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VIG joins UN Global Compact sustainability initiative

Senior sustainability bond of EUR 500 million successfully placed

On 8 March 2021 the Vienna Insurance Group joined the United Nations Global Compact – the world’s largest corporate responsibility and sustainability initiative. In doing so, the VIG Group has made a commitment to uphold the universal Ten Principles of the UN Global Compact, which relate to the environment, labour, human rights and anti-corruption – areas in which the Group is already implementing numerous measures.

The Group is thus one of the more than 13,000 companies worldwide that have joined this initiative to date. VIG is also committed to the UN Sustainable Development Goals (SDGs) and work to achieve them within its sphere of influence. As a participant in the UN Global Compact, the Group will also submit an annual Communication on Progress (COP) outlining the action taken during the year to implement the Ten Principles and the SDGs. The SDGs have been integrated into the VIG Group’s sustainability reporting since 2019.

“We see the greatest potential for the VIG Group to participate in achieving the United Nations’ 17 SDGs in the following four goals: Good Health and Well-being, Climate Action, Sustainable Cities and Communities, and Gender Equality,” explains CEO Elisabeth Stadler.

“In future it will be even more important for us to tailor our investment strategy to meet social and ecological criteria and to offer products with environmental value-added. We feel that we have a duty to protect what will matter even more in tomorrow’s world: sustainable renewable energy, liveable environments that support resource conservation, and social cohesion. The current pandemic has underlined just how important the latter has become,” Stadler adds.

EUR 500 million senior sustainability bond

The Vienna Insurance Group's latest initiative in sustainable investments is a senior sustainability bond, which was successfully issued on 18 March 2021 in the amount of EUR 500 million. Around 50 investors from 12 European countries have subscribed to the bond, more than three quarters of them have an explicit focus on sustainability in their portfolios. With 15 years, the bond represents the longest maturity placed in this segment so far in 2021. The sustainability bond of VIG will be used for investments in green and social assets. Therefore, a sustainability bond framework has been drawn up and evaluated by an independent ESG rating agency (Sustainalytics). The net proceeds from the issue will be channelled to eco-friendly projects related to renewable energy, green buildings, clean transportation and energy efficiency, as well as social initiatives aimed at providing affordable housing and access to basic services such as education and healthcare.

Climate strategy in place

The Vienna Insurance Group published its climate change strategy in May 2019. The Group will gradually withdraw from the coal sector by 2035, supporting the transition to a low-carbon future. VIG has amended its underwriting guidelines and does not conclude any new insurance contracts with coal-fired power stations or coal mines since May 2019. Investments in the coal industry will be reduced by significantly more than 50% by 2025, in favour of more environmentally friendly forms of investment.

Green investment

VIG’s investment strategy takes social and environmental criteria into consideration and is geared towards increasing investments in rail transport, wind power and hydroelectric, as well as green bonds. The Group doubled its holdings of green bonds in 2019 and further increased its portfolio by more than 50% in 2020, bringing the total exposure to EUR 238 million. Special importance is attached to

companies with environmental dimension to their operations. VIG supports innovative industries committed to be environmentally oriented, providing them with coverage against risks, and is one of the market leaders in insurance for renewable energy generation systems.

Affordable housing

The social responsibility aspects of VIG's investment strategy also include investments in non-profit building societies. The Group has indirect interests in more than 100,000 apartments built by non-profit developers, which as a consequence promotes greater access to affordable residential space. This is a key consideration among the general population given the steady increase in housing costs.

Insurance products bearing the Austrian Ecolabel

VIG's Group companies have already taken steps to satisfy the steadily growing consumer demand for insurance offerings and provision products with a sustainability focus. For instance, since May 2020 Wiener Städtische Versicherung and Donau Versicherung are offering new, innovative fund-linked policies that are certified in accordance with the Austrian Ecolabel and invest exclusively in sustainable funds.

Clear action against corruption, and protecting human rights

VIG also sends a clear signal for integrity and against corruption and combating fraud with a Group-wide, efficient compliance management system. The Group's Code of Business Ethics includes guidelines prohibiting all forms of donation or sponsorship payments to political parties or individuals associated with them. The VIG Group has also made a commitment not to invest in companies that produce or deal in banned weapons. These include biological and chemical weapons, cluster ammunition including any launch, firing or propulsion systems, anti-personnel mines, nuclear weapons and uranium ammunition. This policy is strictly enforced, and even if there is no conclusive evidence that a company is involved in the production of or trade in banned weapons, the Group errs on the side of caution and chooses not to invest.

Vienna Insurance Group (Wiener Versicherung Gruppe) is the leading insurance group in Austria and Central and Eastern Europe (CEE). Around 50 insurance companies in 30 countries form a Group with a long-standing tradition, strong brands and close customer relations. The more than 25,000 employees in the Vienna Insurance Group (Wiener Versicherung Gruppe) take care of the day-to-day needs of more than 22 million customers. VIG shares have been listed on the Vienna Stock Exchange since 1994. The company has an A+ rating with stable outlook by the internationally recognised rating agency Standard & Poor's. That is the best rating of all companies in the ATX, the leading index of the Vienna Stock Exchange. Vienna Insurance Group (Wiener Versicherung Gruppe) cooperates closely with the Erste Group, the largest retail bank in Central and Eastern Europe.

Disclaimer

This press release contains forward-looking statements that concern future developments in Vienna Insurance Group (Wiener Versicherung Gruppe). These statements are based on current assumptions and forecasts made by the management of Vienna Insurance Group (Wiener Versicherung Gruppe). Changes in general economic developments, future market conditions, capital markets and other circumstances could result in actual events or results differing significantly from these forward-looking statements. The Vienna Insurance Group AG Wiener Versicherung Gruppe assumes no obligation to update these forward-looking statements or modify them based on future events or developments.

If you have any questions, please contact:

VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe

Group Communications & Marketing

Schottenring 30, 1010 Vienna

Wolfgang Haas - Manager

Phone: +43 50 390-21029

mailto: wolfgang.haas@vig.com

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