communications behaviour in 2020.

Many VIG companies saw how well the large-scale use of home offices worked during the coronavirus pandemic in 2020. Human resources experts expect more employees than before will also work from home at least occasionally in the future. Companies are therefore already refining long-term concepts for the use of home offices (also see page 40). In addition to being what many employees want, it is also good for the environment, since you avoid generating CO₂ emissions when you don't have to travel to the office. A similar change was seen for business travel. As in many other companies, VIG companies held considerably more online meetings in 2020. If video conferences and the like continue to be used more in the future, there will be a corresponding decrease in the kilometres of air travel for business trips.

Cycling is becoming increasingly popular

Clearly, not everything or every type of exchange can be moved to the online world. In cases where travel is still necessary, however, the most environmentally friendly form of transport should be used. Bicycles can be used if the distance is not too great and some VIG companies have already created incentives for this purpose:

- A new bicycle storage room has been available to employees at the **Group headquarters** in the Vienna Ringturm building since September 2020. Showers and lockers are also available.
- **BTA Baltic** also offers parking spots for bicycle commuters and provides company bicycles that employees can use to visit customers in the summer months. Another BTA project – BTA Velozinis

(Velomaster) – provides locations in a number of Latvian cities where children can learn to ride bikes in a safe environment and families can spend time together. The project also aims to contribute to sustainable urban development.

- Romanian company **Omniasig** also organises annual internal campaigns to promote travel to the office by bicycle or electric scooter during warm months.
- **Donau Versicherung** in Austria provides bicycle parking spots and showers in its office building. A free charging station

is also available for electric bicycles (and electric cars). The electricity comes from hydroelectric power.

- Czech company **Kooperativa** supports organisations that promote bike sharing and bicycle use in general. Employees also receive free use of bike sharing services.



Many employees ride their bicycles to the office. Storage rooms make their lives easier.

The bicycle training course provided by BTA Baltic gives riders a safe place to practice.



Clean office, clean environment

In addition to travelling to the office, environmentally responsible behaviour also makes a difference in the office itself. VIG companies therefore implement numerous measures to decrease resource consumption during the workday. These include the use of efficient LED lights, reduction of hardcopy printouts and process digitalisation (“paperless office”), avoiding plastic bottles, sorting waste and organising campaigns to this effect to increase staff awareness. Some companies are also implementing measures to promote a clean environment outside of work. In October 2020, for example, 35 employees of the Estonian company **Seesam** helped clean up litter in large areas of forest, on beaches and in villages.



Environmental awareness in the home office

Since many people spent more time at home in 2020, the Romanian company **Omniasig** organised an “Insure your energy” contest in 2020 to promote responsible food, water and electricity use at home and published posts about sustainable consumption on its social media channels.

A second life for notebooks and other IT equipment

VIG Insurance Group has been working with the non-profit IT company AfB in Austria for many years. Its business idea is simple, but effective. Originally from Germany, the service provider takes used business IT equipment, cleans and repairs it, and does upgrades if necessary. The equipment is then resold at low prices in its own shops and online. AfB has 440 employees across Europe, including around 45% who have disabilities. In addition to the social impact of its work, the environmental effects are also important. Most of the 6,275 items of IT and mobile equipment provided by the Austrian VIG companies in 2020 could be refurbished, 8% were properly recycled. That saved resources, around 213 tonnes of metal and minerals (iron equivalents), and reduced greenhouse gas emissions by 631 tonnes (CO₂ equivalents). It also saved 2,484 megawatt hours of energy and used 4,382,521 litres of water less than the production of new equipment.

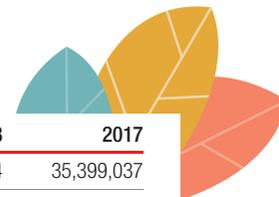
KEY ENVIRONMENTAL FIGURES

The following table shows information on electricity consumption, heating use and kilometres of air travel since 2017. The decrease in electricity consumption (-17%) and kilometres of air travel (-86%) in 2020 compared to 2019 is mainly due to the coronavirus pandemic and related measures. Heating use (-1%) also declined compared to 2019, although not as significantly as the other areas. This is primarily due to the fact that some regions had a hard winter with cold

temperatures in the initial months of 2020 and that offices continued to be heated, even during periods of increased home office use, because some employees were there. 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	2020	2019*	2018	2017
Electricity use in kWh	31,226,191	37,714,981	34,853,014	35,399,037
Heating use in kWh	48,633,949	49,172,287	48,381,772	51,207,830
Kilometres of air travel	1,175,961	8,618,909	6,919,037	6,907,486
Corporate carbon footprint in tonnes of CO ₂ equivalents	28,652	35,859	32,439	32,931
Scope 1 (direct emissions) in t CO ₂ equivalents	13,512	16,213		
Scope 2 (indirect emissions) in t CO ₂ equivalents	15,022	18,714		
Scope 3 (business flights) in t CO ₂ equivalents	118	932		

* including five additional companies compared to the previous year



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 2020 is the reporting period for this report. Activities taking place in different time periods are indicated separately.

