



# VIG INSURANCE GROUP

The VIG companies form the **leading insurance group** in Austria and Central and Eastern Europe. With more than **25,000 employees in 30 countries**, the corporate group relies on decentralised structures, local entrepreneurship and a multi-brand policy. Around **50 insurance companies** develop individual needs-appropriate insurance solutions for more than **22,000,000 customers**. The purpose of VIG Holding, based in Vienna, is to assist the Group companies by providing management and support. More than half of the premiums are generated in the **CEE** region. Sweden, Norway and Denmark received branch offices for large customer support for the first time in 2019.

## OUR PROMISE

**“We enable customers to better life: Protecting wh**

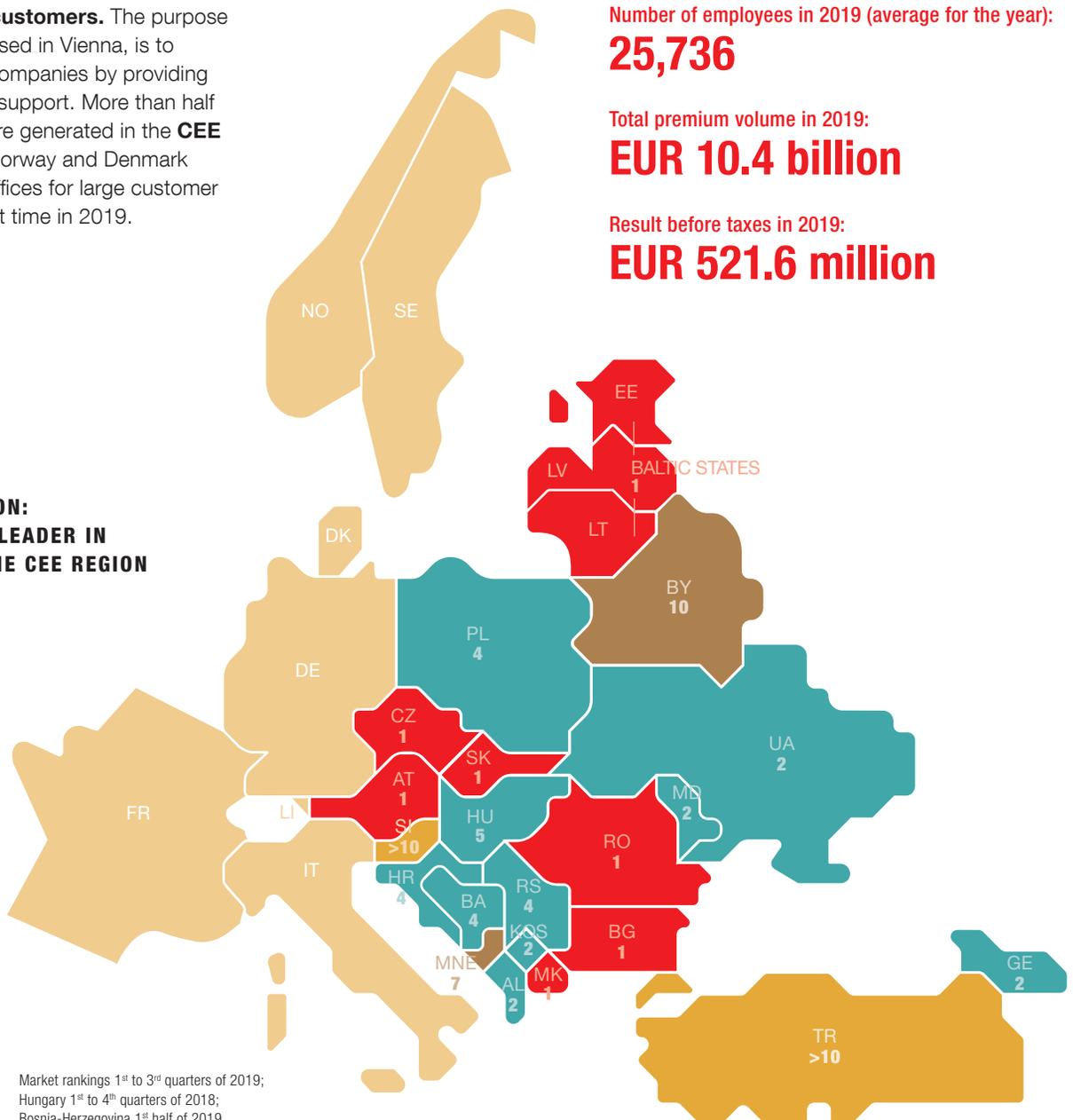
Number of employees in 2019 (average for the year):  
**25,736**

Total premium volume in 2019:  
**EUR 10.4 billion**

Result before taxes in 2019:  
**EUR 521.6 million**

## MARKET POSITION: CLEAR MARKET LEADER IN AUSTRIA AND THE CEE REGION

Top **01**  
Top **05**  
Top **10**  
**>10**



Market rankings 1<sup>st</sup> to 3<sup>rd</sup> quarters of 2019;  
Hungary 1<sup>st</sup> to 4<sup>th</sup> quarters of 2018;  
Bosnia-Herzegovina 1<sup>st</sup> half of 2019

# live a safer and at matters.”

## A+ rating

with stable outlook from Standard and Poor's:  
the best rating of all companies in the ATX Index

## Solvency ratio of 210%

Solvency is at an outstanding level

## Share

on the Vienna Stock Exchange since 1994,  
second listing on the Prague Stock Exchange  
since 2008



## WIENER STÄDTISCHE VERSICHERUNGSVEREIN

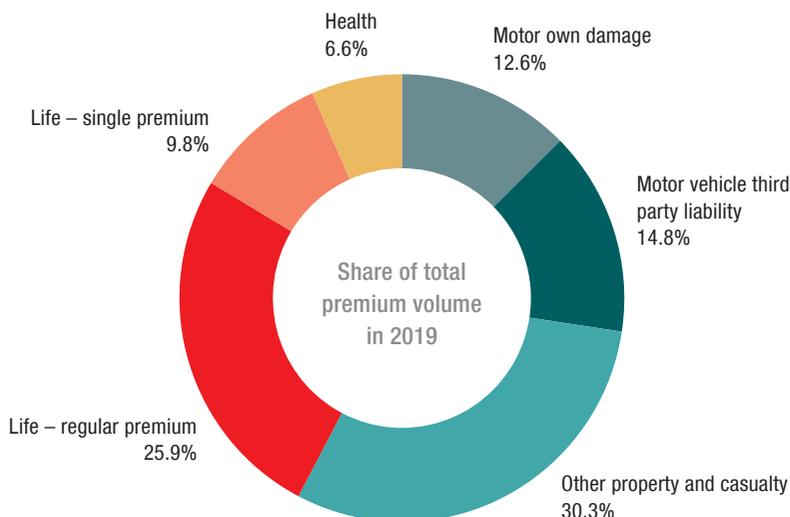
Wiener Städtische Versicherungsverein is the **principal shareholder** of VIG Holding, holding around 70% of its shares. It assists VIG companies with cultural and social matters and provides support for many projects in these areas.

The philosophy behind the support provided by Wiener Städtische Versicherungsverein focuses on **building bridges**, working across borders, using cultural exchange to learn from one another, and focusing on a spirit of community. At the same time, care is always taken to act in the spirit of a democratic pluralistic society.

# 5,923

employees of VIG  
companies participated  
in the “Social Active  
Day” in 2019

### INSURANCE DIVISIONS



This logo identifies examples of the many support activities performed by Wiener Städtische Versicherungsverein in this report (pages 27, 40, 41, 42, 43).

# DIVERSE TOGETHER

## Consolidated non-financial report

VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe publishes this report (consolidated non-financial report) in addition to its Group Annual Report. The term “diverse”, the Group’s core value, is on the cover of the Group Annual Report for 2019. This Sustainability Report is published under the motto “together”. Community and solidarity form the logical and necessary complement to diversity.

Community and solidarity also describe the spirit of sustainable corporate governance, which essentially consists of maintaining good relationships with all stakeholders, something that is beneficial to both sides.

The corporate group is also committed to promoting mutual understanding and a spirit of community in society as a whole. This is because diversity only bears fruit if we all believe it binds us together more than it divides us, in spite of all the differences.



## Dear Ladies and Gentlemen,

The roots of our insurance group reach back to the 19<sup>th</sup> century. Then, as now, we aim to be a financial service provider for everyone and are guided by a spirit of community. Even though the face of the Group has changed considerably: we have developed from a local insurance company into the leading insurance group in Central and Eastern Europe.

This also shows something else. You can count on us. We are not here just for the immediate future, but are instead a reliable long-term partner for our stakeholders. That is also a mission for our core business. As an insurance company, we promise to provide customers benefits in the future – often decades away. Long-term thinking and sustainable action therefore form the foundation of our business.

To achieve stability over the long term, one also has to be flexible and agile. We therefore keep track of major social trends at all times and adjust our business model appropriately when necessary. This naturally also includes climate change. In May 2019, we approved new policies for investments and the large customer business. We are performing a gradual withdrawal from the coal sector by 2035, and are providing support for the transition to a low-carbon future in this way. Digitalisation is the second major trend causing extensive changes to the economy and society. We are proactively addressing the topic and working hard on the digital transformation. Around 180 digitalisation projects are currently underway throughout the Group. To maintain and further increase mental agility and openness in the Company, innovation management was also one of the focal points of our training programme for 2019. A third

long-term trend we are addressing is the ageing of society. The corporate group is responding to this with an extensive range of products that is being continuously improved, thereby helping to eliminate the risk of gaps in future provisions for pensions, health care and nursing care.

### “We are guided by the spirit of community.”

Flexibility and agility are also a necessary result of the diversity that forms part of the Group’s DNA. With more than 25,000 employees in 30 countries, we are automatically a colourful company. But we do more than just permit diversity. We actively promote it. This is shown by our principles of local entrepreneurship and multi-brand strategy, which allow us to remain in close proximity to our customers at all times and make quick, flexible decisions, and by our human resources strategy, which includes diversity as a core value. We offer every employee enough freedom to follow their ideal development path. This is more than just a matter of respect. It also makes sense from a business management point of view, as our diversity makes us more innovative and successful.

Social trends, however, cannot be considered in isolation. Many of the big challenges today are global in nature and interact with each other. We believe the idea of community is also critical here. Therefore, we decided to take into account the United Nations Sustainable Development Goals in our activities and refer to them in this Sustainability Report (please see page 10 for further information).

This report includes five chapters based on the priorities of our sustainability strategy that indicate how we deal with important topics – from our withdrawal from coal in asset management and underwriting in the “Core business” chapter, all the way to social and cultural initiatives in the “Society” chapter.

We would like to note in closing that this report concerns 2019 and we were confronted by the challenges of the coronavirus shortly before the editorial deadline. We have taken appropriate measures to protect our employees and ensure that business operations can continue. The full extent of the impact cannot be estimated at present. We are assuming, however, that this will be a central issue in 2020.



**Elisabeth Stadler**  
General Manager

INNEHÅLL  
INHALT  
СЪДЪРЖАНИЕ  
SADRŽAJ  
PĚRMBAJTJA

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Our goal is to make the Sustainability Report as easy and clear to read as possible. For this reason, words like him/her, etc. have been avoided. All references in the text are to be understood as referring equally to each gender without discrimination.

# MANY CHANNELS FOR GOOD COMMUNICATION

**Good communication is the basis of every community. VIG companies therefore maintain close contact with all of their stakeholders, using forms of dialogue that are custom-tailored for each stakeholder group.**

## **Customers**

- personal 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**

- regular, structured employee reviews
- employee events
- surveys
- intranet, employee newspapers, newsletters
- personal contact with potential employees at job fairs and cooperations 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 training
- newsletters
- distribution portals
- events

## **Industry members**

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



## Material topics

The corporate 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.

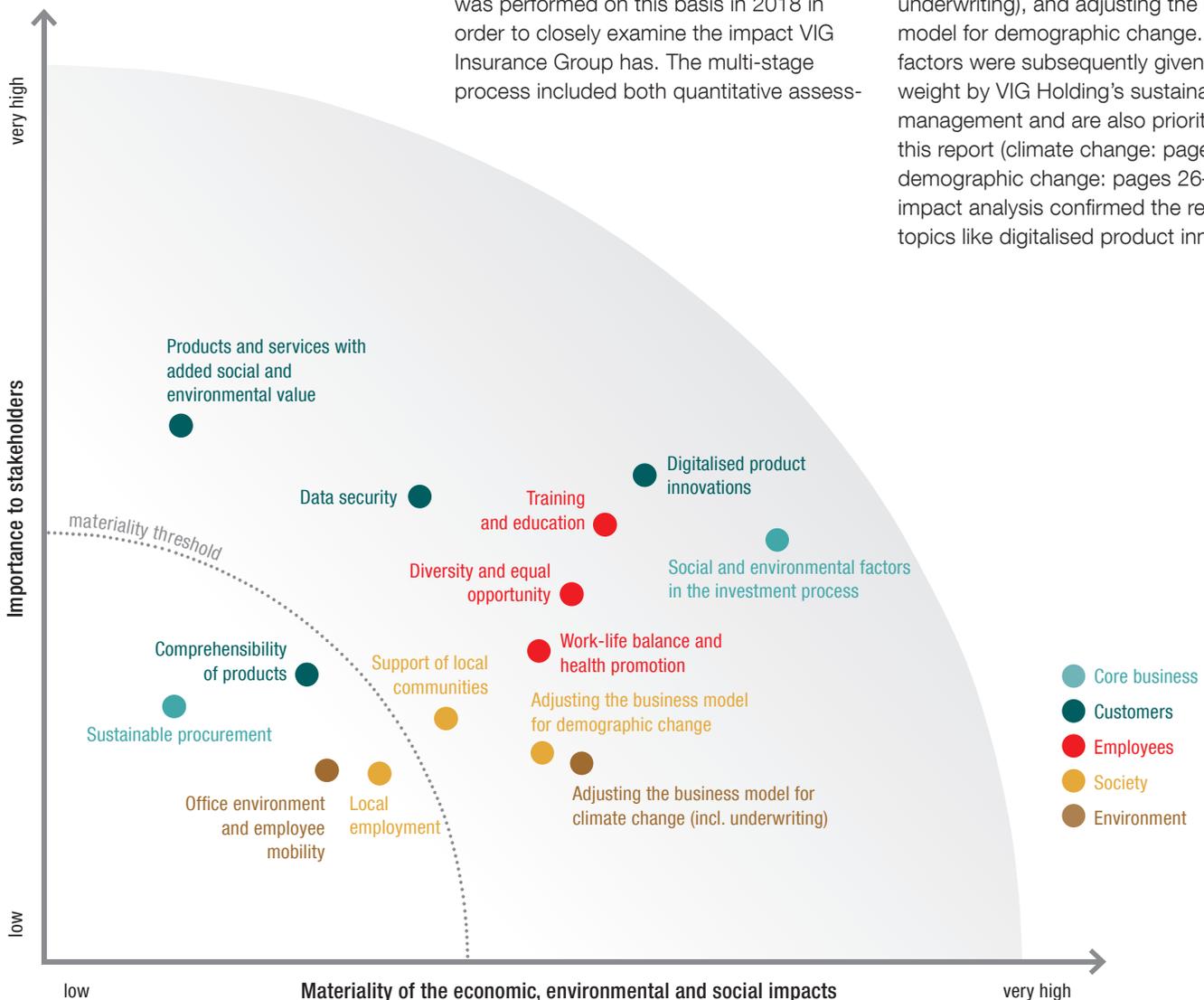
### How it came about: The process

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 assess-

ments 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 the 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 and are also priorities in this report (climate change: pages 18–19, demographic change: pages 26–27). The impact analysis confirmed the relevance of topics like digitalised product innovation.



