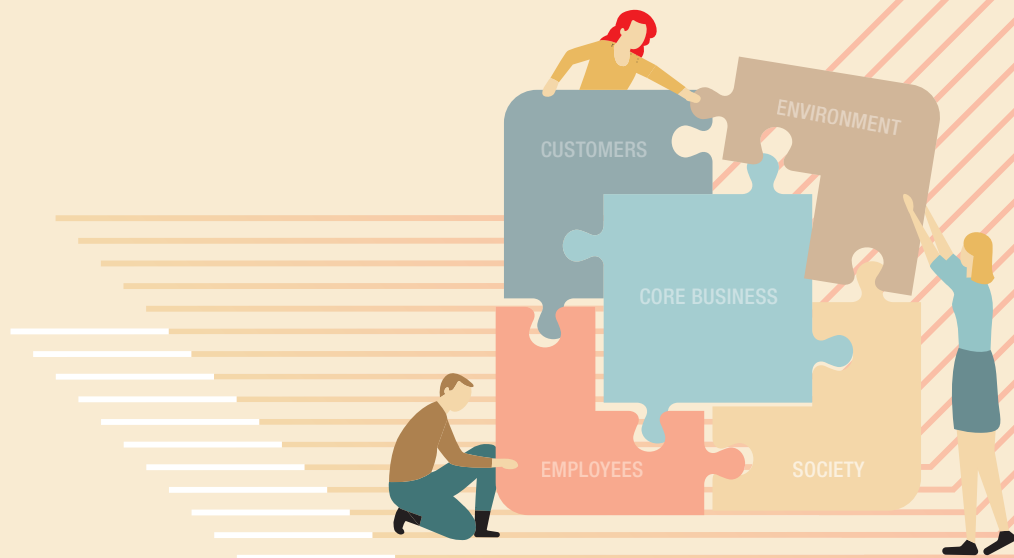


# **TOMORROW**

Protecting what matters.



## Consolidated non-financial report

Thinking about tomorrow, today – there is no better way to summarise the philosophy of acting sustainably. Sustainability is, by definition, concerned with the future and focuses on creating and preserving values.

Our business, and the insurance business in general, is aimed at preserving value, primarily financial value, which creates security from one generation to the next. For us, acting sustainably is more than just financial statements. Our business activities also take into account future social and environmental trends.

This report provides information on our future course of action and the steps already being taken today – in order to create a future worth living.

## Dear Ladies and Gentlemen,

what do you think of when you think of insurance? The answer is simple for us in Vienna Insurance Group: We think about tomorrow. We therefore prepared this Sustainability Report under the motto “tomorrow”, since the future guides our business activities as well as our sustainability activities. Finding a balance between insurance protection, financial stability and sustainability is already a major challenge today, and will become even more of a challenge tomorrow.

The insurance industry is by definition sustainable: We provide protection today against risks of tomorrow. It is only because of insurance companies that financial risks can be managed at all, that plans can be pursued and implemented with security. Insurance companies are also important providers of capital for national economies, thereby ensuring that the economy and, as a result, society, flourishes. They therefore make an important contribution to modern society.

At Vienna Insurance Group, however, we are not satisfied with the core element of sustainability in insurance companies. We are actively working to create a future worth living. We have been listed in the two major sustainability indices, VÖNIX and FTSE4Good, for a long time and our listing was confirmed again in 2018. We have declared sustainability a top priority and have developed a sustainability strategy in

consultation with our stakeholders. For us, responsible action begins in our core business, where we include social and environmental factors in the investment process. For example, we offer more than 100,000 units of affordable rental housing (p. 19). This approach continues with our customers, where we use intelligent product design to provide e-mobility and motivate people to adopt a healthy lifestyle (p. 27). It also affects our human resources management, where, in accordance with our core value of diversity, we offer each of our employees an opportunity to develop. And it can also be seen in our conscious efforts to conserve natural resources in recycling and renaturation projects. And that is not all we are doing. We are steadily working to reduce our environmental footprint. And, finally, our focus on sustainability is also shown by our commitment to address long-term challenges, ranging from digitalisation, nursing care and pension security all the way to climate change. Our efforts to reduce both investments and underwriting in the coal sector, while simultaneously increasing our green investments, shows we are consciously addressing the causes of climate change, in connection with our climate change strategy.

We feel that companies also have a social responsibility. In the end, a company is not simply its core business. It is made up of people, who are providing services for society as a whole. We are meeting this

responsibility at a number of levels, not just the level of VIG. Our principal shareholder, Wiener Städtische Versicherungsverein, also pursues many important initiatives to help disadvantaged people, or promote the arts and culture sectors (p. 37).

Our 2018 Sustainability Report is the second of its kind that presents developments that have occurred in the different core areas since the previous year. In follow-up to the materiality analysis that was performed two years ago, we performed an impact analysis to give us a clearer view of the impact of our activities. This will help us take further targeted steps in pursuing our sustainability strategy, with the aim of positioning ourselves as a long-term partner.

I wish you an exciting look into tomorrow.



**Elisabeth Stadler**  
General Manager

## 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 MISSION

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

## OUR VALUES

Diversity  
Customer proximity  
Responsibility

## OUR PROMISE

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

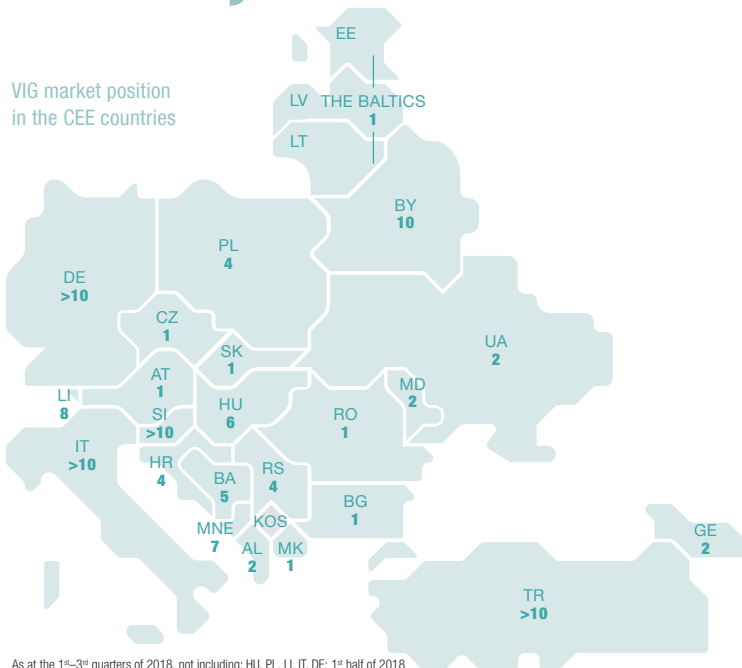
**25** countries

Around **50** Group companies

More than **25,000** employees

VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe is the leading insurance group in Austria and Central and Eastern Europe for health, life and non-life insurance.