This report is not in accordance with the international sustainability reporting standards of the Global Reporting Initiative (GRI), as complete information cannot be provided for some indicators. VIG Insurance Group nevertheless aims to be in accordance with the GRI "Core" in the 2021 report. Individual GRI indicators have therefore already been applied. These indicators are shown in the GRI index starting on page 57.

The Sustainability Report mainly provides information on social and environmental matters. Please see the 2020 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 2020 Group Annual Report starting on page 197.

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 38–45 refer to the consolidated VIG insurance companies. The total number of employees (averages based on full-time equivalents)

used to calculate sick days and training days is not the same as the number of employees (also averages based on full-time equivalents) on the flying page 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 financial years 2017 to 2020. 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 2020) and ecoinvent (version 3.6) were also used to calculate emissions. Scope 2 emissions were calculated using the location-based method (in accordance with the GHG Protocol Corporate Standard). The fully consolidated insurance companies were included when preparing the report and calculating greenhouse gas emissions.

Feedback

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

CSR Officer contact information:

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Julia Gram
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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
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GENERAL DISCLOSURES

GRI 102: General disclosures	102-1 Name of the organisation	page 66 (General information)	
	102-2 Activities, brands, products, and services	pages 6–7; Group Annual Report 2020 (starting on page 33)	
	102-3 Location of headquarters	page 66 (General information)	
	102-4 Location of operation	pages 6–7; Group Annual Report 2020 (starting on page 33)	
	102-5 Ownership and legal form	pages 6–7; Group Annual Report 2020 (starting on page 33)	
	102-6 Markets served	pages 6–7; Group Annual Report 2020 (starting on page 33)	
	102-7 Scale of the organisation	Group Annual Report 2020 (starting on page 33)	
	102-8 Information on employees and other workers	pages 38–45	Temporary agreements are only concluded in exceptional cases, in particular for maternity leave replacements. Information on part-time employment is not currently collected in sufficient detail and will be included in the 2021 report. Workers who are not employees only work in sales. There are no seasonal employees. Data is requested from the local companies.
	102-9 Supply chain	page 28 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	see flying page (Highlights); Group Annual Report 2020 (starting on page 96)	
	102-11 Precautionary Principle or approach	pages 26-29	
	102-12 External initiatives	pages 16–17 and see notes	VIG companies take part in a wide variety of local external initiatives in each country.
	102-13 Membership of associations	page 29	
	102-14 Statement from senior decision-maker	pages 3 and 18–19	
	102-16 Values, principles, standards, and norms of behavior	page 10, pages 26–29, www.vig.com/de/corporater-responsibility/der-vig-code-of-business-ethics	
	102-18 Governance structure	Group Annual Report 2020 (pages 14–28; Corporate Governance Report)	
102-40 List of stakeholder groups	page 8		
102-41 Collective bargaining agreements	page 42	56.9% of the employees of the consolidated insurance companies were covered by explicit collective agreements in 2020. 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	pages 8-9	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	pages 8-9	The first stakeholder analysis was performed in 2016. Internal stakeholders (employees, management) and external stakeholders (large customers, distributors, investors, analysts, political stakeholders, NGOs, experts, media and suppliers) were surveyed online on important 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.
	102-44 Key topics and concerns raised	pages 8-9	<p>Almost all of the stakeholder groups taking part in an online stakeholder survey in 2016 indicated that long-term stability, profitable growth, customer satisfaction, data security and an integrated business strategy were the most important topics. Investors also considered compliance very important. The customer group felt that products and services with added value were also very important. For employees, the work-life balance topic was very important. Distributors also indicated product and service innovations, and NGOs indicated a responsible investment process and support for local communities.</p> <p>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.</p>
	102-45 Entities included in the consolidated financial statements	page 56, Group Annual Report 2020 (pages 206–209, 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 2020 Sustainability Report is the fourth prepared in this form for VIG Insurance Group.
	102-49 Changes in reporting	see notes	No material changes were made.
	102-50 Reporting period	page 56	
	102-51 Date of last report	see notes	The last report was published on 30 April 2020.
	102-52 Reporting cycle	page 56	
	102-53 Contact point for questions regarding the report	page 56	
	102-54 Claims of reporting in accordance with the GRI Standards	page 56	
	102-55 GRI content index	pages 57–62	
102-56 External assurance	pages 64–65		