# OUR FIVE STRATEGIC PRIORITIES

**VIG Insurance Group's sustainability strategy specifies the Company's objectives in five areas that cover all of its business activities.**

**IN ADDITION TO THE FIVE CORE STRATEGIC AREAS, TWO PRIMARY OBJECTIVES WERE DEFINED:**

- Long-term stability and profitable growth
- Social and environmental factors in the business strategy



## 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. Please see pages 14 to 23 for further information on measures related to our core business.

## CSR MANAGEMENT

The CSR area within VIG Holding reports directly to the General Manager. The CSR Officer coordinates Group-wide CSR agendas from the General Secretariat and Legal department. She is also responsible for further development of sustainability in the Group and maintaining a continuous exchange of information with the CSR Officers in the Group companies.



## CUSTOMERS

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, those customers will continue to have confidence in VIG insurance companies in the future. VIG Insurance Group wants to be available to serve a broad range of people. VIG insurance 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. Please see pages 24 to 29 for further information on measures related to customers.



## 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. Please see pages 30 to 37 for further information on measures related to employees.



## SOCIETY

Companies can only achieve long-term success in an intact social environment. The 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. Please see pages 38 to 43 for further information on measures related to society.



## 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. Please see pages 44 to 49 for further information on measures related to the environment.

# A GLOBAL **ACTION PLAN** FOR OUR FUTURE

**The Sustainable Development Goals (SDGs) define global objectives to ensure sustainable development for the entire planet. More and more companies are dealing with them – including VIG Insurance Group.**

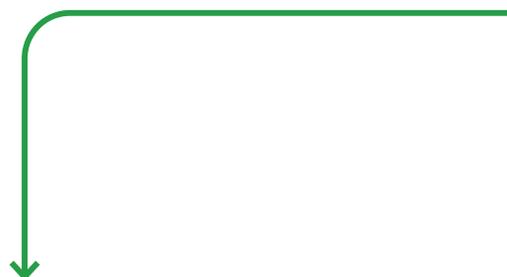
It was a milestone for international development cooperation. In September 2015, the General Assembly of the United Nations adopted the 2030 Agenda, which was nothing less than a plan for a better, more peaceful and more prosperous world. 193 countries undertook to include 17 goals for sustainable development – the Sustainable Development Goals (SDGs) – in their politics.

## **What is new about the SDGs**

This is not the first time that the United Nations issued a global agenda with measurable goals for the world. From 2000 to 2015, the aim was to achieve the Millennium Development Goals (MDGs), such as reducing poverty and child mortality. The SDGs, however, are much different. Instead of the eight goals for the MDGs, there are now 17 goals and 169 targets. In addition, economic and social development has been combined with environmental protection. Another change is that the SDGs apply to everyone – both developing countries and industrialised countries should contribute to their achievement. That means that Austria also has to make efforts to, for example, reduce poverty and promote clean energy at home. After all, global problems like climate change only have global solutions. And finally, the SDGs stress the role of the private sector in sustainable development.

## **SDGs in the Company**

Unlike the MDGs, the SDGs can easily be used at the corporate level and can also be combined with the GRI standards for sustainability reporting. Like many other companies, the corporate group therefore examined the SDGs carefully and decided to include them in its activities and reporting. This helps efforts to anchor sustainable development more firmly in people's minds. The SDGs also help VIG Insurance Group think more deeply about its measures for material topics and view them in a larger context. In the initial step, the CSR Officer examined all 169 targets and discussed them with internal experts to determine the areas where the Group could make a contribution. Even though all of the goals are important to varying degrees, the decision was made to first focus on four goals where the Group felt it could make the largest contribution. These are presented in the illustration on the right with a description of their relevant targets and a reference to the pages of this Sustainability Report where the associated measures can be found.



## **SDG 3: GOOD HEALTH AND WELL-BEING**

**Ensure healthy lives and promote well-being for all at all ages**

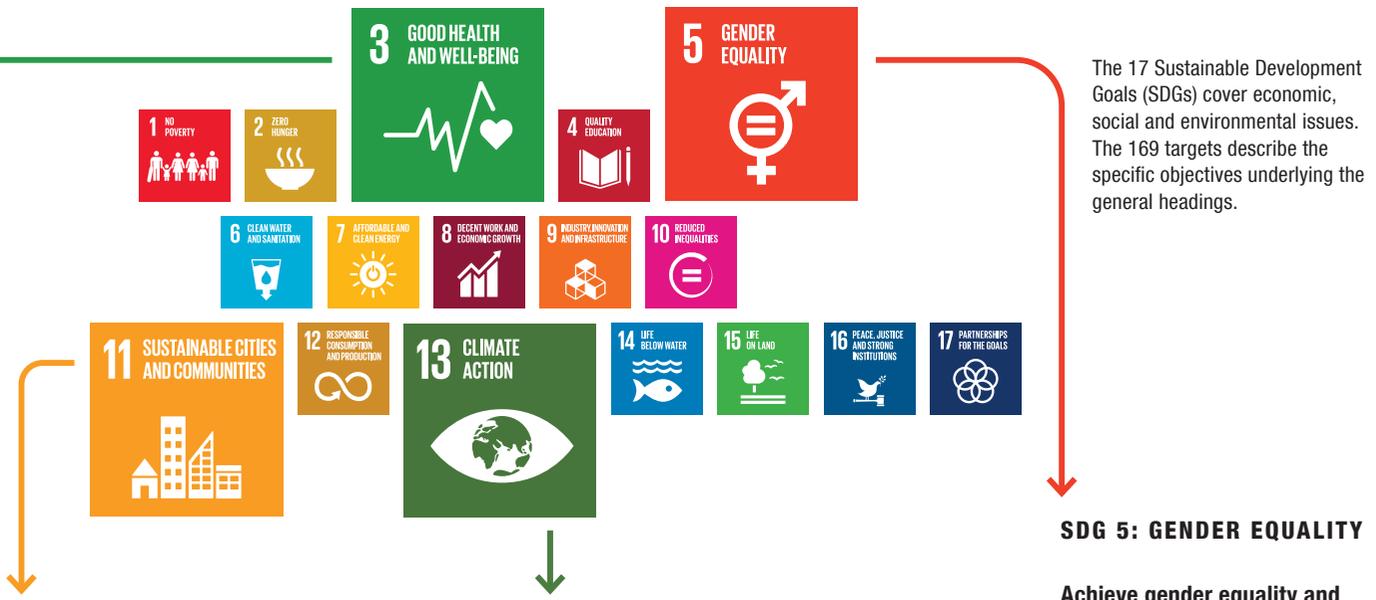
Relevant target:  
3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.

**Customers**

Please see pages 26–27 for measures that contribute to achieving SDG 3.

# VIG Insurance Group's contributions

VIG Insurance Group refers to the SDGs for the first time in its Sustainability Report for 2019. Before doing so, the goals were examined and the own business activities were analysed in detail from this point of view. The four SDGs below are where the Group can make its main contributions.



The 17 Sustainable Development Goals (SDGs) cover economic, social and environmental issues. The 169 targets describe the specific objectives underlying the general headings.

## SDG 11: SUSTAINABLE CITIES AND COMMUNITIES

**Make cities and human settlements inclusive, safe, resilient and sustainable**

Relevant targets:  
11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services, and upgrade slums.

11.3 By 2030, enhance inclusive and sustainable urbanisation and capacity for participatory, integrated and sustainable human settlement planning and management in all countries.

**Core business**

Please see pages 16–17 for measures that contribute to achieving SDG 11.

## SDG 13: CLIMATE ACTION

**Take urgent action to combat climate change and its impacts**

Relevant target:  
13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction, and early warning.

**Core business**

Please see pages 18–19 for measures that contribute to achieving SDG 13.

**Environment**

Please see pages 46–49 for measures that contribute to achieving SDG 13.

## SDG 5: GENDER EQUALITY

**Achieve gender equality and empower all women and girls**

Relevant target:  
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.

**Employees**

Please see pages 34–35 for measures that contribute to achieving SDG 5.

# “OUR DIVERSITY MAKES US MORE **INNOVATIVE**”

**General Manager Elisabeth Stadler explains why climate change and the ageing of society are relevant for VIG Insurance Group’s sustainability strategy. And why the Company feels that diversity is so important.**

**The corporate group performed a materiality analysis for the first time in 2016, followed by an impact analysis in 2018. The goal in both cases was to identify the topics that the Company’s sustainability management should focus on. What were the findings of the analyses?**

**ELISABETH STADLER:** Our sustainability strategy has five sub-areas that essentially cover all of our business activities. There are, of course, topics that are especially important to us. They include climate change, for instance, which has a particularly strong effect on the Group as an insurance company. Insurers will have to pay the large losses that are generated, for example, by extreme weather events. We are therefore working on adjusting our business model in response to these changes.

**What specifically does this adjustment involve?**

**STADLER:** In May 2019 VIG Insurance Group decided, for example, to increase its share of environmentally friendly investments. We are also gradually withdrawing from investments in the coal sector. At the same time, we modified our underwriting policy and no longer offer new insurance policies for coal-fired power plants or coal mines. By intentionally helping with the transition to a low-carbon future in this way, we can fulfil our environmental and social responsibilities.

**You state that green investments will play a significantly greater role in the future – for the capital market in general, but also especially for VIG Insurance Group. How important are they for your company today?**

**STADLER:** VIG Insurance Group had around EUR 154 million invested in green bonds at the end of 2019, which means we more than doubled the amount that was invested in green bonds in the previous year. This money provides targeted support for projects such as wind turbines. Our investment strategy also includes social issues, however, and here I am thinking about social housing in particular. We have an indirect interest in more than 100,000 housing units built by non-profit housing societies. In this way, we are indirectly providing support for affordable housing. Housing is becoming a financial challenge for more and more households due to increases in real estate prices. We want more people to be able to afford homes with good access to public transport. This reduces commuter traffic at the same time and therefore has a positive effect on the environment as well. We will also continue to closely examine new developments in connection with the EU action plan for financing sustainable growth in 2020.

**Are there other major social trends in addition to climate change that you feel are relevant to the corporate group?**

**STADLER:** Digitalisation is clearly a megatrend that affects all of society and therefore also the insurance industry, which is an important part of society. The digital transformation is right at the top of VIG Insurance Group’s agenda. We have around 180 projects Group-wide that are helping us push ahead with this process of change. One important area is the development of new solutions that provide greater value for our customers. Our innovative assistance services in the motor line of business are just one of many examples of this. Demographic change is another major trend that is having a great effect on us as an insurer. The ageing of society presents huge challenges for pensions, healthcare systems and nursing care. Our products, which are being continuously improved, are helping to eliminate the risk of gaps in future provisions for these areas. And initiatives like “Carer with a Heart” allow our principal shareholder and Wiener Städtische to honour the outstanding work that hundreds of thousands of people, both professional and private, perform in the area of nursing care every

day – in Austria alone. By doing that, we also promote public awareness of this important issue.

**The corporate group has specified diversity as its core value. Why will this make the Company more successful and sustainable?**

**STADLER:** We firmly believe that having a diversity of perspectives makes us more innovative and, therefore, more profitable. This has also been confirmed by various studies. Our human resources strategy is therefore built on an appreciation of diversity. This includes removing barriers to women's careers. I think the numbers show we have already been quite successful in that area. Women hold around a quarter of the managing board positions in our Group. And, Group-wide, women already hold close to half of the management positions at the level below the managing board. For us, however, diversity is more than just gender equality. Our diversity concept also focuses on good relationships between employees of different ages and from different countries.

**“Climate change has a particularly strong effect on us as an insurance company.”**

Elisabeth Stadler has been General Manager of VIG Holding since 2016. In 2019, she received the Grand Decoration of Honour in Silver for Services to the Republic of Austria.



## 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
- CSR Officers expand knowledge about CSR topics and professionalise CSR management



PÕHITEGEVUS

OSNOVNA  
DJELATNOST



CORE BUSINESS

KERNEFORRETNING

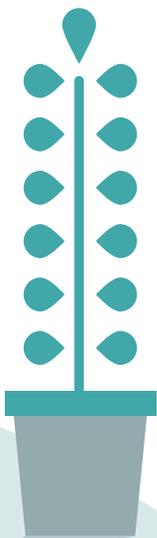
KERNGESCHÄFT

ATTIVITÀ PRINCIPALE

ძირითადი საქმიანობა  
PAMATDARBIBA



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, which addresses corruption, bribery, human rights and data protection, among other things.