VIG market position in the CEE countries



As at the 1<sup>st</sup>-3<sup>rd</sup> quarters of 2018, not including: HU, PL, LI, IT, DE; 1<sup>st</sup> half of 2018

# A+

Standard & Poor's has confirmed VIG's excellent credit rating for years. As a result, VIG has the best rating of all companies in the ATX, the leading index of the Vienna Stock Exchange.

VIG has been listed on the Vienna Stock Exchange since 1994. Its commitment to the Central and Eastern European economic area is also underscored by the Company's second listing on the Prague Stock Exchange since February 2008.

**~70%**

of the shares are held by the principal shareholder Wiener Städtische Versicherungsverein

**~30%**

of the shares are in free float

A detailed description of the business model is available in the 2018 Group management report on pages 44, 47, 69, 71 and 73.



## WIENER STÄDTISCHE VERSICHERUNGSVEREIN

Depending on where they were, people in the centre of Vienna during the summer of 2018 were looking directly into the barrel of a machine gun or at an office building on fire. Wiener Städtische Versicherungsverein was responsible for this spectacular around 70-metre high art installation titled “I saw this”. This company is the principal shareholder of the Vienna Insurance Group (VIG) and, in addition to acting as an asset manager, it also provides support to VIG for social and cultural concerns. The artwork by Gottfried Helnwein, the 11<sup>th</sup> artist invited to wrap the Ringturm since 2006, was created in celebration of the “100<sup>th</sup> Anniversary of the Republic of Austria” and is one of many examples of the cultural support provided.

In addition to acting as the Group headquarters for VIG, Wiener Städtische Versicherung AG and Wiener Städtische Versicherungsverein, the latter also uses the striking Ringturm office building on the Schottenring in Vienna for events and exhibitions, such as the “Architecture in the Ringturm” series, which has provided general public access to the architectural heritage of Central and Eastern Europe since 1998. The work of Wiener Städtische Versicherungsverein allows art and culture to meet politics and the past to meet the presence and future.

### **Building bridges and cultural exchange**

Wiener Städtische Versicherungsverein provides support to VIG companies for a wide range of charitable initiatives in the social area. Due to him, since 2011 every employee in the Group has been able to use one working day a year to volunteer for a charitable organisation. Its “PflegerIn mit Herz” award ensures that all people working in the area of nursing care in Austria, both those caring for relatives and pro-

fessionals in the care sector, receive social recognition. And it teaches the values of inter-cultural relations, solidarity and diversity to children in its “Kids Camps”.

The philosophy behind the support provided by Wiener Städtische Versicherungsverein focuses on international bridge building and cultural exchange. All of the company’s activities promote a democratic pluralistic society. In other words, the goal is to work across borders and focus on what we have in common.

24 December

# 1824

is the official date that Wiener Städtische Versicherungsverein was established.

# 11

wrappings of the Ringturm building

# 63

years old – the age of the Ringturm building



This logo identifies Wiener Städtische Versicherungsverein’s social and cultural initiatives and activities. Some examples are provided on pages 27, 37, 38 and 39.