GRI Standard	Disclosure	Page reference or reference to another document	Additional notes or omissions
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MATERIAL TOPICS

Social and environmental factors in the investment process

GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	page 21	
	103-2 The management approach and its components	page 21	
	103-3 Evaluation of the management approach	page 21	
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 did not satisfy our criteria was 1.6% as at 31/12/2020. The value in the previous year was also 1.6%. The amount disclosed in the 2019 report was corrected, as one position too many was incorrectly included in the coal exposure for 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 25 and see notes	As a rule, due diligence is performed before purchase decisions are made, especially in the case of participations. VIG Insurance Group does not acquire participations in companies that could damage the reputation of the Group (this also includes clear human rights violations).

Adjusting the business model for demographic change

GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	page 34	The impacts occur outside the organisation and customers are mainly affected.
	103-2 The management approach and its components	page 34	
	103-3 Evaluation of the management approach	page 34	
GRI G4: Financial Services Sector Disclosures	FS 7 Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	see notes	Examples are provided on pages 30–37. Information on the monetary value will also be collected and reported starting with the 2021 report.

Adjusting the business model for climate change (incl. underwriting)

GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	page 51	The impacts could occur inside and outside the organisation and all stakeholder groups could be affected.
	103-2 The management approach and its components	page 51	
	103-3 Evaluation of the management approach	page 51	
GRI 201: Economic performance	201-2 Financial implications and other risks and opportunities due to climate change	pages 50–53; Climate strategy: www.vig.com/klimawandelstrategie	

GRI Standard	Disclosure	Page reference or reference to another document	Additional notes or omissions
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Products and services with social and environmental added value

GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	page 36	Customers are directly impacted (e.g. telemedicine makes it easier for health insurance customers to access medical services), but the environment could also be indirectly impacted (e.g. by discounts for low-emission cars).
	103-2 The management approach and its components	page 36	
	103-3 Evaluation of the management approach	page 36	
GRI G4: Financial Services Sector Disclosures	FS 7 Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	see notes	Examples are provided on pages 30–37. Information on the monetary value will also be collected and reported starting with the 2021 report.
GRI G4: Financial Services Sector Disclosures	FS 8 Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	see notes	Examples are provided on pages 30–37. Information on the monetary value will also be collected and reported starting with the 2021 report.

Digitalised product innovations

GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	page 31	
	103-2 The management approach and its components	page 31	
	103-3 Evaluation of the management approach	page 31	
	Internal digitalisation level	page 31	

Data protection

GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	page 33	
	103-2 The management approach and its components	page 33	
	103-3 Evaluation of the management approach	page 33	
GRI 418: Customer Privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	page 33	

GRI Standard	Disclosure	Page reference or reference to another document	Additional notes or omissions
Training and Education			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	page 43	The impacts occur inside the organisation and employees are mainly affected.
	103-2 The management approach and its components	page 43 and see notes	Due diligence process: If employees have questions or suggestions with respect to training and education, they can direct them to their supervisors or human resources manager. The topic can also be discussed during the annual employee 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, they can adjust them to meet the needs of their local employees.
	103-3 Evaluation of the management approach	page 43	
GRI 404: Training and Education	404-1 Average hours of training per year per employee	page 43	Due to internal agreements, the Group currently reports training days, not hours. In addition, the current collection method does not allow data to be divided according to gender or employee category. Reporting is still currently under development and will be gradually expanded; the indicator will be fully reported starting with the 2021 report.

Diversity and Equal Opportunity

GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	page 44	Successful diversity management has a direct impact on employees.
	103-2 The management approach and its components	page 44 and see notes	If employees have questions or suggestions with respect to diversity and equal opportunity, they can direct them to their supervisors or human resources manager. The topic can also be discussed during the annual employee review. Furthermore, a Diversity Advisor which has been in place since 2017 can also answer employee questions.
	103-3 Evaluation of the management approach	page 44	VIG Insurance Group has a diversity strategy that is applicable Group-wide and provides local companies great flexibility with respect to implementation. The VIG Holding HR department organises regular meetings (at least once a year) to exchange information with the HR managers in the Group companies and learn about the status of local implementation of the diversity strategy. In addition to the annual survey of key diversity figures (see results on page 45), information is also collected on whether implementation of the strategy is proceeding according to plan in all companies.
GRI 405: Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	page 45	Information on employee categories is not currently collected in sufficient detail and will not be included until the 2021 report. The local companies choose other diversity indicators themselves.