# ONE OF THE SOCIAL ISSUES OF OUR TIMES – AND OUR RESPONSE

**VIG Insurance Group's investments in non-profit building societies provide support in the area of affordable housing. Housing is becoming increasingly expensive – and therefore a problem for more and more people.**

It is unlikely that anyone who bought a home ten years ago regrets that decision today, since the value of real estate has increased considerably on average, especially in metropolitan areas. There is, however, a flip side to this real estate boom. Housing is becoming an increasingly bigger financial burden for renters and prospective buyers. According to a study commissioned by Erste Bank, one out of every two Austrians already feels that housing is virtually unaffordable. In fact, house prices have increased almost three times as fast, and new rents almost twice as fast as household income in Austria since 2008. The cost of housing is therefore consuming an increasingly larger share of household budgets. Affordable housing is now even being called the social issue of the 21<sup>st</sup> century. Prices are rising due to increased demand, with population growing particularly quickly in metropolitan areas, as shown in the illustration on page 17. The population of Vienna, for example, has increased by 200,000 people since 2009. At the same time, more and more capital is flowing into the real estate sector looking for higher returns, as the low level of interest rates has greatly reduced any attractive alternatives. This is also pushing prices higher. The problem is not limited to Austria, but can be seen in similar forms in other European countries. This also has

an impact on the environment, since if many people can no longer afford housing in the city, they are forced to move to lower priced areas around the city – and commute to work. And traffic is already a problem for climate protection in Austria.

## **Investment in a successful Austrian model**

The good news is that even though they cannot prevent real estate prices from increasing, there are models that can at least slow the increase. Austria's social housing is an example of such a successful model. Neither the municipalities involved in municipal housing construction like Vienna, nor the non-profit housing industry operate on the principle of profit maximisation. Instead, their priority is to provide affordable housing for a broad range of people.

VIG Insurance Group's investments in several non-profit building societies in Vienna and other Austrian states actively support this successful model. At the end of 2019, it had indirect interests in real estate with a book value of around EUR 3.8 billion. This represents more than 100,000 housing units that are available at affordable rents. "VIG Insurance Group is helping to achieve Sustainable Development Goal 11, namely access to affordable housing, with this investment. This is because we want more people to be able to afford housing, particularly in central locations", stated General Manager Elisabeth Stadler. Social and environmental concerns also go hand-in-hand here. Non-profit building societies aim their supply of housing at a broad range of people, take care to achieve a

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

# 100,000

housing units at affordable rents.



© EGW

**IN A PRIME LOCATION**

A residential building with 79 subsidised units built by EGW Heimstätte is in a prime location close to the Vienna main railway station. EGW is one of the oldest non-profit housing societies, and VIG Insurance Group is its majority shareholder. 22 of the units are “smart homes” that offer especially affordable living. The “Kolokation” building group is also noteworthy. The group occupies one floor with 15 units and consists of people who in old age want to live in a shared space, but still independently.



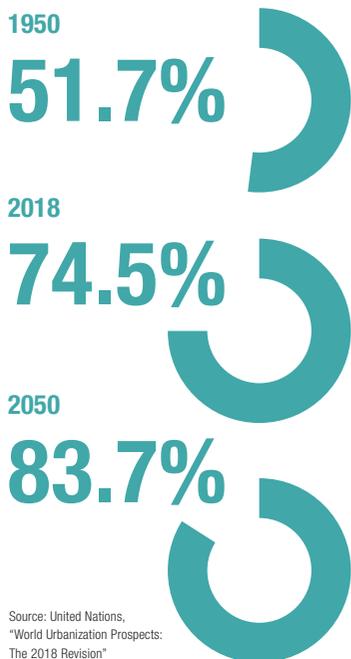
© SOZIALBAU AG/Vogels

**IN THE HEART OF SIMMERING**

Good access to public transport, but still close to green space with good recreational value. Sozialbau AG, which is majority-owned by VIG Insurance Group, built a total of 211 rental and co-op units for Urbanbau and Wohnbau on the site of the former Hoerbiger valve plant in the heart of Simmering, including a children’s daycare centre and open play and meeting areas inside and outside.

balanced mix of residents and also offer integrative forms of housing. At the same time, energy-efficient construction and regular renovation of existing buildings reduce heating needs, which cuts the cost for tenants and also conserves resources.

**Share of the population in cities in Europe**



Source: United Nations, "World Urbanization Prospects: The 2018 Revision"

**Careful and responsible**

**VIG Insurance Group manages EUR 35.9 billion in investments. Its investment strategy is guided first and foremost by its responsibility to its customers.**

More than 22 million customers rely on VIG insurance companies to stand by them if misfortune occurs. The Company therefore feels its number one priority is to manage the premiums it receives so that it can fully satisfy its obligations to its customers at any time. It therefore focuses on safe, sustainable investments, with a preference for good credit ratings and, therefore, stable returns. At the same time, however, VIG Insurance Group also

takes responsibility for the effects of its investments. In 2019, for example, the Group decided to reduce its investment in the coal industry (see pages 18 and 19). Its investments should also help to promote social solidarity. VIG Insurance Group therefore provides support in the form of capital to non-profit housing societies (see article on the left).

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.



In June 2019, Wiener Städtische and Donau Versicherung provided financing for a solar park portfolio consisting of nine photovoltaic parks in the southwest of Spain. S&P gave the 19-year bond an AA rating.



© O. Energy



© Klaus Ränger

Gerald Weber is the head of Asset Management

## “A quite strong pressure”

**Gerald Weber is responsible for VIG Insurance Group’s investments – and therefore also for the gradual withdrawal from its exposure to coal. The investments in green bonds amounted to EUR 154.3 million at the end of 2019.**

**The new climate change strategy aims at reducing direct investments in companies in the coal sector by significantly more than half by 2025 and fully eliminating them from the portfolio by 2035.**

**Couldn’t this happen more quickly?**

**GERALD WEBER:** We see ourselves as a long-term investor, whose top priority is to ensure a regular cash flow. We pay special attention to whether a bond issuer can also repay its bonds. This goal of achieving a reliable cash flow will remain with us in the future, and we therefore decided to gradually reduce our existing investments in coal. This might happen more quickly if the market provides attractive opportunities to sell off existing bonds or other positions. In any case, given the exclusionary criteria for coal, no new investments will be made.

**You are responsible for investing capital securely.**

**Do you feel the new policy is restricting you?**

**WEBER:** It is currently very difficult to make profitable investments due to the low level of interest rates. So losing investment options doesn’t particularly make life easier. On the other hand, we are already seeing that these measures make sense and are actually causing the companies that are affected to change their way of thinking. They are trying to reduce their use of coal for energy production and rely more on renewable energies. It naturally helps that VIG Insurance Group is not

working alone. Because this is a trend in the entire industry, the overall pressure is quite strong.

**Is the Group planning further measures to make its investments more sustainable?**

**WEBER:** Yes. For example, we are increasing our investments in environmentally friendly projects. At the end of 2019, we had around EUR 154 million invested in green bonds, which means we provided capital earmarked for investments in, for example, renewable energies. This was more than double the amount we had invested in green bonds in the previous year. We also invested EUR 28 million as project financing for a photovoltaic power plant. In addition, we expect the European Union to issue a taxonomy regulation in 2020 that will standardise which economic activities are environmentally sustainable. We will also naturally take this into account.

**“We are already seeing companies change their way of thinking.”**

Gerald Weber

## NEW POLICY: WITHDRAWAL FROM COAL

The corporate group published its climate change strategy in May 2019 with a strict investment and underwriting policy for the coal sector that is aimed at promoting the transition to an environmentally-friendly low-carbon future. The new policy is mandatory for all Group companies and will significantly reduce the exposure to the coal sector. Direct investments in companies in the coal sector – especially mining companies and power plants – will be reduced. The new underwriting rules also stipulate that since entry into force of the new policy no insurance will be provided for new projects in these areas. For more information, see [www.vig.com/climate-change-strategy](http://www.vig.com/climate-change-strategy)

## “Support for young, innovative sectors”

**The new underwriting policy of VIG Insurance Group specifies a withdrawal from the coal sector. At the same time, the Group is a pioneer in – potentially risky – insurance for innovative technologies aimed at increasing sustainability.**

**The new underwriting policy specifies that the Group does not issue any insurance policies for new coal mining projects or coal-fired power plant projects. Does this play a role in your business operations at all?**

**WOLFGANG PETSCHKO:** Yes, absolutely. We continuously have to deal with requests of this type. The new underwriting policy also means that new risks with risk-appropriate premiums that would otherwise be good underwriting risks are no longer being underwritten.

**At the same time, however, the policy is significantly more flexible when it comes to renewing existing policies. Why is that?**

**GERALD NETAL:** It is important to weigh and assess the different factors and resulting consequences in such cases. We feel bound by a number of parameters: the environment, a sustainable economy and the people in our markets. On the one hand, there are countries, such as Slovenia, which have concrete strategies for withdrawing from coal and are acting as pioneers to a certain extent in this area. On the other hand, the coal sector has great economic and social importance in some regions, such as Poland, where many people are employed in the sector. We would like to make a contribution in this area and support the process of transformation to renewable energies.

**Aside from the withdrawal from coal, what else could the Underwriting department do to help increase sustainability?**

**PETSCHKO:** Making insurance available is an important way to provide support for young, innovative sectors. It allows them to deal with risks better. We are not typically an insurer that allows itself to be scared away from difficult situations. Many of our competitors are withdrawing partially or completely from certain sectors, or only taking



Wolfgang Petschko was the head of the corporate and large customer business area until the end of 2019 ...



... and Gerald Netal assumed this position at the beginning of 2020.

part in the changes taking place in some sectors after a long delay, or not at all. Our approach is to understand the processes taking place in a sector, provide support with risk management approaches, and develop solutions together.

**NETAL:** A good example is the wood industry, which was considered almost uninsurable for a while. The problem was handled successfully by working together like partners and systematically implementing the standards that were jointly developed. The situation in the recycling sector is very similar today. Many insurance companies have already withdrawn from this segment. We are actively participating in the process to develop and establish solutions that make it possible to provide insurance for innovative sectors. Insurance has to be available for these sectors if a circular economy – which is an important part of the EU's Green Deal – is to be established.

**PETSCHKO:** The situation is also similar for alternative energies, such as wind, sun and biomass. We have provided support for this area for many years already – in full awareness that we are assuming a risk ourselves and are therefore indirectly bearing part of the development costs for these new technologies. This has, however, created an advantage for us today. We are now one of the market leaders in our region when it comes to insuring plants for the generation of renewable energies.

## More advice, leading to less risk

**The Group offers its corporate and large customers custom-tailored risk management services aimed at avoiding losses before they occur.**

While private customers often require very similar insurance solutions, policies for corporate and large customers are highly individual. The Group's experts and extensive network in 30 countries makes it an ideal partner for industrial and large customers.

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. This concerns risks like fire, explosion and environmental hazards. Preventing losses due to natural hazards is becoming increasingly important. Existing risk models are being steadily improved 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 SMS allow companies to take action at short notice.

There are, however, risks that the Group cannot assume, or only assume to a limited extent. These include the withdrawal from the coal sector (see information box and interview).

## Protectors of the law

**The Group's compliance organisation ensures that the Company is in compliance with all legal requirements and internal regulations. It was further strengthened in 2019.**

Strict rules are no help if nobody follows them. The compliance organisation therefore ensures compliance with legal and regulatory requirements, as well as obligations that have been voluntarily assumed. It also promotes a culture of integrity. Like the corporate group itself, the compliance organisation has a decentralised structure within the Group. A policy approved by the Managing Board specifies roles, responsibilities and minimum standards.

The annual meeting of all local compliance officers from the Group companies, chaired by the Group Compliance department, which takes place in VIG Holding is a key element of the compliance organisation. Measures such as the prevention of corruption and bribery, anti-competitive behaviour, market abuse, violations of sanctions and embargoes and money laundering are discussed in these meetings. The topics are chosen in consultation with the Managing Board based on realised or potential compliance risks. Current developments are also taken into account when the agenda is prepared. The focus during the reporting period was on expanding and extending the Group-wide compliance management system, local implementation of Group requirements, current legal topics at the EU and national levels, and dealing with international sanctions.

The Group itself as well as the individual Group companies have a compliance organisation that is adapted to their risk profile. The managing boards of each company have appointed compliance officers who are responsible for monitoring the legal situation and recommending implementation of any necessary measures, providing advice to employees, implementing various measures to prevent violations of the rules, identifying

and assessing compliance risks, and monitoring existing processes and potential compliance incidents. The Group-wide compliance organisation was strengthened and expanded during the reporting period. Compliance-related policies were amended, requirements for Group companies' ad hoc reporting to the Group Compliance department were strengthened, and the Group Compliance department's monitoring of Group companies was increased.

During the compliance risk analysis, all the compliance risks in the business processes of Group companies were identified and assessed, and existing controls are described and their effectiveness evaluated. All compliance risks were assigned to eleven sub-categories. Every Group company reported the results of their local analysis to the Group Compliance department, which performed an overall Group analysis. Overall, this created a medium-level compliance risk for the Group.

### Strict ad hoc reporting

The compliance officers in the Group companies act as contact persons for all questions and reports of compliance breaches both locally and for Group Compliance. The Group has established strictly defined annual ad hoc reporting of compliance breaches to ensure they are promptly reported to the Group Compliance department. All reports are examined carefully and as long as required to finally clarify the issue. Routine controls are also performed periodically. Strict action is taken if inappropriate behaviour is identified during one of these controls. Reporting is performed directly to the Managing Board. This allows improper conduct to be quickly penalised. There were no known cases of corruption during the reporting period.



© Wiener Städtische Versicherungsverein/Erste Bank

## Good partnership

**VIG Insurance Group prefers to work with companies that share the same values. The long-term partnership with Erste Group is an example of this.**

"No one shall be excluded from benefits based on age, gender, status, or nation." This sentence is from the founding articles of association of Erste Oesterreichische Spar-Casse – and in the autumn of 2019 it was displayed on a 3,000 square metre work of art wrapping on the Ringturm building in Vienna. Wiener Städtische did this to celebrate the 200<sup>th</sup> anniversary of the Erste Bank – and thank it for the close partnership that unites the two companies. The corporate group acquired the Erste



The Ringturm building in Vienna displayed a socio-political message in September and October 2019.