# TOMORROW

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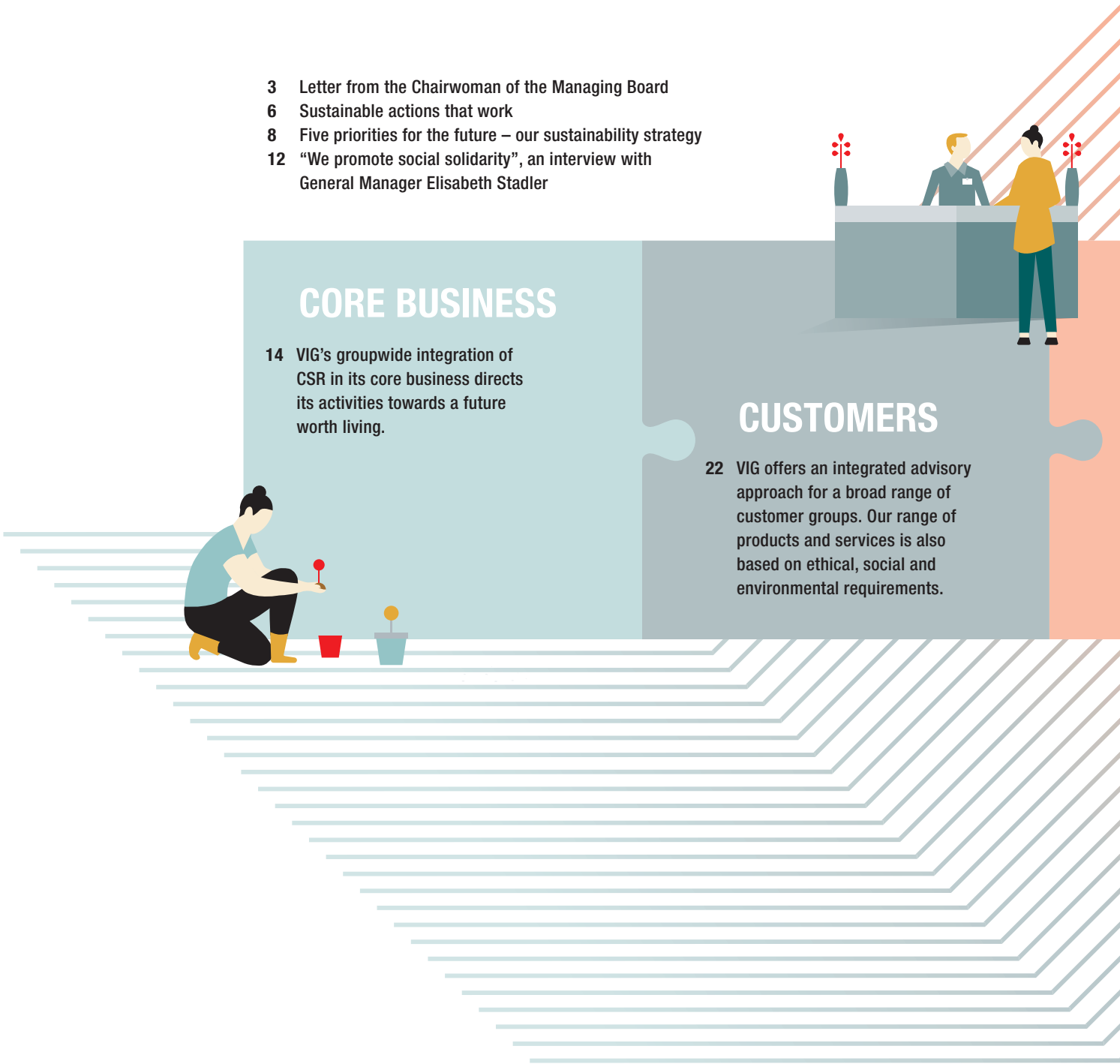
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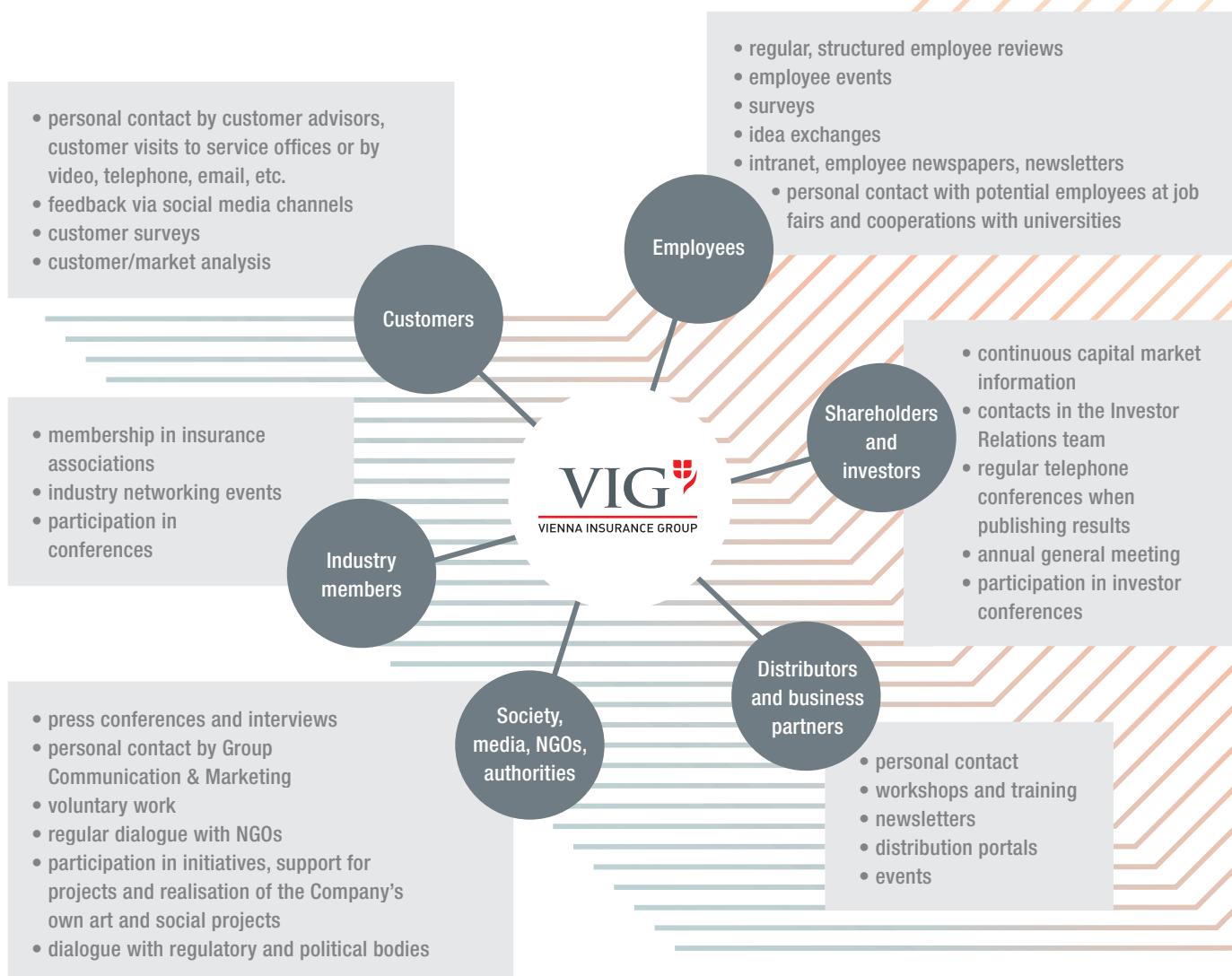
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Our goal is to make the Sustainability Report as easy and clear to read as possible. For this reason, words like him/her, etc. have been avoided. All references in the text are to be understood as referring equally to each gender without discrimination.

# SUSTAINABLE ACTIONS THAT WORK

Whether customers, employees, distribution partners, investors or the public, VIG remains in close contact with all its stakeholders. This is the only way to guarantee that our business is aligned as closely as possible with the objectives of our stakeholders. VIG followed up its materiality analysis with an impact analysis in 2018 to create a basis for further developing its sustainability activities.





**FROM MATERIALITY ANALYSIS TO IMPACT ANALYSIS**

The Austrian Sustainability and Diversity Improvement Act (Nachhaltigkeits- und Diversitätsverbesserungsgesetz – NaDiVeG) requires VIG to prepare a consolidated non-financial report. The international Global Reporting Initiative (GRI) framework is used to help satisfy this statutory requirement. Building on the materiality analysis performed in 2016, an impact analysis was performed in 2018 to examine and re-evaluate the economic, environmental and social impacts of the Company. This multi-stage process was guided by external experts and

creates a basis for further developing VIG’s sustainability management.

The analysis started with a structured quantitative preliminary assessment of social, economic and environmental impacts, followed by a discussion of the results in an internal workshop for managers and individuals responsible for topics.