GRI Standard	Disclosure	Page reference or reference to another document	Additional notes or omissions
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Work-life balance and health promotion

GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	page 39	
	103-2 The management approach and its components	page 39	If employees have questions or suggestions with respect to work-life balance or health promotion, they can direct them to their supervisors or human resources manager. The topics can also be discussed during the annual employee review.
	103-3 Evaluation of the management approach	page 39	
	Own indicator: Average number of sick days per employee	page 41	Sick days refer to the absence of an employee (starting as of the first day) due to illness that the employer has been informed of, with or without confirmation from a doctor. The absence only concerns the employee's own health (not care provided for relatives in need of care).
	Own indicator: Health programmes in VIG companies	page 41	
	Own indicator: percentage of employees who benefit from flexible working time models (that go beyond the legal requirements).	page 41	

Support of local communities

GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	page 46	
	103-2 The management approach and its components	page 46	
	103-3 Evaluation of the management approach	page 46	
GRI 413: Local communities	413-1 Operations with local community engagement, impact assessments, and development programs	pages 46-49	During "Social Active Day", support is provided for social projects in the CEE countries where VIG Insurance Group operates. This has a positive effect on different groups in society. The initiatives range all the way from helping with repair and renovation projects for social organisations to traffic safety education or reforestation of national forests. In 2020, VIG companies from 14 countries participated in the "Social Active Day".

Declaration by the Managing Board

This consolidated non-financial report for financial year 2020 was approved for publication on 17 March 2021.

Vienna, 17 March 2021



Elisabeth Stadler
General Manager, Chairwoman of the Managing Board

Areas of responsibility: Management of the Group, Strategy, General Secretariat and Legal department, Corporate Social Responsibility, Affiliated companies department, European Affairs, Group Communications & Marketing, Group Sponsoring, Bancassurance and international partnerships, Human Resources
Country responsibilities: Austria, Czech Republic



Liane Hirner
CFO, Member of the Managing Board

Areas of responsibility: Finance and accounting, Enterprise Risk Management, Asset-Risk Management, Data Management and Processes
Country responsibilities: Germany, Liechtenstein, Belarus



Peter Höfinger
Member of the Managing Board

Areas of responsibility: Corporate and large customer business, Vienna International Underwriters (VIU), Group Reinsurance
Country responsibilities: Albania, Baltic states, Bulgaria, Kosovo, Montenegro, Northern Europe, Serbia



Gerhard Lahner
Member of the Managing Board

Areas of responsibility: Asset Management, Asset Liability Management, Group Treasury



Gábor Lehel
Member of the Managing Board

Areas of responsibility: Actuarial Department, Personal Insurance
Country responsibilities: Bosnia-Herzegovina, Croatia, North Macedonia, Hungary



Hartwig Löger
Member of the Managing Board

Areas of responsibility: Group Development and Strategy, Planning and Controlling



Harald Riener
Member of the Managing Board

Areas of responsibility: Private Customer and SME Distribution Initiatives, Assistance
Country responsibilities: Moldova, Poland, Romania, Ukraine



Peter Thirring
Member of the Managing Board

Areas of responsibility: Motor and Property Insurance, Group external active reinsurance, Group IT, Business Organisation
Country responsibilities: Georgia, Slovakia, Turkey

The Managing Board as a whole is responsible for Group Compliance, Internal Audit and Investor Relations.



To the Board of Executive Directors of
VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe,
Vienna, Austria

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

We have performed an independent limited assurance engagement on the consolidated nonfinancial report according to § 267a UGB (“NFI report”) for the financial year 2020, which has been published as Sustainability Report 2020 of
**VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe,
Vienna, Austria,**
(referred to as “VIG” or “the Company”).

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) as reporting criteria.

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) 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 (“limited assurance engagement”) is substantially less in scope than an independent assurance engagement with the purpose of expressing a conclusion with reasonable assurance (“reasonable assurance engagement”), 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, including 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 local data collection, validation and reporting processes as well as the reliability of the reported data through a (remote) sample survey of WIENER STÄDTISCHE Versicherung AG Vienna Insurance Group;
- 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) 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 efficiency of management. Furthermore, it is not part of our engagement to audit futurerelated disclosures, prior year figures, statements from external sources of information, expert opinions or references to more extensive external reporting formats of the Company. Disclosures audited within the scope of the annual financial statement were assessed for correct presentation (no content examination).

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) in all material respects.

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 audit certificate together with the NFI report.

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, 17 March 2021

KPMG Alpen-Treuhand GmbH
Wirtschaftsprüfungs- und
Steuerberatungsgesellschaft

signed by:
Peter Ertl

Wirtschaftsprüfer
(Austrian Chartered Accountant)

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



Sustainability Report 2020 VEWNA INSURANCE GROUP Versicherung Gruppene AG Wiener Versicherung Gruppe