Group insurance business in 2008 and the two have been “preferred partners” since then. The close collaboration is based on synergies between the two financial service providers, both of which are leaders in Central and Eastern Europe. The companies also share a basic emotional understanding. Both were created in the 19<sup>th</sup> century with the goal of offering financial products to as broad a range of people as possible – in other words, to “exclude no one from benefits”.

The Group strives to create long-term dependable relationships with all its business partners. Partners are selected carefully, and fairness, respect, appreciation and transparency form the basis of these relationships.



## Strict standards, good partners

### Outsourcing within VIG Insurance Group to external service providers is governed by an outsourcing policy.

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. 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, has to be assigned its own outsourcing officer.

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### COMMUNITY IS IMPORTANT

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
- Friends of Theater in der Josefstadt
- 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)
- Society of Friends of the Sigmund Freud Museum Vienna

## Due diligence: Clear rules for prudent management

**The corporate governance system is aimed at ensuring prudent operations in all business areas. The Company's Code of Business Ethics was revised in 2019. And the Risk Management department identified non-financial risks using an inside-out perspective for the first time.**

### Code of Business Ethics

The Code of Business Ethics provides an important source of guidance on socially responsible conduct for the whole VIG Insurance Group. It was extensively revised, based on principles and with new aspects added in 2019. It now 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 implementation and communication of the code. The entire contents of the Code are available on the Company's website ([www.vig.com](http://www.vig.com)).

### Corporate governance

Corporate governance provisions and measures ensure that responsibility plays a central role in the corporate 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 in 2019. The audit committee and Supervisory Board reviewed and checked the sustainability report for 2018 provided by the Managing Board 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 risk management departments at the VIG Holding and local levels. 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 continuously improved.



### 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 Company has its own diversity concept to promote diversity and equal opportunity. Diversity is also valued when dealing with customers. To protect personal information and ensure confidentiality, top priority is given to exercising due care when processing customer and employee data (see page 29). The Group also checks sanction lists and chooses its business partners with the greatest care (see page 21).

# A COMPASS FOR THE GROUP

**The Company mission statement describes the Group's self-image, goals and values – and therefore provides employees a basic framework to guide their day-to-day activities.**

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 26 November 2019. 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.

Significant non-financial risks were identified in 2019 – as a first step – using expert assessments by the CSR officers in the EU companies. There are plans to expand this to all companies during the next two years. 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 7). For example, the risk of customers who are not Internet-oriented being insufficiently addressed due to the increase in digital products was considered. The analysis showed that no significant risks according to §267a (3) UGB exist after current measures were taken into account. The only exception was one Group company undergoing restructuring that should be completed in a reasonable period of time. 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.

## 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 Austria, Central and Eastern Europe.

## OUR VALUES

### Diversity:

Diversity is a success factor and fundamental value for us. Sharing knowledge, ideas and experience is part of the day-to-day working life in our Group.

### Customer proximity:

We are an international company and also have strong local ties. Because of our local employees, we are very familiar with the typical needs of the customers in our markets.

### Responsibility:

All of our activities are performed in full awareness of our responsibility to and appreciation of our customers, business partners, shareholders and society in general.

## 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 PROMISE

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



## Our ambition with respect to customers:

- Group insurance companies increasingly develop products with social or environmental added value
- Group 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



КЛИЕНТИ  
**CUSTOMERS**  
 KUNDER  
 KUNDEN  
 KLIENCI  
 КЛИЈЕНТИ  
 CLIENTI



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.



# NEW SOLUTIONS FOR AN AGEING SOCIETY

**Demographic change is putting Europe's social systems under pressure. VIG insurance companies' products are helping to eliminate the risk of gaps in future provisions for pensions, health care and nursing care, and are adjusting their products in response to this change.**

Sustainable management means monitoring and reacting to long-term trends. One megatrend with particularly far-reaching consequences is demographic change. For Austria, to put it briefly, this means the population is growing and ageing. The challenges are mainly caused by the shift in the age structure. The number of people over the age of 65 will increase by half in the next 20 years, and the share of the population in this age group will rise from around 20% today to more than 25%. Although forecasts predict that population will decrease in many regions of Central and Eastern Europe, the ageing of society nevertheless also applies to CEE countries – and will be even more extreme in some cases due to an outflow of young people. The general reasons for demographic ageing are the same everywhere. First, life expectancy is increasing and, second, fewer children are being born than in previous generations.

## **Different needs, increased costs**

The increased share of elderly people is putting existing social systems under pressure. This is because pension expenditures are rising, while fewer young people are paying into the pension system. Chronic illnesses increase in old age, which also increases the costs for medical treatment and nursing care. At the same time, according to the European Commission family members are providing less nursing care, because many people are retiring later,

there are fewer children and more women have paid employment. In addition, many women are already bearing a double burden, as it is still mainly women who are trying to balance both career and family. New solutions are needed.

## **Private sector supplements government systems**

These include adjustments to both public and private pension and insurance systems. Products of VIG insurance companies, which are continuously improved and supplemented with new services, are helping to eliminate the risk of gaps in future provisions for pensions, health care and nursing care (see examples to the right). Private health insurance, for example in Austria, is supplementing government health care. The benefits not only help those covered by the insurance, but also provide funding for medical infrastructure – doctors and public hospitals – that is also available to general patients. Private life insurance, on the other hand, is the only financial product that guarantees a life-long annuity – even when the average life expectancy is far exceeded. As a result, it also provides an important contribution to social security in old age and illness.

## **Austria**

### **Women's pensions**

A good education, a good job. Many women hit the ground running when they start their careers. Many, however, take a break after a few years. They have children and want to spend at least a bit of time raising them. That has definite consequences. Child care and part-time work contribute to the “gender pension gap”. They reduce both the number of years of contributions and pensionable salary. In 2018, women's pensions were an average of 34% less than men's. Donau Versicherung's “Frauen Aktiv” (Active Women) campaign encourages women to think about their pensions and thereby reduce the pension gap. If a woman buys a new Donau life insurance policy, she can take advantage of the “Donau Aktiv” supplementary package free of charge for a period of one year after the birth of a child. The “Donau Aktiv” benefits range from a time-out in a wellness hotel to gym memberships and a comprehensive preventative check-up. Around 450 women had the opportunity to take advantage of this campaign in 2019.



A Wiener Städtische campaign in the spring of 2019 showed that a love of life has nothing to do with age. Pensioners are active and enterprising today. Appropriate retirement provisions can make retirement more enjoyable.



The award presentations for the “Carer with a Heart” 2019 association took place in the Grand Hall of the Erste Campus in Vienna.

**Hungary**

**Awareness through technology**

The Hungarian company Union Biztosító offers a comprehensive preventative health programme via its Fitpuli mobile app. The app is offered to corporate customers as a medical wellness solution integrated into their group health insurance. It improves employee health awareness by providing feedback on their daily performance. Gamification approaches use game elements, such as allowing comparison with their colleagues, to motivate employees to adopt a healthier lifestyle. The app can be used with all available armbands, fitness trackers and smart watches, but also functions without them. The app can also be used for eyesight and hearing tests, and is continuously being further developed.

**Georgia**

**Saving time thanks to digital communication**

An electronic health card, either in bank card format or as a smartphone app, provides a fast, easy way for health insurance customers of the Georgian company GPI Holding to obtain medical services without advance payments. It is based on a digital platform that connects the insurance company with doctors, clinics and pharmacies and permits direct, in some cases automated, communication in real time. This allows the patient and customer to immediately receive information about whether the cost of medication and outpatient, inpatient or dental services will be paid. The electronic health card therefore saves time for all of the parties involved while also helping to promote paperless handling.

**Applause for hundreds of thousands of carers**

Around a half a million Austrians need support and assistance in their day-to-day lives. Once a year, “Carer with a Heart” brings all those active in the area of nursing care to the stage. Wiener Städtische Versicherungsverein started this initiative together with Wiener Städtische in 2012. The goal was to increase public awareness of nursing care and promote the career of carer. Prizes are awarded in three categories: nursing and care professions, relatives providing care, and 24-hour care. The initiative received around 3,100 nominations from all Austrian states in 2019. Its partners include the Austrian Economic Chambers, Austrian Chamber of Labour, Erste Bank and Sparkassen.

## Safety with Responsibility

**VIG insurance company products help their customers deal with risks better – but an increasing number also offer social or environmental added value.**

### Sustainable mobility

A number of VIG insurance companies offer premium discounts in the motor insurance line of business for low-emission vehicles. The Czech **company Kooperativa** also offers special assistance services for customers with electric cars. If the battery runs out of power too soon, they can get a tow to the next charging station. The Croatian **company Wiener Osiguranje** cooperates with garages that specialise in glass repairs to repair damaged wind-screens instead of installing new ones.

**Seesam Insurance AS** in Estonia waives the customer deductible if damaged glass is repaired instead of replaced. These initiatives can conserve resources.

### Bonus for energy-efficient construction

**Wiener Städtische** promotes sustainable, energy-saving construction with a one-time premium credit. Owners of homes with a maximum energy consumption of 70 kWh/m<sup>2</sup> save EUR 35 when they buy PREMIUM home-owners insurance for the first time.

### Medicine for all

The Polish **company Compensa Non-Life** is offering telemedicine – the ability to receive online advice from doctors – to provide easier access to medical services for its health insurance customers. This is particularly valuable for people living in small country villages where medical care is not universally available. It can, however, also be useful for people in large cities, such as those with many business and personal obligations who find it difficult to make time for a doctor's appointment.

### Ethically providing for the future

Providing for the future responsibly – **Wiener Städtische** makes this possible with unit-linked life insurance policies

distributed through banks. These are based on funds managed by the Austrian Sparkassen Group, in particular Erste Asset Management, one of the pioneers in sustainable investment in Austria. The extensive range of products available for unit-linked life insurance includes 14 sustainable funds whose investment approaches require the use of ESG (Environmental, Social, Governance) criteria and cover the main capital market segments. Customers can, for example, invest based on the criteria of the Austrian Conference of Bishops or the environmental organisation WWF.

### Energy of the future

Wind and hydroelectric power, photovoltaic systems and biomass – these are the energy sources of the future. VIG Insurance Group helps promote the transition to renewable energy by providing insurance for such equipment in Austria and Central and Eastern Europe as a whole.



© Shutterstock/Anweber

The Group is one of the market leaders in renewable energy insurance in many Central and Eastern European countries.



© Shutterstock/Viktoria Kumasova & Lerch

## Complaint management: Always ready to listen

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.

The contact persons 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.

## At your service anytime and anywhere

**VIG Insurance Group is developing new solutions in around 180 digitalisation projects that are primarily aimed at providing greater value for customers. Communication is becoming quicker and easier.**

Anytime and anywhere, quick and easy, always adjusted to meet current needs. Digitalisation ideally revolutionises how companies and customers interact. The VIG Insurance Group is currently working on around 180 projects to take advantage of the opportunities of digitalisation. Almost all of the companies have defined transformation plans for further digital development (see page 56 for more information). The Group also has its eye on the so-called “millennials” and “generation Z”, i.e. those born since the 1980s. “The expectations of these consumer groups are shaped by companies like Amazon and Netflix”, stated Klaus Mühleder, Head of Group Development and Strategy. “They are online by default and highly demanding. They want custom-tailored offers that are available anytime and anywhere.”

Work is currently being done on around

# 180

projects dealing with the digital transformation

Here are a few highlights from the current variety of digitalisation initiatives:

- Wiener Städtische founded a corporate start-up at the beginning of 2019: **viesure** works closely with young software developers to create innovative services that provide additional benefits and test digital business models. The results can then be used in the whole VIG Insurance Group.
- viesure has already produced its first result: Wiener Städtische's

**health care app** has been making life easier for customers since autumn 2019. They can photograph invoices for doctors and medication under their health insurance and send them to the insurance company via the app. Artificial intelligence software automatically recognises the information on the invoice. This reduces paperwork and makes it quicker and easier for customers to receive their money.

- VIG Insurance Group is expanding its **assistance services**. In the motor line of business, for example, it is using one of the most modern software systems to assist customers with claims. Customers with a breakdown or accident receive an SMS with a link. When the link is opened, the customer's location is automatically recorded and the nearest towing company is notified. Group companies in seven countries are already using this service tool, which was developed in-house.
- Since March 2019, the new **Wiener Biz** app from the Serbian company Wiener Städtische Osiguranje has provided brokers an easy, flexible way to handle property insurance for microenterprises. The app is used to record the company's data and requirements, display risks, calculate premiums and, in the best case, conclude the policy and send it to the customer by email.
- In November 2019, VIG Holding and Wiener Städtische announced they would be partnering with **Plug and Play**. This Silicon Valley innovation platform has 30 hubs worldwide and a network of 15,000 reviewed startups, and specialises in connecting startups with investors and the world's largest corporations. This gives the Group access to know-how from around the world, allowing it to implement innovative technologies even more quickly.

### STRONG IT FOR SECURE DATA

Data is the new gold – and has to be protected accordingly. The corporate group has set up a data protection management system to prevent sensitive customer and employee data from being stolen, or even unlawfully published. The measures also include creating appropriate awareness of the issue. A Data Protection Coordinator in VIG Holding has managed all projects in the Group starting in 2019. Each Group company also has a Data Protection Officer who implements measures for data protection compliance, analyses new projects for requirements of this nature and trains employees. These data protection experts regularly exchange information and best practice solutions in workshops. The data protection policy, including the reporting process, was extensively revised in 2019.

Reliable technical measures are needed for effective data protection. Group IT security guidelines are based on the ISO 27001 standard. IT security incidents must be reported to VIG Holding in a monthly report, and 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, which must have received certain internationally recognised certifications in order to work together with the Group. There were five data protection breaches for the Austrian insurance companies during the reporting period, with reports to the data protection authority.