The topics identified by the materiality analysis form the basis for the report below. They include topics that are related to VIG’s business

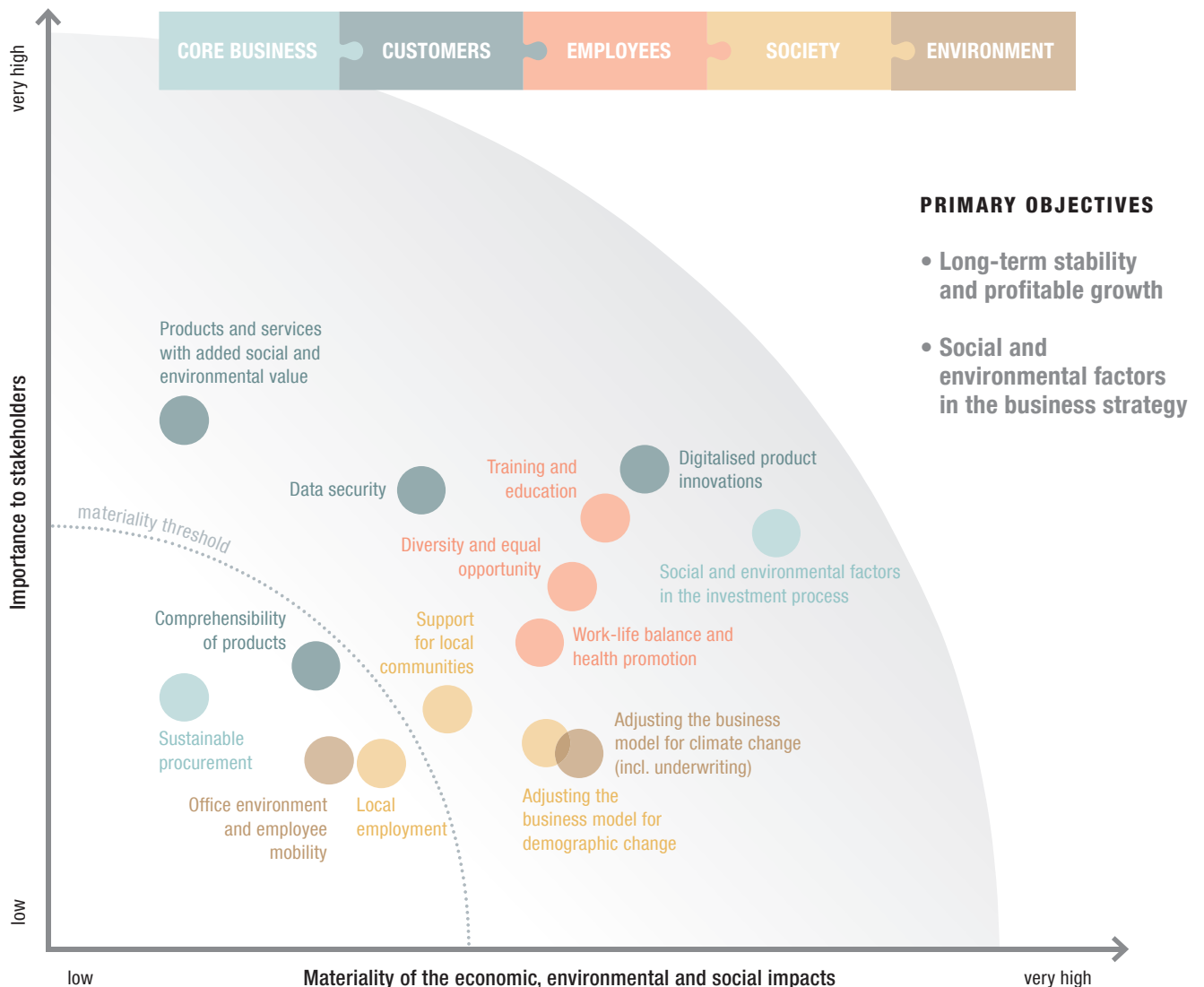
activities and are important to internal and external stakeholders. Important economic, environmental and social impacts of VIG’s business activities are also presented.

The most important changes to last year’s materiality matrix are:

- “Long-term stability and profitable growth” and “social and environmental factors in the business strategy” were specified as primary objectives for VIG sustainability management.
- It goes without saying that compliance with statutory and

internal standards of conduct (compliance), respect for stakeholder groups and customer satisfaction are included along with the important topics that were identified.

- Business relevance, which was shown on the x-axis last year is not included in the chart this year. All of the topics in the matrix are of fundamental importance for business development and are therefore also important for VIG as a whole.



# FIVE PRIORITIES FOR THE FUTURE

VIG follows a clear sustainability strategy with five areas that cover its entire business activities to ensure that sustainability is not a buzzword, but is instead systematically implemented and developed in the Group.

## CSR AGENDAS IN THE ORGANISATION:

CSR is considered an important component of VIG and reports directly to the CEO. The CSR officer in the General Secretariat reports directly to the Managing Board and is responsible for managing CSR agendas. The CSR Officer coordinates the area across the Group and coordinates the different topics with management at the Company's headquarters and the CSR Officers in the Group companies outside Austria. Workshops and a constant exchange of information help to steadily expand

CSR knowledge in the Group. The CSR Officer is also responsible for strategic development of CSR agendas. This includes, for example, topics such as "demographic change" and "support for local communities", which became a priority due to the reassessment of important topics in the impact analysis. An appropriate management approach is still lacking for these topics. One will be developed in future reporting periods and information will be reported at that time.



## CORE BUSINESS

All of VIG's activities are focused on tomorrow. This applies to its business activities, since thinking in terms of generations is, after all, the key element of insurance and therefore a basic requirement for successful long-term growth. It also applies, however, to its social and environmental activities, since economic success cannot be sustainable without an intact environment and society. VIG's activities are therefore aimed at combining economic objectives with social and environmental factors, or, in other words, integrating sustainability in its core business.

The priorities of the sustainability strategy for the core business therefore 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.

### OUR AMBITION:

- Management combines economic objectives with social and environmental factors and integrates them in the core business
- Asset Management includes non-financial factors in the investment process
- Compliance continuously improves compliance management system
- CSR Officers expand knowledge about CSR topics and professionalise CSR management

## CUSTOMERS

Satisfied customers are essential to VIG's success, because today's satisfied customers remain customers in the future. And those who are not yet customers – there are, after all, 180 million potential customers in the CEE region – could still become customers as long as VIG offers the right services. Customer needs, however, are not the same in every market. VIG therefore uses a decentralised management approach to promote local entrepreneurship and rapid decision-making. This is because our local employees know their customers and the needs of those customers the best. Furthermore, in addition to providing as much insurance coverage for as many people as possible, VIG also wants to increasingly develop and market products with social and environmental added value.

The customer priorities in the sustainability strategy therefore 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.

### OUR AMBITION:

- Group companies increasingly develop products with social or environmental added value
- Group companies also continue to develop innovative and digital products and services
- local complaint managers continuously improve complaint management



## EMPLOYEES

More than 25,000 people in 25 countries – what unifies VIG employees is their diversity. VIG believes that diversity enriches the Group and is an important factor in its success. It therefore works steadily on not just allowing different experiences, backgrounds, needs and expectations among its employees, but also valuing and actively using them. This is because innovation requires diversity, and dedicated employees who can optimally develop their full potential help VIG move forward. With the aim of positioning itself as an employer of choice in a demanding international environment, VIG also offers a well-designed training and education programme and the opportunity to obtain international experience and receive attractive benefits.

The employee priorities in the sustainable strategy include creating a working environment with modern management and well-grounded education opportunities that draws the right employees, motivates and retains them.

### OUR AMBITION:

- Human Resources positions VIG 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



## SOCIETY

Companies are part of a broad network of social stakeholders. The better, fairer and more just things are for them, the more companies also benefit. Because VIG is aware of this, it takes responsibility for social issues. In addition to the value to society from the insurance business itself, VIG also supports local communities in its 25 markets with a variety of initiatives. One example is the “Social Active Day”, which allows employees to volunteer one working day a year for a social project of their choice. In order to direct its support in the best way possible, VIG closely monitors socio-economic trends like demographic change and continuously develops its awareness of social problems.

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

### OUR AMBITION:

- 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

## ENVIRONMENT

Climate change presents enormous challenges for the global community as a whole, and particularly for insurance companies – not just tomorrow, but already today. Extreme weather events are becoming more frequent, which is causing losses to rise. In order to better calculate and cover risks of this kind, VIG is continuously developing its knowledge about natural disaster risks and also helping to increase social awareness of these risks. VIG uses initiatives for protecting the environment and conserving resources.

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

### OUR AMBITION:

- all Group 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



# “WE PROMOTE SOCIAL **SOLIDARITY**”

**VIG General Manager Elisabeth Stadler on the forward-looking focus of insurance companies, sustainable investment, the highlights of 2018 and future challenges for the insurance industry.**

**Let us start with a provocative statement: Listed companies are often accused of only thinking about quarterly results when they think about “tomorrow”...**

That definitely does not apply to VIG.

#### **Why is that?**

We think about the long term both in our day-to-day business and with respect to the needs of our customers. This can be seen from our slogan “Protecting what matters”. Just imagine your house is burning. Who has enough money available on the side to build a new house right away? Insurance companies provide protection against existential risks like this. This protection is the natural result of thinking about the future and is therefore aimed at sustainability. And that is just one aspect of our continual occupation with the future.

#### **What are other aspects?**

Our life and pension insurances, for example, which often guarantee benefits that are decades in the future. We are clearly thinking about the future. We also actively contribute to the health of our customers. Our private health insurance includes preventative medical examinations and promotes an awareness of healthy lifestyles, through our own health apps for example. And we are also naturally concerned about the effects of climate change. Extreme

weather events, like the severe storms in Italy and southern Austria this year, will become more frequent. At the same time, many people have too little coverage for natural disasters – including in Austria. We offer reliable coverage, however, for private persons under our household and homeowners insurance. For farmers, we offer insurance coverage in cooperation with Österreichische Hagelversicherung, an insurance company that offers products like this in Austria and five of our CEE markets. Sustainable thinking is therefore a core element of our products. We are also adding more and more environmental and social elements to our product line. And that is just the product side.

#### **How do you act responsibly on the investment side?**

We choose high credit quality investments that ensure secure long-term returns. This also benefits society, because whether we invest in government or corporate bonds, the capital is put to productive use. Our unique selling point is our involvement in “affordable housing in Austria”. Our investments in non-profit societies make a contribution to stabilising rents and, therefore, to social solidarity. Climate change also plays an important role in our investment and underwriting strategy. We have defined an exit and reduction scenario for investments and direct insurance in the

**“SOCIAL INVOLVEMENT IS ONE OF THE CORNERSTONES OF OUR CORPORATE CULTURE.”**

Elisabeth Stadler

coal energy sector, and aim to promote green investments at the same time. That forms the first step in the adjustment of our business model, which we aim to further adjust, step-by-step in the future.

#### **Does that sufficiently cover all your sustainability activities?**

By no means. Acting sustainably always involves balancing a large number of different factors. We have therefore prepared our own sustainability strategy and are continuously improving it.

General Manager Elisabeth Stadler wants to further strengthen VIG's position with respect to sustainability.



© Ian Ehm

#### **What are your priorities?**

For our core business, we focus on the social and environmental factors mentioned above in the investment process in order to achieve stable, profitable long-term growth. For our employees, we place particular importance on the best possible training and education and diversity. This can already be seen from our Managing Board, which is half men and half women. We have already talked about our products. The environment is naturally also very important. We are promoting recycling and renaturation projects throughout the Group, and working systematically to reduce our environmental footprint.

#### **That just leaves the strategic priority for “society”. What role does your principal shareholder play there?**

Our principal shareholder, Wiener Städtische Versicherungsverein, is heavily involved in social and cultural issues – not just in Austria, but in Central and Eastern Europe where VIG is active as well. In addition to cross-border cultural exchange, its activities focus on the weakest members of society, children and people requiring nursing care. The individual Group companies and VIG Holding itself are also involved.

#### **Let us nevertheless take a look at the past. What were the sustainability highlights in the financial year just ended?**

There are quite a few. First, publication of our first sustainability report. Like our sustainability strategy, we will continue to systematically improve this report. To do so, we followed up our materiality analysis with an impact analysis in 2018 that clearly shows the environmental and social impacts of our business activities.