## Our ambition with respect to employees:

- Human Resources positions the 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





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

# PLENTY OF ROOM TO DEVELOP

**What “escape the room” games have to do with human resources, how young employees from the CEE region differ from their parents, and what diversity means in our day-to-day working lives – two human resources managers provide answers to these questions.**

**Ms Moosmann, you have been head of the VIG Holding Human Resources department for more than eight years. What accomplishments are you particularly proud of?**

**BIRGIT MOOSMANN:** I would particularly like to mention the awards we have received. We are especially happy that we were recently included in the top 500 of the Forbes ranking of the World’s Best Employers, to mention just one example.

**Ms Hohl, you will be taking over as Head of the VIG Holding Human Resources department in the summer of 2020. What do you think makes VIG Insurance Group stand out as an employer?**

**BARBARA HOHL:** VIG Insurance Group offers employees in all their diversity and individuality room to develop, and does so to a degree that would not be expected of a major international group – such as our custom-tailored development programmes. The diversity strategy that the Group began implementing in 2017 underscores this openness.

**How can one see the great importance that diversity has in the day-to-day life in the Company?**

**MOOSMANN:** When you are in our headquarters, the jumble of different languages and accents makes you aware of the interaction between employees from

different countries each and every day. We also use mobility programmes to promote a mutual exchange of information, with employees from one company going to another company to meet the employees there, exchange know-how and learn “how others do things”. Many employees are active in international Group-wide platforms and working groups on specific technical topics, where they learn how local entrepreneurship can operate in an international group of companies. We are also proud that so many women hold top management positions. This is an indication that equal rights and fairness are part of our corporate culture.

**With so much diversity, what can one rely on for all VIG companies?**

**HOHL:** We naturally have common standards, such as equal opportunity and how variable remuneration is handled. There is, however, no prescribed “blueprint” for Group companies. Standards that apply Group-wide are always developed in cooperation with our colleagues in the Group companies.

**MOOSMANN:** In addition to respect for diversity, the Group also stands out for its fundamental social values. We see ourselves as a long-term investor in each market and a partner for the local economy.

Birgit Moosmann will be Head of the VIG Holding Human Resources department until the summer of 2020 ...



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... and Barbara Hohl will follow her in this position in the middle of 2020.



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## 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
- an appropriate feedback culture should exist

### ... ARE ACHIEVED BY ...

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



**Are social values like these attractive at all to employees in the CEE region?**

**MOOSMANN:** Yes. The younger generations in the CEE region are no longer primarily motivated by money. That was understandably more important for their parents after the fall of the Iron Curtain. Young people from the CEE region have first-class educations and are internationally mobile today. We provide wide-ranging mobility programmes to satisfy this desire.

**Like other insurance companies, VIG Insurance Group stresses its stability, reliability and many years of experience. Is that at all attractive for generation Z?**

**HOHL:** That is a challenge that most organisations requiring expert knowledge are facing. In addition, looking at an insurance company does not tell you about its inner life, which is unbelievably diverse and exciting. Our local HR departments therefore use highly original methods in their work. Young mathematicians, for example, are enthusiastic about “escape the room” games with mathematical puzzles. Attractive trainee programmes are another possibility, in some cases accompanying their studies, so that young people can already be won over for the insurance industry before they make their actual career choice.

## VIG INSURANCE GROUP WINS TOP POSITIONS

- VIG Insurance Group is one of **the world's 500 best employers**, according to the October 2019 issue of “Forbes” magazine, which contains the current ranking for its annual survey of employers around the world. VIG Insurance Group is one of only two Austrian-based companies to make it into the list of top global companies.
- VIG Holding was the **industry winner for the region of Germany, Austria, Switzerland and Liechtenstein (DACH region)** in the annual “Best Recruiters” ranking for 2019. No other insurance company had such professional employer branding and recruiting activities. VIG Holding was number 18 in the ranking of more than 1,300 companies surveyed across sectors in the DACH region. In Austria, VIG Holding was the industry winner and received the gold medal again for the third time in a row.
- The market research institute Universum together with Stepstone asked more than 10,000 Austrian students which employer they found the most attractive. VIG Holding ranked number 55 in the list of 3,537 companies and was therefore in the **top 100**.
- The “Taten statt Worte” (Deeds not Words) association under the patronage of Maria Rauch-Kallat named Austrian company Wiener Städtische **the most women- and family-friendly large business in Vienna** in October 2019. The jury was convinced by its sustained promotion of women, broad definition of family and numerous diversity measures. Wiener Städtische has promoted a balance between family and career for many years with measures like a company kindergarten, flexible working hours and many fringe benefits above and beyond those required by law.
- VIG Holding received **first place** in the **2019 Gender Diversity Index** ranking by the Boston Consulting Group. The ranking is based on the percentage of women in the managing boards and supervisory boards of the 50 largest listed companies in Austria and their compensation.



### THIS IS WHAT HAPPY WINNERS LOOK LIKE!

The “VIG Diversity Award” is given for highly successful diversity initiatives and therefore makes an important contribution to anchoring the VIG diversity strategy in the Group as a whole. Four VIG companies received awards in the “diversity concept” category, and three in the “employer branding and internal roll-out” category.



VIG Holding Managing Board Member Harald Riener and Diversity Advisor Angela Fleischlig-Tangl with the award winners: Astrid Limberger (Wiener Städtische, Austria), Marija Blagojevic (Wiener Städtische Osiguranje, Serbia), Ivana Kovačić (Wiener Osiguranje, Croatia), Maja Mišić (Wiener Osiguranje, Bosnia-Herzegovina), Judit Pécsi (Union Biztosító, Hungary), Andrea Weidinger (Donau Versicherung, Austria), Gertrud Drobesh (Donau Versicherung, Austria), Pavlína Türková (VIG Re, Czech Republic).

## More likeable and innovative

**The Group sees diversity as a central element of its strategy and therefore systematically uses diversity management to actively promote it.**

As a company with more than 25,000 employees in 30 countries, VIG Insurance Group unifies a broad diversity of nations, languages and cultural backgrounds. But the Group does more than just enable diversity. It actively promotes it. This is because studies show that diverse companies are not just more likeable, but also more profitable and innovative. The Group, for example, relies on local entrepreneurship and a multi-brand strategy that allow it to use a variety of different approaches to achieve business success. It also uses systematic diversity management to ensure that all employees are dealt with fairly and justly, thereby allowing them to follow their ideal development paths. Since 2017 there is also a Diversity Advisor in place. The diversity strategy focuses on gender, generations and internationality at the Group level. In the interests of diversity and local entrepreneurship, the Group companies define their own priorities.

### AUSTRIAN COMPANY WIENER STÄDTISCHE SHOWS ITS COLOURS

Wiener Städtische initiated many new measures after its recertification as a family-friendly company at the end of 2018. Some were aimed at showing appreciation and tolerance of all sexual orientations and identities. For example, the company took part in EuroPride 2019 at the beginning of June in support of the international LGBTIQ+ community and mobilised for diversity and tolerance using the company's social media channels and a huge rainbow

banner mounted on the outside of the Vienna regional office. During an internal diversity workshop, interested parties exchanged views on the topic and developed measures. In addition, a new network under the name “all colours” provides a platform for all LGBTIQ+ employees and supporters to network and exchange information. And the company has also had an internal contact person for the LGBTIQ+ community since October 2019.



Wiener Städtische initiated new measures for more diversity in the Company in 2019.

## Diversity facts and figures



### GROUP-WIDE GENDER DISTRIBUTION

Group-wide	Women			Men		
	2019	2018	2017	2019	2018	2017
Supervisory Board	19.6%	17.9%	18.0%	80.4%	82.1%	82.0%
Managing Board	25.7%	24.1%	22.9%	74.3%	75.9%	77.1%
Management level directly below the Managing Board	46.3%	47.6%	42.5%	53.7%	52.4%	57.5%
Group as a whole	62.1%	61.7%	62.2%	37.9%	38.3%	37.8%

### DIVERSITY IN FIGURES

The diversity figures on the left provide information about the gender distribution, nationalities and age distribution in the Group. These figures concern the factors – gender, internationality and generations – that form the focus of the diversity strategy at the Group level. Around one quarter of the managing board members in the Group were women at the end of 2019. At the management level below the managing board, almost half the managers were women. The female supervisory board members in the Group amounted to 20%. 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, the companies in two countries are not consolidated. The Group is represented by branch offices in another seven countries. There are no managing boards or supervisory boards there. The age distribution is presented in a different way compared to 2017 and 2018 to conform to the reporting standards of the Global Reporting Initiative.

### GROUP-WIDE NATIONALITIES

21

(2018: 22, 2017: 22)

Nationalities in the Managing Boards

19

(2018: 20, 2017: 21)

Nationalities in the Supervisory Boards

### GROUP-WIDE AGE DISTRIBUTION

Supervisory Board	under 30	30 to 50	over 50
Combined age distribution	0.0%	30.8%	69.2%
Female Supervisory Board members	0.0%	39.3%	60.7%
Male Supervisory Board members	0.0%	28.7%	71.3%

Managing Board	under 30	30 to 50	over 50
Combined age distribution	0.0%	61.5%	38.5%
Female Managing Board members	0.0%	60.5%	39.5%
Male Managing Board members	0.0%	61.8%	38.2%

Employees	under 30	30 to 50	over 50
Combined age distribution	19.0%	56.2%	24.8%
Female employees	19.3%	57.5%	23.2%
Male employees	18.5%	54.0%	27.5%

## Advanced training for the digital transformation

### Learning Journeys and “Innovation Bootcamps” make employees fit for the digital future.

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. The responsibility for developing and organising employee training courses, seminars and other events generally lies with the local VIG companies. Best practices are also intensively exchanged within the Group during regular meetings of HR managers.

VIG Holding’s human resources department or other experts develop Group-wide training and advanced training. These include, for example, the Corporate University (leadership and expert programmes), VIG Technical Academies (detailed functional training, e.g. in underwriting), and mobility programmes (talented employees get acquainted with other departments or VIG companies). New training was available in 2019 concerning innovation and the digital transformation. Because the world of insurance is undergoing radical change: The digital transformation puts business models to the test and confronts employees with new challenges. VIG Holding assists these changes, including from an HR point of view, and helps the local companies make all their employees fit for the future. Here are two examples:

- **Learning Journeys** to international innovation hotspots provide direct insights into the potential and challenges of disruptive innovation. In October 2019, 14 managers from the Group travelled to Stockholm to immerse themselves in the Swedish culture of innovation and spend a few days broadening their horizons learning new ways of thinking. According to a study by the World Economic Forum, this Scandinavian country is the second most innovative economy in the world. During visits to industrial companies, startups and Kista Science City, one of the biggest IT clusters worldwide, they exchanged information on different approaches to innovation management, examined innovative business models and discussed new ideas for digitalisation projects.
- Together with Digital Impact Labs Leipzig, VIG Holding developed a training programme based on the “train the trainer” principle: **“Innovation Bootcamp”**, which trains selected employees to be innovation ambassadors. In workshops, they learn about different innovation methods that they then disseminate in their own Group companies. They initiate their own innovation projects at the same time. 33 employees from twelve countries already graduated from “Bootcamp” in 2019.

“Innovation Bootcamp” trains employees to be innovation ambassadors.



In 2019, employees at all Group insurance companies spent an average of

**3.5**

days in training.

(2018: 4.0, 2017: 4.2)

In 2019, the focus was on IDD training for field employees (average of 4.5 training days per field employee). For office employees, the focus in a few large companies was on the changes needed following the mergers at the end of 2018. The result was an overall average reduction of 0.5 training days per employee.



© Andreas Fischer



© Andreas Fischer

## Health and well-being

The risk of accidents is comparatively minor in an office environment. VIG Insurance Group's focus in health care is therefore on topics such as stress management and a healthy working environment. The Group companies are responsible for implementing the associated measures. The chart at the lower right shows how widespread these programmes and activities are.

In 2019, the average number of sick days per employee was

**7.5** days.\*

(2018: 7.4, 2017: 8.8)

\*The number of sick days has limited applicability to the occupational health status of employees in an international service company with a varied range of employees. For example, a high average number of sick days in a company could be due to a small number of employees with long-term illnesses. Recording employee illness, however, is also connected with local social laws, e.g. to determine whether employees should receive immediate pay compensation.



**Health programmes in VIG insurance companies:**

Ergonomics  
**88.6%** (2018: 88.6%, 2017: 78.6%)

Preventive health care  
**72.7%** (2018: 75.0%, 2017: 73.8%)

Health counselling  
**63.6%** (2018: 65.9%\*, 2017: 66.7%)

Burnout prevention  
**72.7%** (2018: 63.6%, 2017: 61.9%)

Physiotherapy  
**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 63.6% of the companies, but 74.2% of the employees work for these companies. 100% of the employees of the consolidated insurance companies benefit from at least one of the health programmes mentioned.

\*As a result of plausibility checking, the value for 2018 was corrected and adjusted in the current report.

### 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.

## Our ambition with respect to society:

- Group Sponsoring and all “Social Active Day” coordinators steadily expand this Group-wide initiative
- Wiener Städtische Versicherungsverein initiates and promotes activities providing social and cultural added value



DRUŠTVO SHOQËRIA

TÁRSADALOM FÆLLESSKAB

**SOCIETY**

GESELLSCHAFT

ÜHISKOND

ОБЩЕСТВО



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”.



# A FOCUS ON COMMUNITY

**VIG companies and the principal shareholder Wiener Städtische Versicherungsverein support many initiatives providing social and cultural added value.**

“No man is an island”, wrote English poet John Donne in the 17<sup>th</sup> century. This also applies to companies. The Group can only develop successfully over the long run as part of society as a whole. It therefore uses a variety of measures to support the local communities in its markets. “For many years, we have been a reliable partner for various social and cultural projects that promote solidarity and mutual understanding in society”, stated Barbara Grötschnig, Head of Group Sponsoring. Under the business strategy, Group companies have the freedom to adjust their activities

to local needs and circumstances, also when it comes to making a contribution to society. The focus can be on helping needy children, promoting the arts and culture, supporting aid organisations or, in the case of Kooperativa in the Czech Republic, activities concerned with road safety. The principal shareholder Wiener Städtische Versicherungsverein also supports numerous initiatives that provide social and cultural added value. It always takes care to focus on the spirit of community and promote international bridge building and cultural exchange.