And the current version of the report was externally reviewed for the first time. Our aim is to further promote the importance of sustainability, both in and outside the Company. By the way, we are once again listed in two sustainability indices, FTSE4Good and VÖNIX.

#### **And what is on the agenda for 2019?**

We are going to work even harder on our strategic priorities in the coming year. And we will be closely monitoring the EU action plan for sustainable investments so that we are well prepared for any changes.

Our cooperation with the  
ERSTE Group has been extended to

**2033**

The non-profit societies are part  
of VIG and have property with  
a book value of around EUR

**3.8**  
billion.

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

**100,000**  
units of affordable rental housing.



**“AFFORDABLE HOUSING IS AN IMPORTANT SUSTAINABILITY ISSUE FOR US. WE SHARE THIS CONCERN WITH THE EUROPEAN PARLIAMENT AND UNITED NATIONS.”**

Dieter Pscheidl, Head of VIIG European Affairs

# CORE BUSINESS

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# SUSTAINABLE IN THE CORE BUSINESS

**VIG integrates CSR agendas in its core business – step by step towards more sustainability, how we satisfy our due diligence requirements.**



## DUE DILIGENCE

### Due diligence is the foundation for success

**From its code of conduct to the handling of risk, VIG's business activities are focused on sustainability**

#### Code of Business Ethics

VIG's Code of Business Ethics acts as an important source of guidance for socially responsible conduct for the whole Group. It covers compliance with the law, human rights, non-discrimination, data protection and environmental protection, as well as the prevention of market abuse, corruption, bribery, money laundering and terrorism financing. The code of conduct applies to all VIG employees, regardless of their position in the Company. Each Group company is responsible for implementation and communication of the code. The code is reviewed annually and updated, if necessary, to account for legal or internal Company changes.

#### Corporate governance

Corporate governance provisions and measures ensure that responsibility plays a central role in VIG's business activities. VIG 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. VIG 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. During the reporting period, the audit committee and Supervisory Board reviewed and checked the first VIG sustainability report provided by the Managing Board. Information was also provided about the Company's listing in two sustainability indices, and the Supervisory Board was informed about the external review of the VIG sustainability report for financial year 2018.

#### Risk management

The insurance industry – and, therefore, VIG'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 and sustainability culture necessary for the Company to remain profitable over the long term. VIG 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.

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 27 November 2018. 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.

## NON-FINANCIAL RISKS

Significant risks in the context of the non-financial report, i.e. risks that likely have negative effects on the environment and society, were implicitly taken into account in the impact analysis performed in 2018. These risks are mainly associated with a failure to adjust the business model over the long term to account for the significant challenges of “climate change” and “demographic change”. Breaches of customer privacy and cases of corruption are also non-financial risks. The process for systematically identifying and assessing these risks will be initiated in 2019 together with risk management.

## HUMAN RIGHTS & EMPLOYEE RIGHTS

VIG makes a clear commitment to human rights in its Code of Business Ethics. In its immediate sphere of influence, this concerns how VIG 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 (see page 32). 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 25). VIG also checks sanction lists and chooses its business partners with the greatest care (see page 21).



## COMPLIANCE

### Rules for a fair game

#### VIG's compliance organisation promotes a culture of integrity.

In addition to ensuring compliance with statutory and regulatory requirements and with obligations that VIG has voluntarily assumed, the VIG compliance organisation also promotes a culture of integrity. Like VIG itself, the compliance organisation has a decentralised structure and is described in guidelines approved by the Managing Board that specify roles, responsibilities and minimum standards.

A key element of this compliance organisation is the annual meetings attended by all local Compliance Officers, where topics such as how to prevent corruption and bribery, anti-competitive behaviour, market abuse, violations of sanctions or embargoes and money laundering can be discussed. 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 the coordination, implementation and monitoring of Group-wide compliance projects, such as the EU Insurance Distribution Directive and international sanctions.

The Group and Group companies have a compliance organisation that is adapted to their risk profile. It is 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

management system was improved and expanded in many areas during the reporting period. Compliance-related guidelines were amended, the requirements for ad hoc reporting by Group companies to Group Compliance were specified in detail and Group-wide document governance was re-defined.

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 Group Compliance, where the overall Group analysis was performed. Overall, this created a medium-level compliance risk for the Group.

The Compliance Officers in the Group companies act as points of contact for all questions and reports of compliance breaches. VIG has implemented an annual and a strictly defined ad hoc reporting for compliance breaches to report them directly to Group compliance. 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 addressed and penalised. There were no known cases of corruption during the reporting period.



## INVESTMENTS

### Investing in the future

**VIG invests for the long term and for mutual benefits – including benefits to society.**

VIG sees sustainable investment as a two-sided process. On the one hand, it allows long-term obligations to customers to be satisfied at any time. This is VIG's top priority, which is why good credit quality and stable returns are preferred. On the other hand, investments also benefit the parties receiving the capital. By investing in local government bonds, VIG is therefore providing long-term capital for use by CEE countries, thereby playing an active role in their economic development.

The asset management unit in VIG Holding manages the investments of the Group. A strategic asset allocation and various limits and other constraints are set with the individual Group companies for different characteristics of their portfolios. Implementation takes place in the individual Group companies in accordance with these requirements. With respect to the sustainable positioning of the portfolio, exclusionary criteria were defined as a first step, and their results will subsequently be analysed in more detail. For 2019, ESG criteria will be anchored in the investment process. Social factors will also play a major role in VIG's investments. Affordable housing is the main focus in this area. Rents have risen more than income in many places, making it increasingly difficult for people to find appropriate housing.

The construction and renovation projects that VIG supports also satisfy environmental and social criteria. In VIG's view, social sustainability factors should also be given significantly greater weight in the EU's action plan for "financing sustainable growth".

### “Support a bigger role for the social factor”

**Dieter Pscheidl, Head of the VIG European Affairs Department, on EU plans for sustainable investment and the consequences for insurance companies.**

**The EU Commission is focusing on “sustainable investment”. What does this mean?**

The European Union has committed to reaching the climate and energy targets from the 2015 UN Global Climate Change Conference by 2030. According to the EU Commission, this will require EUR 180 billion in sustainable investments each year – with a significant portion of this coming from private, institutional investors like insurance companies. The issue is a high priority for the EU.

**What has been achieved so far?**

The first step was taken in March 2018 with the EU action plan for “financing sustainable growth”. The legal bases are now being prepared one after another in Brussels.

**Many insurance companies already invest sustainably – why are separate laws also needed for this?**

There is still no precise Europe-wide definition of “sustainable investment”. The EU has therefore been working on a classification system (“taxonomy”) since the autumn of 2018 to create a legally binding definition. Information on product and company sustainability will also be made publicly available in



more detail. Customers must also be asked about their sustainability preferences in the future, and these preferences must be taken into account when insurance is sold.

**How do these plans affect VIG?**

Large sections of the value chain will be affected in all insurance companies – including our Group companies – ranging from product development, distribution and underwriting, all the way to investments. We are already dealing with this during the EU legislative process for two reasons: to contribute to the end result as an interested party, and to gain access to detailed and background information for subsequent use when the sustainability factors are implemented throughout the Group.

**Does the EU give all sustainability factors equal weighting?**

Sustainable investment is based on three factors – environmental, social and governance – which is why they are referred to as “ESG” factors. Unfortunately, environmental

Dieter Pscheidl,  
Head of the VIG  
European Affairs  
Department

objectives currently outweigh social and governance objectives.

**What do you think about this one-sided view?**

Climate protection is naturally the dominant concern of our times. We should not, however, lose sight of the social responsibility of companies. In our exchanges with EU institutions, we are therefore asking that the social factor be given a greater role.

**What contribution could insurance companies make to society in practice?**

Affordable housing is an extremely urgent issue in many EU Member States. According to Eurostat, one out of ten people in the EU are already in the “affordable housing” category – and demand continues to rise due to increasing urbanisation and immigration. As stable long-term investors, insurance companies can make a significant contribution to covering this demand. Wiener Städtische Versicherungsverein already invested in real estate back in 1984 through its interests in non-profit societies, leading to more than 100,000 units of affordable rental housing today. Affordable housing is therefore an important sustainability issue for us. We share this concern with the European Parliament and United Nations, which also put great importance on social sustainability and, as a result, “housing”.

**COUNTRY: AFFORDABLE PRIME LOCATION**

The “Mooserkreuz” complex by Alpenländische Gemeinnützige Wohnbaugesellschaft provides affordable housing in a top location in high-priced St. Anton. Six rental units and six freehold units offer passive house quality and achieve a score of 909 to satisfy the klimaaktiv Gold standard. Additional highlights: district heating, enhanced sound and thermal insulation (A+), and native wood for façades and balcony elements.

**CITY: MORE THAN JUST HOUSING**

Around 100 people live in the “LiSA” (Live in Seestadt Aspern) residential complex of the construction company Schwarzatal in 1220 Vienna. The great thing about this complex is that they were involved in the planning for their units from the very beginning. They could specify their unit sizes and layouts themselves. Affordable housing can therefore come with a great deal of design freedom. The LiSA project received the ASBC award from the Austrian Sustainable Building Council and klima:aktiv in 2016.



© Andreas Buchberger



© Florian Scherf



## UNDERWRITING

### Custom-tailored coverage

**VIG is achieving long-term success offering individualised insurance solutions in its corporate and large customer business.**

VIG's extensive network in 25 countries and many years of experience make it an excellent partner for insuring industrial and large risks. Risks like these require flexible custom-tailored international insurance solutions, and, naturally, a sustainability-oriented approach and customer assistance and support over many years.

The customer relationship always begins with a careful risk analysis for each business case. This sophisticated risk management service also creates an ideal foundation for forward-looking action and allows VIG to provide customer advice and support even in difficult times.

The scope of the risk analysis depends, among other things, on the magnitude of the business value exposed to risk and potential liability. In underwriting, objective risk criteria are recorded, along with customer criteria that contribute to individual long-term predictability. VIG offers custom-tailored recommendations combined with insurance solutions to manage risks that could negatively affect the economic sustainability of a business. Insurance for environmental rehabilitation costs is a good example. VIG has offered this product to customers since 2007, not simply to provide coverage for damage to water bodies, soil or biodiversity, but also to improve protection of the environment based on the findings of the risk analysis.

Assuming risk without limits is inconceivable in the insurance industry and VIG also limits or excludes coverage for certain risks. One example is companies that are on sanction lists.

Risks like nuclear energy, for example, are only insured in accordance with statutory and market-related requirements, for example in the form of insurance pools. The same applies to the coal industry, with decisions based on the national energy strategies of the countries where VIG operates.

In addition to extensive underwriting knowledge, experience is also an important asset for underwriting, particularly when it comes to sustainability, which is a future challenge that should be met with both experience and knowledge. Since 2008, the "VIU Underwriting and Claims Handling Academy" has offered an additional Group-wide training and education programme for underwriters and claims experts in the large customer business to help provide the extensive training needed. In addition to professional know-how, the programme also deals with networking and, as a result, the exchange of best practices. This takes place, among other things, at the annual "Underwriting and Claims Management Conference", which is attended by the chief underwriters and heads of the claims departments in the Group companies.

### COMMUNITY IS IMPORTANT

VIG Holding and Wiener Städtische Versicherung AG 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



## PARTNERSHIPS

### A common future

**Vienna Insurance Group works closely with companies that share the same values. This especially applies to its partnership with the Erste Group. Strict rules apply when choosing partners and outsourcing providers in order to minimise the risks involved.**

Fairness, respect, appreciation and transparency are critical values for VIG's dealings with its business partners. It aims to establish long-term reliable partnerships. Equal partnerships are always mutual partnerships, which is why VIG expects its partners to have the same high quality standards and clear commitment to forward looking action. Business partners are carefully chosen, using selection criteria that depend on the potential partner's risk exposure. Sanction lists are also checked during the process.

VIG and the Erste Group have a special form of partnership. VIG acquired the Erste Group insurance business in 2008 and the two have been "preferred partners" since then. This intensive partnership was extended to 2033 during the reporting period, putting the companies in an excellent position to continue providing optimal service to their shared banking and insurance customers.

VIG and the Erste Group share the same values – the bank integrates sustainable criteria and principles in its business strategy and banking products, and uses the GRI guidelines to report on its activities – and the two companies are leading financial service providers in the CEE region. VIG will target its use of this partnership even more strongly in the future. The first measure taken was to create a new bancassurance

area at the VIG Holding level that will act as a direct point of contact for the Erste Group and coordinate local activities in countries where they both operate.