© Iain Ehm

**“For many years, our Group has been a reliable partner for various social and cultural projects that promote solidarity and mutual understanding in society.”**

Barbara Grötschnig,  
Head of Group Sponsoring



© Wiener Städtische Versicherungsverein



## Social conscience

**The “Günter Geyer Award for Social Conscience” was awarded to VIG companies in Bosnia-Herzegovina, Poland and Albania in 2019.**

The Group-internal “Günter Geyer Award for Social Conscience” is awarded to companies in recognition of special social involvement. The total prize money of EUR 100,000 was awarded to three companies during the reporting period. Vienna Osiguranje in Bosnia-Herzegovina received an award for its “In healthy School, healthy Kids” project. Polish company Compensa held informational events to increase road safety. And in Albania, Sigma Inter-Albanian, amongst others, provided funding for a school bus for a remote mountain village whose children previously had to walk 80 minutes to school and back every day, and therefore often stayed at home when the weather was bad.



Since 2006, Wiener Städtische Versicherungsverein has regularly converted the Ringturm building in Vienna – the headquarters of VIG Holding, Wiener Städtische Versicherungsverein and Wiener Städtische – into a huge art installation. Twelve artists have wrapped the historical office building so far, including Arnulf Rainer and Gottfried Helnwein.

## A bit of optimism for a world in fear

**Bulgarian artist Daniela Kostova wrapped the Vienna Ringturm building in the summer of 2019.**

**What did you want to say with your “Future Dreams” artwork that was displayed on the Ringturm?**

Daniela Kostova: People need positive messages. We are surrounded by so much fear and bad news that a call for peace and tolerance can have a great effect. Particularly with an art project of this size. You can really make a strong statement! I think the opportunity Wiener Städtische Versicherungsverein has created for art in a public space is wonderful.

**In what way is “Future Dreams” an optimistic look into the future?**

Kostova: The work has a number of positive elements: the white dove with outstretched wings is a symbol of peace and the smiling baby stands for the future of humanity. Although the image does have an ironic aspect, for example the child in a space suit with a massive helmet, but it is loaded with positive energy.



© Eva Davidova

Daniela Kostova (born in 1974 in Sofia) is an interdisciplinary artist who has held exhibitions in New York, Geneva and Kassel.

**How optimistic are you personally when you look into the future, into our children’s world?**

Kostova: I try to remain optimistic, at least, but there are also good reasons for this. The young generation is very well informed today and has a feeling of responsibility for our planet. I have an eight year old daughter myself and we talk about these things all the time! Youth today are not just concerned about climate change, they are also doing something about it. They have big dreams and believe in a better future.



## Honour to whom honour is due

**A Group-internal social award honours the hidden heroes among its employees.**

Many employees of VIG companies get involved in social causes during their time off. Wiener Städtische Versicherungsverein honours and supports this commitment with its “Award in Recognition of Commitment to Voluntary Activities”. In 2019, it was awarded to eight employees from seven countries – those, for example, who help children with cancer, support hospitals in Africa and organise summer camps for children from low-income families.



© Wiener Städtische Versicherungsverein/Richard Tanzer

Award winners in 2019 (left to right), Cristina Dragoi (Romania), Ewelina Mendyk-Karczmarczyk from Poland with her companion, who performs volunteer work with her, Barbara Grötschnig (Head of Group Sponsoring), Meri Napetvaridze (Georgia), Indra Lacplese (Latvia), Helene Kanta (Managing Board Director for Wiener Städtische Versicherungsverein), Nermina Becirovic (Bosnia-Herzegovina), Mariam Gogichaishvili (Georgia), award winner Kurt Kreul (Austria) and Doris Wendler (Managing Board Director for Wiener Städtische)



## “Extremely humane and absolutely impressive”

The annual “Social Active Day” gives employees of VIG insurance companies the opportunity to get involved – and rewards them with lessons in humanity.

Employees of VIG insurance companies can devote one working day each year to become involved for a good cause. The “Social Active Day” initiative has existed since 2011. In 2019, around 5,900 employees from VIG insurance companies in 21 countries took part in this initiative. Such as Regine Novotny-Zierhofer from VIG Holding, who, together with her colleagues, helped with a summer barbecue party at the Caritas Franciscus residence in the Donaustadt district of Vienna. “It was absolutely impressive how the mostly voluntary carers treated the people there, some of whom were severely disabled – they were extremely humane, patient and friendly”, she reported about her experience.

Daniel Uhlík, also from VIG Holding, spends his “Social Active Day” each year with dementia patients in an institution operated by Caritas Socialis. “I have prepared breakfast, helped people eat their meals, gone for walks with them”, he explained. “One of the residents read a book to me to train her mind.” His summary is completely positive: “I have great respect for all the people who work there every day. It feels good to help a bit at least once a year.”



© Daniel Uhlík

Daniel Uhlík (second from right) spends his “Social Active Day” each year in an institution for people with dementia.



## Building bridges in Forchtenstein Castle

“For me, it is the people that make Europe what it is, the smiles and friendly greetings when you enter a small bakery or café.”

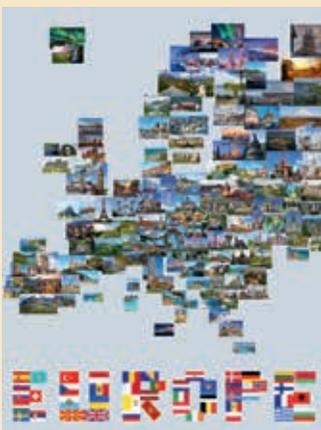
Mariam Owaida in her application for the “EYFON VIG YouthDays”

“EYFON VIG YouthDays” took place for the first time in 2019 – and gave youth from Austria, Hungary, Slovakia and the Czech Republic a better understanding of other cultures and of Europe.

A new project by Wiener Städtische Versicherungsverein aimed at building bridges between cultures celebrated its first year in 2019. “EYFON VIG YouthDays” took place for the first time on five days in August. Youth between 15 and 17 years of age learned about and discussed Europe in workshops, discussion rounds and presentations held in Forchtenstein Castle in the Styrian municipality of Neumarkt. An exciting recreational programme with geocaching,

climbing and go-cart racing in the Red Bull Ring was also in store for the participants from Austria, Hungary, Slovakia and the Czech Republic – all children of employees. “EYFON VIG YouthDays” was jointly initiated by the principal shareholder Wiener Städtische Versicherungsverein and the European Youth Forum Neumarkt (EYFON) to promote intercultural understanding and cultural exchange between the cultures that shape life in the heart of Europe.

Collage from Celine Tiefenbacher



To win one of the highly coveted places in “EYFON VIG YouthDays”, originality was needed right from the start. Applicants submitted videos, collages or statements on the topics of “Ideas for Europe” or “That is Europe”.

“Everyone is a genius. But if you judge a fish by whether it can climb a tree, then it will feel stupid its entire life.”

Richard Prutkay reflected on a quote attributed to Albert Einstein and the future of the European educational system in an essay submitted with his application.



© Wiener Städtische Versicherungsverein/Robert Newald



“VIG Kids Camp” also promotes understanding between generations.

## Ten years of Kids Camp

**“VIG Kids Camp” promotes an understanding of diversity.**

For the tenth year, Wiener Städtische Versicherungsverein invited children of employees of VIG insurance companies to come to Austria in the summer of 2019. Around 500 children from 23 countries visited one of the four “VIG Kids Camps”. In two exciting and varied weeks, the nine to 13-year old participants got to experience some of the most beautiful areas in Austria, make new friends, and even visit retirement homes in order to promote understanding between generations. “At VIG Kids Camp, we want the younger generation in Europe to learn the values that form part of the day-to-day life in our Group through their play – mutual understanding, social consciousness and a sense of solidarity”, explained Günter Geyer, Chairman of the Managing Board of Wiener Städtische Versicherungsverein.

To win a place in the Camp in 2019, interested children could submit a photograph on the subject “Take a photo of peace”. This would automatically enter them in the Alfred Fried Photography Award for children and youth, which is supported by VIG Holding. The international photographic competition awards a prize to the best peace image of the year. In 2019, 12-year old Dune Laboile from France convinced the jury and received EUR 1,000 in prize money. The submissions from twelve of the applicants to VIG Kids Camp made it onto the short list.

The Instagram page for “VIG Kids Camp” gives insights into the experiences of the young participants:  
[www.instagram.com/vigkidscamp](http://www.instagram.com/vigkidscamp)

## Musicians without borders

**The Gustav Mahler Youth Orchestra allows musicians to play music together at the highest level.**

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 musicians from all over Europe apply every year for the opportunity to play music together and work with some of the best conductors in the world.



© Daniel Dittus

The Gustav Mahler Youth Orchestra performed in the Hamburg Elbphilharmonie at Easter.

## A world without traffic accidents

**... this is what the Czech company Kooperativa is working on with its “Vision 0” platform.**

Traffic accidents repeatedly lead to serious injury or even death. But does this really have to be the case? No, says Czech Group company Kooperativa. At the end of 2018, it started its “Vision 0” platform to network players in the area of road safety together and provided support for many projects, or initiated them itself. These include, for example, a competition for student projects on the topic of road safety, presentations and driving courses for elderly drivers, and preparing leaflets with the main traffic rules for foreign road users. The most important, however, involves changes to driver training for beginners.

© Ludwig Scheidl



**“We are building a bridge between Central and Eastern Europe. The philosophy behind the support we provide is to present the countries in which VIG Insurance Group operates and cast light on their similarities and differences, thereby promoting cultural dialogue.”**

Günter Geyer, Chairman of the Managing Board of Wiener Städtische Versicherungsverein

## **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





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



# IT IS GETTING HOT AND **STORMY**

**Climate change is bringing new risks, extreme weather events are increasing. VIG Insurance Group is responding in many ways – from prevention tools and awareness raising to a gradual withdrawal from coal.**

The weather is getting more and more extreme. To scientists it is already clear that climate change has increased the frequency of extreme weather events, such as heat waves and heavy rain, in many regions. New studies are now showing that the increased frequency has also caused economic costs to rise. That has clear consequences for insurance companies, which often provide insurance coverage for such risks and then have to pay for the damages. In a regular global survey of insurance experts (conducted by the London Centre for the Study of Financial Innovation) climate change appeared for the first time in the top ten biggest risks to the industry in June 2019. As far as reinsurers were concerned, it was even the second biggest risk. Just four years earlier, climate change was still in the bottom part of the list. Awareness of the problem has therefore increased considerably throughout the industry.

## **Better prevention is needed**

This places additional responsibilities on insurance companies, who are the risk experts of society. There is a clear danger that certain risks might become unpredictable and therefore no longer insurable – which would mean that households and businesses would have to do without coverage of that kind. VIG Insurance Group, in cooperation with national and European institutions, is therefore continuously enhancing its expert knowledge about risks like flooding. For these risks to remain man-



© Getty Images/Topic

ageable, however, more attention has to be focused on prevention. Better adaptation to extreme weather events can reduce the negative effects on human health and the economy. VIG companies have therefore developed tools that they make available to their customers. This section presents examples of this, such as weather warning systems. Another important task of the corporate group is to increase the awareness of risks within society.

And every company in the corporate group is also naturally responsible for reducing its environmental footprint, thereby helping to slow climate change. In 2019,

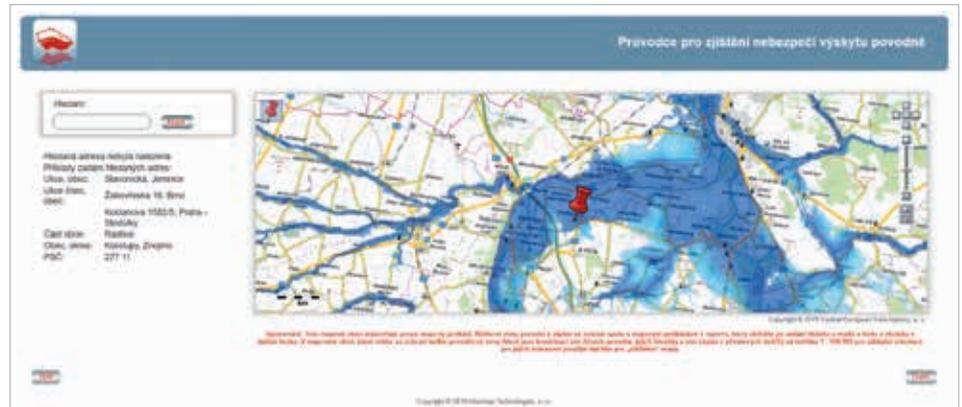
Climate change is already making extreme weather events more frequent and increasing losses – such as those caused by flooding.

VIG Insurance Group decided to gradually end its investments in the coal sector (see page 18 for details on the new policies for investment and underwriting). At the same time, the Group is also offering insurance protection to young innovative sectors, such as the renewable energies sector (see page 19). This helps environmentally friendly technologies get established and become more widely used.

## The Aquarius project for risk prevention

**Kooperativa in the Czech Republic has developed Aquarius, a flood information system that is available to everyone online.**

Along with Austria and Germany, the Czech Republic was also heavily affected by the once-in-a-century flood in 2002, which caused EUR 21 billion in total losses. Many large and small floods have also occurred in Central and Eastern Europe since then. That was reason enough for the Czech VIG company Kooperativa to address the issue and initiate the Aquarius project: a flood information system aimed at improving risk management. The system has been steadily improved with ČAP, the insurance association for the country, in previous years. The database now provides information on past flood losses at specific addresses and an estimate of the future risk. In addition to floods that occur when rivers overflow their banks due to long periods of precipitation, Aquarius can also model so-called flash floods, which can also occur where there are no bodies of water due to particularly heavy rainfall. ČAP member companies use Aquarius, for instance, to calculate insur-



The Aquarius flood information system helps with risk management in the Czech Republic.

ance premiums. The information system is also available online to everyone who is interested, and can be used to decide whether a property at a certain location should be bought or developed.

### Austria has HORA

HORA 2.0 is a similar system in Austria that was developed in a cooperation between the responsible ministry and the insurance

industry. The webpage at [www.hora.gv.at](http://www.hora.gv.at) shows a map with information about natural hazards such as flooding, earthquakes, storms and snowfall. This increases awareness and improves adaptation to these risks.

## Weather warnings via Instagram

**VIG insurance companies offer information services for their customers – via SMS, app or social media – to help them be better prepared for extreme weather events.**

You can handle the effects of unpleasant events better if you are well prepared. That also applies to extreme weather events, such as floods. Wiener Städtische therefore offers its “Wetter Plus” app, which provides weather forecasts and storm warnings for Austria and abroad. A separate service, in collaboration with the Austrian Central Institution for Meteorology and Geodynamics (ZAMG), also sends weather warnings to smartphones by SMS. Donau Versicherung also sends SMS warnings to its customers. And the Slovakian company Kooperativa even uses Instagram to keep its customers up to date on imminent weather changes.

## Rethinking old travel habits

**From webinars to electric cars: VIG companies are implementing a variety of measures in the area of employee mobility.**

As a company that assumes responsibility for a healthy environment, VIG Insurance Group also addresses employee mobility. After all, traffic is one of the main sources of greenhouse gases. There are a large number of initiatives for this in VIG companies. They are all aimed at reducing travel and when travel is absolutely necessary, travelling in an as environmentally friendly way as possible. Here are just a few projects as examples: In its travel expenses rules, the German company **InterRisk Life and Non-Life** recommends using video, telephone and web conferences to replace business travel whenever possible. Using cars to travel should be an exception. Webinars should be used to reduce the number of events requiring physical presence. The Croatian company **Wiener Osiguranje** is also trying to use Skype video calls to replace business trips. **BTA Baltic** has begun converting its vehicle park to hybrid vehicles and plans to already have 17 vehicles of this type in 2020. The Romanian company **BCR Life** has an electric car for trips within Bucharest. The Estonian company **Seesam Insurance AS** encourages its employees to be more

active when going to meetings and events and therefore recommends walking, using public transport or carpooling. The Czech company **VIG Re** provides reimbursement for almost all of the annual costs of public transport and motivates its employees to take part in the "Bike to Work" project. In order to make the transition to bicycles easier, a bicycle room was created in the Prague office to provide sufficient parking places. **Donau Versicherung** in Vienna provides free charging stations for electric bikes and cars. And **Wiener Städtische** was informed in 2019 by the ÖBB (Austrian Federal Railways) that it had saved 55.6 tonnes of CO<sub>2</sub> by using the railway for business trips in 2018.

## Summer in the office: Environmentally cool

**VIG Holding, Wiener Städtische and Donau Versicherung use district cooling so that employees in their company headquarters don't have to sweat.**

The increasingly hot summers are raising interest in cooling. According to forecasts, equal amounts of cooling and heating energy could be needed in Austria in 20 years. But how can this be accomplished in an environmentally friendly way? VIG Holding, Wiener Städtische and Donau Versicherung use district cooling, which is considered an environmental alternative to air conditioners, in their company headquarters in Vienna. If the district cooling is generated using waste heat from garbage incineration or power plants, CO<sub>2</sub> emissions drop up to 50% compared to normal air conditioners.



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## Commitment to nature

**From collecting garbage to planting trees, VIG companies and their employees are involved in many large and small projects aimed at protecting nature and the environment.**

VIG insurance companies and their employees are showing in many projects that you can make a valuable contribution just using your own hands and a bit of time or money. The Czech company **VIG Re** is one example. During their “Social Active Day” (see page 42), many employees and all of the members of the managing board helped with the “Čistá řeka Sázava” project and cleaned the banks of Sázava River. As part of the “Tyka se to take tebe” project, the company supported a photo competition on the subject of ecology to promote awareness of environmental protection. 90 employees of the Romanian company **Omniasig** took part in the annual “I plant with all the trust/Plantez cu toata increderea” campaign in 2019 and planted around 2,000 trees. Employees of the Croatian company **Wiener Osiguranje** also helped with reforestation by assisting the NGO Boranka. Also during “Social Active Day”, **Kooperativa** employees in Slovakia cleaned public spaces and illegal garbage dumping sites. **BTA Baltic** is working with WWF partner Pasaules Dabas Fonds on renaturation projects that all begin with a short presentation that places the campaign in a larger context and makes it more easily understandable. And Austrian company **Donau Versicherung** has provided support for years to the High Tauern National Park, which is mainly concerned with protecting nature and wildlife conservation.



Employees of the Romanian company Omnisig planted around 2,000 trees.

### KEY ENVIRONMENTAL FIGURES

The following table shows key environmental figures for electricity consumption, heating use and kilometres of air travel for the past three years. The CO<sub>2</sub> footprint is also calculated. The increase in 2019 was mainly due to five new companies being included in the calculation as a result of better data quality and an acquisition. The increase in kilometres of air travel was due to a project related to the upcoming changes in financial reporting and the expansion of business activities into additional European countries. For the reasons above, the key figures for 2019 cannot be directly compared to those for 2018 and 2017.



Key figure	2019*	2018**	2017
Electricity use in kWh	37,714,981	34,853,014	35,399,037
Heating use in kWh	49,172,287	48,381,772	51,207,830
Kilometres of air travel	8,618,909	6,919,037	6,907,486
Corporate carbon footprint in tonnes of CO <sub>2</sub> equivalents	35,859	32,439	32,931

\* including five additional companies compared to the previous year

\*\* As a result of plausibility checking, values for 2018 were corrected and adjusted in the current report.

## 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 2019 is the reporting period for this report. Activities taking place in different time periods are indicated separately.

This report is based on the international sustainability reporting standards of the Global Reporting Initiative (GRI Standards, no accordance with GRI "Core"). The GRI content index starting on page 51 provides information on the names of the GRI Standards used.

The Sustainability Report mainly provides information on social and environmental matters. Please see the 2019 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](http://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 2019 Group Annual Report starting on page 215.

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. Statements using the words "expectation", "target" or similar formulations indicate 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 was complete and accurate. The possibility of rounding, type-setting or printing errors, however, cannot be ruled out completely.

Some information, such as more detailed explanations of various management approaches or key figures, can be found in the GRI index starting on page 51. These will be increasingly included in the first part of the report starting in 2020.

The key employee figures on pages 35–37 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 CO<sub>2</sub> equivalents (taking into account all Kyoto gases, including NF<sub>3</sub>), 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"). An adjustment to the emission factors used to calculate emissions due to the electricity purchased by the companies in Scope 2 led to a change in CO<sub>2</sub>-eq emissions for financial years 2017 and 2018. The emission factors from the International Energy Agency were used for electricity consumption in financial years 2017 to 2019. This provides a more precise picture of emissions due to electricity purchases. The key environmental figures presented were also changed from relative figures (consumption per employee) to absolute consumption figures. 44 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.

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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
<b>GRI 102:</b> General disclosures	102-1 Name of the organisation	page 63 (General information)	
	102-2 Activities, brands, products, and services	flying page (Company profile); Group Annual Report 2019 (starting on page 48)	
	102-3 Location of headquarters	page 63 (General information)	
	102-4 Location of operation	flying page (Company profile); Group Annual Report 2019 (starting on page 48)	
	102-5 Ownership and legal form	flying page (Company profile)	
	102-6 Markets served	flying page (Company profile); Group Annual Report 2019 (starting on page 48)	The scope of business operations includes private and corporate customer insurance business. The range of products includes, among other things, motor third party liability and own damage, accident, third party liability, fire and natural hazards, and travel insurance. A large number of life and health insurance products are offered for individuals and groups.
	102-7 Scale of the organisation	Group Annual Report 2019 (starting on page 48)	
	102-8 Information on employees and other workers	pages 32–37	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 21 and see notes	VIG Insurance Group is a service provider. Supplier relationships are therefore not very important. Most important suppliers include: reinsurance companies, IT providers, various advisory firms (incl. PR and marketing), postal service providers and office leasing companies.
	102-10 Significant changes to the organisation and its supply chain	flying page (Company profile); Group Annual Report 2019 (starting from page 112)	
	102-11 Precautionary Principle or approach	pages 20–23	
	102-12 External initiatives	pages 10–11 and see notes	VIG companies take part in a wide variety of local external initiatives in each country. VIG Holding is also a member of respACT.
	102-13 Membership of associations	page 21	
	102-14 Statement from senior decision-maker	pages 3 and 12–13	
	102-16 Values, principles, standards, and norms of behavior	flying page (Company profile); pages 22–23, <a href="http://www.vig.com/en/corporate-responsibility/vig-code-of-business-ethics">www.vig.com/en/corporate-responsibility/vig-code-of-business-ethics</a>	
	102-18 Governance structure	Group Annual Report 2019 (pages 28–43; Corporate Governance Report)	
	102-40 List of stakeholder groups	page 6	
	102-41 Collective bargaining agreements	page 37	63.0% of the employees of the consolidated insurance companies were covered by explicit collective agreements in 2019. 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. The query structure was adjusted and made more detailed compared to the previous year.

GRI Standard	Disclosure	Page reference or reference to another document	Additional notes or omissions
GRI 102: General disclosures	102-42 Identifying and selecting stakeholders	page 6	The stakeholder groups invited to take part in the online stakeholder survey were chosen during a workshop with internal VIG Holding experts. All of the stakeholder groups were listed during an initial brainstorming session. The stakeholders were then arranged in a stakeholder matrix in order to better understand the influence that the stakeholders have on the Company and how big an impact the Company has on the individual stakeholder groups.
	102-43 Approach to stakeholder engagement	page 6	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 6 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	page 6	<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 50, Group Annual Report 2019 (pages 224–227, Group company address list)	
	102-46 Defining report content and topic Boundaries	page 7	
	102-47 List of material topics	page 7	
	102-48 Restatements of information	page 49	The 2019 Sustainability Report is the third prepared in this form for the VIG Insurance Group.
	102-49 Changes in reporting	see notes	The GRI indicator for the material topic “adjusting the business model for demographic change” was reassessed during the reporting period. This led to a change in the indicator.
	102-50 Reporting period	page 50	
	102-51 Date of last report	see notes	The last report was published on 17 April 2019.
	102-52 Reporting cycle	page 50	
	102-53 Contact point for questions regarding the report	page 50	
	102-54 Claims of reporting in accordance with the GRI Standards	page 50	
	102-55 GRI content index	pages 51–59	
	102-56 External assurance	pages 60–61	

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 7	This topic was found to be a material topic on the materiality analysis. Insurance companies are important providers of capital for national economies. VIIG 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.
	103-2 The management approach and its components	pages 14–18	Due diligence process: Compliance with the coal withdrawal strategy as part of the general investment strategy is checked at least once a month during the standard limit checks. Meetings also take place with the local employees responsible for investments, where various aspects of the portfolio are looked at closely.
	103-3 Evaluation of the management approach	pages 14–18	
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 (around 40% of the total investments) were screened for the coal exclusion criterion during the reporting period. The share of total investments that did not satisfy our criteria was 1.8% as at 31/12/2019.
GRI 412: Human Rights Assessment	412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	see notes	The Group predominantly operates in regions where there is no cause for concern about human rights issues (around 90% of premiums are generated in the Austria, Czech Republic, Slovakia, Poland, Romania, Baltic states and Hungary segments and in Germany and Liechtenstein in the Other Markets segment). As a result, investment agreements for participations do not include a standard human rights clause. The Group expects mandatory compliance by Group companies with the Code of Business Ethics, which includes basic principles of conduct for observing and respecting human rights and must therefore also be observed when making investment decisions.

### Adjusting the business model for demographic change

GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	page 7	This topic was found to be a material topic in the materiality analysis. 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. At the same time, demographic change offers insurance companies the opportunity to expand the range of existing products offered, develop new solutions and increase their customer base.
	103-2 The management approach and its components	pages 24–27	Due diligence process: 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. Expanding the health insurance line of business is part of Agenda 2020. The following results were achieved in this area in 2019: 12% increase in premiums in the Group as a whole, 32% increase in the CEE region, 42% in the five key countries of Bulgaria, Poland, Romania, Turkey and Hungary.

GRI Standard	Disclosure	Page reference or reference to another document	Additional notes or omissions
	103-3 Evaluation of the management approach	pages 24–27	
<b>GRI G4: Financial Services Sector Disclosures</b>	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	Delegated Regulation (EU) 2017/2359 supplementing Directive (EU) 2016/97 with regard to information requirements and conduct of business rules applicable to the distribution of insurance-based investment products will be expanded in 2020 to include customer sustainability preferences. Examples are provided on pages 26–28. 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)

<b>GRI 103: Management approach</b>	103-1 Explanation of the material topic and its Boundary	page 7	This topic was found to be a material topic in the materiality analysis. 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. The impacts could occur inside and outside the organisation and all stakeholder groups could be affected.
	103-2 The management approach and its components	pages 14–19, 28 and 44–49	Due diligence process: Adjusting the business model for climate change has an effect on a variety of business areas, including, for example, the Asset Management, Underwriting and Risk Management departments. VIG Insurance Group adopted a coal withdrawal strategy for the Asset Management and Underwriting departments in 2019 (p. 18–19). In addition, corporate customers and private customers are also helped to prevent losses due to the natural disasters (p. 19, p. 47). Special scenario analyses for climate change were also performed in 2019 (see notes for 201-2).
	103-3 Evaluation of the management approach	pages 14–19, 28 and 44–49	
<b>GRI 201: Economic performance</b>	201-2 Financial implications and other risks and opportunities due to climate change	pages 12–13, 18–19, 44–49; Climate strategy: <a href="http://www.vig.com/en/corporate-responsibility/downloads.html">www.vig.com/en/corporate-responsibility/downloads.html</a>	<p>In standardised risk management processes, effects of possible natural disaster scenarios, such as storms, flooding and even earthquakes are regularly examined. Special scenario analyses for climate change were also performed in 2019, based on the assumption that changes to the climate would increase the frequency and size of losses in many lines of business Group-wide.</p> <p>The results of these scenario analyses are then taken into account when purchasing Group reinsurance coverage, in order to ensure adequate protection against such scenarios based on a conservative and effective reinsurance policy. The annual adjustment of reinsurance coverage also ensures that the risks of climate change are also taken into account appropriately over the long run.</p> <p>The overall risk due to climate change is currently limited, as the Group has a variety of other mitigating measures available in addition to traditional reinsurance. Risk zones, for example, are already taken into account when setting prices for insurance products. If the risk being underwritten would be too large, no insurance has to be provided for the asset. At the same time, however, climate change also offers opportunities to expand insurance business. A potentially greater need for insurance protection in various areas could have a positive effect on premium volume and profits.</p>

GRI Standard	Disclosure	Page reference or reference to another document	Additional notes or omissions
<b>Products and services with added social and environmental value</b>			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	page 7	The topic was found to be a material topic in the materiality analysis, as product design is part of the core business of insurance. On the one hand, this has effects on customers, e.g. telemedicine, which is offered by the Polish company Compensa (p. 28), makes it easier for health insurance customers to access medical services. It can, on the other hand, also have effects on the environment, e.g. due to discounts on motor insurance for low-emission vehicles.
	103-2 The management approach and its components	pages 24–29	Due diligence process: The Group's decentralised organisational structure gives local management and employees the flexibility needed for their business operations. In the end, they know the needs of the local population and special features of the market the best. This allows products and sales to be adjusted optimally to meet local circumstances. This also applies to the design of products with social and environmental added value. At the same time, the CSR Officer of VIG Holding exchanges information regularly, at least once a year, on topics like this and obtains an overview of the products offered by Group companies.
	103-3 Evaluation of the management approach	pages 24–29	
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	Delegated Regulation (EU) 2017/2359 supplementing Directive (EU) 2016/97 with regard to information requirements and conduct of business rules applicable to the distribution of insurance-based investment products will be expanded in 2020 to include customer sustainability preferences. Examples are provided on pages 26–28. 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	Delegated Regulation (EU) 2017/2359 supplementing Directive (EU) 2016/97 with regard to information requirements and conduct of business rules applicable to the distribution of insurance-based investment products will be expanded in 2020 to include customer sustainability preferences. Examples are provided on pages 26–28. 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 7	This topic was found to be a material topic in the materiality analysis, as half of our potential customers will be from generation Y in a few years. These young people have grown up with the Internet and they expect an insurance partner who fits into their flexible digital world. This has an effect on the design of products and services, which are being modified to meet changing requirements, and on internal processes and workflows, and could subsequently also have an effect on the business model. It also causes changes for employees at the same time. Training and education are therefore also a material sustainability topic for the Group.
	103-2 The management approach and its components	pages 24–29	Due diligence process: see the description of the internal digitalisation level below
	103-3 Evaluation of the management approach	pages 24–29	see the description of the internal digitalisation level below

GRI Standard	Disclosure	Page reference or reference to another document	Additional notes or omissions
	Own indicator: internal digitalisation level	see notes	<p>A survey of the degree of digitalisation or management of the process of digital transformation is being performed in a 3-stage process: 1. communicate the VIG Digital Vision to local managing boards and employees, 2. perform an on-site assessment (baselining) to evaluate the current level of digital maturity of the Group company, 3. building on the baselining, define and implement a digital transformation plan together with the local company. The internal digitalisation level is intended to show what levels the companies have already gone through.</p> <p>By the end of 2019, a transformation plan for further digital development had been defined for almost all of the companies. (Previous year comparison: The degree of digitalisation had been determined for 19 companies by the end of 2018.)</p> <p>The companies are responsible for implementing the digital transformation plan. VIG Holding is supporting them by providing a systematic methodology, advice and a transfer of know-how within the Group, and by managing the process of digital transformation. Moreover, project support is offered and used through the Leipzig Insurance Innovation Lab and the partnership with Plug and Play, for which VIG Holding is a "Founding Partner" in Vienna and Munich. In addition, VIG Holding's internal Group innovation competition "VIG Xelerate" creates an incentive system for new ideas.</p>

## Data security

GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	page 7	This topic was found to be a material topic in the materiality analysis, as the Group is in possession of sensitive data, particularly with regard to life and health insurance. The impacts occur inside and outside the organisation and employees and customers are mainly affected.
	103-2 The management approach and its components	page 29	
	103-3 Evaluation of the management approach	page 29	
GRI 418: Customer Privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	page 29	Due to internal query structures, information on the number of data protection breaches Group-wide cannot be collected for the current reporting period. The query is being adjusted for the 2020 report to ensure Group-wide reporting for this key figure. No critical IT security incidents occurred for the VIG Insurance Group in 2019.

## Training and education

GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	page 7	This topic was found to be a material topic in the materiality analysis. Training and education are essential for a customer- and service-oriented company. The impacts occur inside the organisation and employees are mainly affected.
	103-2 The management approach and its components	pages 30–36	
			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.

GRI Standard	Disclosure	Page reference or reference to another document	Additional notes or omissions
	103-3 Evaluation of the management approach	pages 30–36	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 various topics, e.g. in the area of training and education. Information is also collected each year on the average number of training days for each company (see page 36 for the results).
<b>GRI 404: Training and Education</b>	404-1 Average hours of training per year per employee	pages 30–36	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

<b>GRI 103: Management approach</b>	103-1 Explanation of the material topic and its Boundary	page 7	This topic was found to be a material topic in the materiality analysis. VIG Insurance Group believes that successful diversity management keeps international companies fit for the future in a rapidly changing world. It also allows employers to create an appreciative environment for employees. The impacts occur inside the organisation and employees are mainly affected.
	103-2 The management approach and its components	pages 30–35	Diversity is one of the three corporate values of the Group (see page 23). The topic is also part of the Code of Business Ethics (see: <a href="http://www.vig.com/de/corporate-responsibility">www.vig.com/de/corporate-responsibility</a> ).  Due diligence process: 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	pages 30–35	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 35), information is also collected on whether implementation of the strategy is proceeding according to plan in all companies. In 2018 and 2019, internal Group competitions were also held to integrate diversity in the Group. In 2019, awards were given to the Group companies that presented the best “diversity concepts”. These initiatives provide management in VIG Holding a good additional overview of implementation of the diversity strategy across the Group.
<b>GRI 405: Diversity and Equal Opportunity</b>	405-1 Diversity of governance bodies and employees	pages 34–35	The age distribution (categories: below 30, 30–50, over 50) was adjusted in the 2019 report to satisfy GRI requirements. 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
<b>Work-life balance and health promotion</b>			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	page 7	This topic was found to be a material topic in the materiality analysis. Health in general, a healthy balance between career and leisure and the balance between career and family are very important for the employee stakeholder group. 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.
	103-2 The management approach and its components	pages 9, 32–35	<p>Due diligence process: The work-life balance and interplay between career and family is more easily achieved if it is 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, for example, have received the "berufundfamilie" (Career and Family) government seal of approval. During the audit process for the seal of approval, companies develop family-friendly measures specifically tailored to the circumstances and employees in their business. After the measures have been successfully implemented and approved by an external certification body, the company receives the government seal of approval from the responsible Austrian Federal Ministry.</p> <p>In addition, the "Taten statt Worte" (Deeds not Words) association under the patronage of Maria Rauch-Kallat named Wiener Städtische the most women- and family-friendly large business in Vienna in October 2019. The jury was convinced by its sustained promotion of women, broad definition of family and numerous diversity measures. Wiener Städtische has promoted a balance between family and career for many years with measures like a company kindergarten, flexible working hours and many fringe benefits above and beyond those required by law.</p> <p>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. Best practices are also intensively exchanged within the Group during regular meetings of HR managers.</p> <p>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.</p>
	103-3 Evaluation of the management approach	pages 32–35	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 various topics, e.g. in the areas of work-life balance and health promotion. In addition to the annual survey of the distribution of health programmes, information is also collected on the average number of sick days for each company (see results on page 37).

GRI Standard	Disclosure	Page reference or reference to another document	Additional notes or omissions
	Own indicator: average number of sick days per employee	page 33	Sick days refers 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 37	

## Support of local communities

<b>GRI 103:</b> Management approach	103-1 Explanation of the material topic and its Boundary	page 7	This topic was found to be a material topic in the materiality analysis. The Company has a very long tradition of social involvement. This also creates an impression of concern for society and can act as an inspiration for others. The impacts are felt outside the organisation by certain social groups. In some cases, the impacts are very large for certain individuals. This is the case, for example, for the children who are provided a school bus by Sigma Interbanien (see page 40).
	103-2 The management approach and its components	pages 36–41	Due diligence process: 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. The “Social Active Day” that takes place each year across the Group is the day that employees of the Group companies can use to actively participate in volunteer work on a social project. It is an important part of the Group-wide social involvement and commitment to the motto of returning part of the prosperity that has been earned to weaker members of society.
	103-3 Evaluation of the management approach	pages 36–41	VIG Holding records the number of participants in the “Social Active Day” each year. The 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.
<b>GRI 413:</b> Local communities	413-1 Operations with local community engagement, impact assessments, and development programs	pages 34–39	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 from kindergarten renovation and companionship for seniors, all the way to traffic safety education and reforestation of national forests. 36 VIG companies participated in the “Social Active Day” in 2019.



This report is a translation of the original report in German, which is solely valid.

To the Board of Directors of VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe

## Independent Assurance Report on the Non Financial Reporting

We have performed an independent limited assurance engagement on the consolidated non-financial report (“NFI-report”) for the financial year 2019 of  
**VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe,  
Vienna**  
 (“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) as reporting criteria and bases the report preparation on the international sustainability reporting standards of the Global Reporting Initiative (GRI Standards). The NFI-Report is published as “Sustainability Report 2019”.

The responsibility of the legal representatives of the company includes the selection and application of reasonable methods for non-financial reporting (especially the selection of material topics) as well as the use of assumptions and estimates for individual non-financial disclosures that are reasonable under the circumstances. Furthermore, the responsibility includes the design, implementation and maintenance of systems, processes and internal controls relevant for the preparation of the sustainability reporting in a way that is free of – intended or unintended – material misstatements.

### Auditors’ Responsibility and Scope of the Engagement

Our responsibility is to state whether, based on our procedures performed, anything 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.

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

An independent assurance engagement with the purpose of expressing a conclusion with limited assurance is substantially less in scope than an independent assurance engagement with the purpose of expressing a conclusion with reasonable assurance, thus providing reduced assurance. In spite of conscientious planning and execution of the engagement it cannot be ruled out that material mistakes, unlawful acts or irregularities within the non-financial reporting will remain undetected.

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

- Inquiries of personnel on corporate level, which are responsible for the materiality analysis, in order to gain an understanding of the processes for determining material sustainability topics and respective reporting boundaries of the Company;
- A risk assessment, including a media analysis on relevant information concerning the sustainability performance of the Company in the reporting period;

- Evaluation of the design and implementation of the systems and processes for the collection, processing and control of the disclosures on environmental, social and employees matters, respect for human rights and anti-corruption and bribery, including the consolidation of the data;
- Inquiries of personnel on corporate level responsible for providing and consolidating and for carrying out internal control procedures concerning the disclosures on 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 local data collection and reporting processes and reliability of reported data via a sampling survey at the site in Bratislava, Slovakia (Kooprativa poisťovňa, a.s. Vienna Insurance Group);
- Evaluation of the consistency of the for the Company applicable requirements of the Austrian Sustainability and Diversity Improvement Act (§267a UGB) with disclosures and indicators of the NFI-report;
- Evaluation of the overall presentation of the disclosures by critical reading of the NFI-report.

The procedures that we performed do not constitute an audit or a review in accordance with Austrian professional guidelines, International Standards on Auditing (ISA) or International Standards on Review Engagements (ISRE). 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 review future-related disclosures, figures from previous periods, statements from external information sources and expert opinions and references to additional external reporting sources of the company. Disclosures which were audited

within the scope of the Annual Financial Statement were assessed for correct presentation (no substantial testing).

This assurance report is issued based on the assurance agreement concluded with the Company. 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. The respective latest version of the AAB is accessible at <http://www.kpmg.at/aab>.

### Conclusion

Based on the procedures performed, 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.

Vienna, 23 March 2020

KPMG Alpen-Treuhand GmbH  
Wirtschaftsprüfungs- und  
Steuerberatungsgesellschaft

Mag. Peter Ertl  
Austrian Chartered Accountant

# Declaration by the Managing Board

**This consolidated non-financial report for financial year 2019 was approved for publication on 23 March 2020.**

Vienna, 23 March 2020



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

**Areas of responsibility:**

Management of the Group and strategic questions, Group Development and Strategy, Planning and Controlling, General Secretariat and Legal, Corporate Social Responsibility, Affiliated Companies Department, European Affairs, Group Communication & Marketing, Group Sponsoring, Bancassurance and International Partnerships, Human Resources

**Country responsibilities:**

Austria, Czech Republic



**Franz Fuchs**  
Deputy General Manager,  
Member of the  
Managing Board

**Areas of responsibility:**

Property/Casualty and Motor Underwriting

**Country responsibilities:**

Moldova, Poland, Romania, Ukraine



**Liane Hirner**  
CFO, Member of the  
Managing Board

**Areas of responsibility:**

Finance and Accounting, Enterprise Risk Management, Asset-Risk Management, Data Management & Processes

**Country responsibilities:**

Belarus, Germany



**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, Treasury/Capital management



**Gábor Lehel**  
Member of the  
Managing Board

**Areas of responsibility:**

Actuarial department, Personal Insurance Underwriting

**Country responsibilities:**

Bosnia-Herzegovina, Croatia, Hungary, North Macedonia



**Harald Riener**  
Member of the  
Managing Board

**Areas of responsibility:**

Private Customer and SME Distribution Initiatives, Assistance



**Peter Thirring**  
Member of the  
Managing Board

**Areas of responsibility:**

External active reinsurance, Group IT, Business Organisation

**Country responsibilities:**

Georgia, Liechtenstein, Slovakia, Turkey

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

## **General information**

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Commercial Register of Vienna  
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**We believe a sustainable future  
can only be achieved by working together.**