A digital bancassurance hub is also being created with the Erste Group in the Czech Republic. The George financial platform, which will be used to further expand distribution of VIG insurance products, will be rolled out from there to all Erste Group core markets. The partnership is also two-sided here, as VIG companies also offer Erste Group banking products. This bancassurance concept therefore creates a win-win situation for both companies and is the ideal solution for a truly successful partnership.

#### Outsourcing

VIG companies can outsource a variety of functions and business activities, even those classified as critical or important under regulatory law. This allows business processes to be optimised operationally, technically and in terms of cost.

Outsourcing involves potential risks, such as possible dependency on the service provider used, and potentially more extensive quality control. VIG is therefore careful when choosing service providers and observes statutory requirements. A Group-wide guideline sets minimum standards for outsourcing in order to minimise potential

risks in connection with outsourcing. It defines processes for monitoring and quality control that are aimed at ensuring that the service provider actually provides the contracted services.

Additional requirements have to be satisfied when critical or important functions or business activities are outsourced. For example, VIG Outsourcing Officers must be appointed for outsourcing of this kind and stricter rules apply to the selection of service providers, contract preparation and cooperation with local supervisory authorities. Reporting is performed at least once a year together with ad hoc reporting so that an overview of critical and important outsourcing in the Group is available at all times.

The Romanian company OMNIASIG  
charges people older than

**65**

lower rates for household insurance.

Group company  
Wiener Städtische Versicherung AG  
won the “Fund professional  
Service Award” for the

**2<sup>nd</sup>**

time in a row.

VIG has more than

**20,000,000**

customers with different needs to be satisfied.



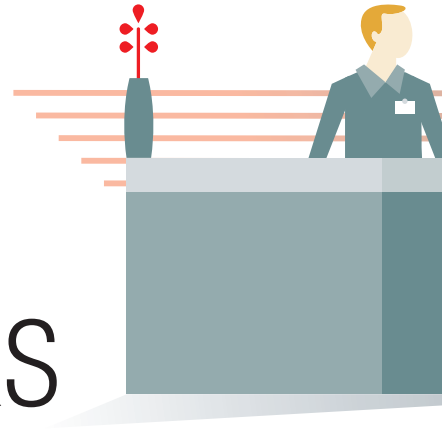
**“WE MONITOR SOCIAL  
TRENDS CLOSELY  
AND INCLUDE THEM  
IN PRODUCT  
DEVELOPMENT.”**

Chantal Rannersberger, VIG CSR Officer



# CUSTOMERS

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# INTO THE FUTURE WITH OUR CUSTOMERS

**VIG's management approach ensures each customer receives exactly the coverage they need, and its integrated advisory approach satisfies European requirements and prepares it, groupwide, for the future of distribution.**

Imagine that you just bought a new television. A few days later, an advisor from the TV business calls and asks if you are happy with your new TV. Everything was fine at the moment, but that evening you notice a button on the remote control that you don't understand. Luckily, the TV provider has a digital assistant on its website that can answer questions like this any time during the day or night. Isn't this the kind of customer service you want?

Service like this is standard in many VIG companies. PČS in the Czech Republic, for example, performs an annual customer survey to determine customer satisfaction. A telephone survey is used to find out if customers are happy with their products, understand them and have all the important information needed. Whether by telephone, online or in person, the customer always comes first at VIG. This is ensured by our multi-channel distribution, which allows customers to choose their preferred method of contacting VIG.

## **Every customer counts**

Not every Group company uses the same methods as PČS, but more than 20 million customers also mean cultural differences between VIG's 25 markets that have to be taken into account, which is why a decentralised management approach is used. Local management know the needs of their customers the best and can make decisions quickly, allowing them to adjust rapidly to change. Multiple brands are

used in each country to address different target groups. This allows VIG to attract a broad range of customers and earn their loyalty.

The exchange of best practices is an important element of VIG's decentralised management approach. As a result, management of the Georgian company GPIH can easily implement the customer service provided by PČS in the Czech Republic if they feel it would be appropriate for the market needs in their country. Regular international meetings of managers facilitate this exchange and ensure that everyone is pulling together.

## **Integrated advisory service**

An international exchange like this was also needed for implementation of the European Insurance Distribution Directive (IDD) during the reporting period, which will improve customer protection across the EU and require insurance companies to provide more targeted advice to customers, and document this advice. Wiener Städtische Versicherung AG fundamentally redesigned and digitalised its needs assessment process for this purpose. It uses the customer database ("MSA") and a digital tool to determine specific insurance needs ("Smart"). Sales – which is required to take regular training under the IDD – uses "Easy" to express these needs in an understandable way to the customer. The integrated advisory process ends with "VIGO", which is used to calculate offers.

VIG Holding had

1

breach of personal information during the 2018 reporting period.



DONAU Versicherung also created a digital solution, Klara, to help DONAU's insurance advisors. Klara uses a game-like approach to inform customers of their individual risks, while documenting customer needs at the same time. Unlike product-oriented discussions, Klara was designed based on customer needs and is therefore transformational, both in terms of technology and the advisory culture. The focus is on the customer and their needs. DONAU Versicherung's Klara is a smart digital response to the challenges facing the insurance industry that creates a win-win situation for advisors and customers, and consequently for the company as a whole.

VIG has also established its own corporate start-up in the Group under the leadership of Wiener Städtische Versicherung AG – the “viesure innovation centre” – which deals with future trends and digital customer service.

Around  
**1,800**

field employees use the new  
“Smart&Easy” system.

## Data protection and IT security

Whether it is customer data or employee data, data protection is extremely important to VIG. Personal data has now become an important business asset. Rapid advances in digitalisation are making such a stream of new applications possible that people are scarcely able to keep track any longer. The new EU General Data Protection Regulation (GDPR) has been in effect since 25 May 2018 and is intended to provide help with this. It is primarily concerned with data protection and improved protection of personal data.

### “TAKING DATA PROTECTION SERIOUSLY MEANS MAKING IT PART OF YOUR LIFE.”

Thomas Riegler, VIG Data Protection Officer

A data protection management system was established to counter the potential risk of data and confidentiality breaches. It is responsible for establishing data protection, generating the respective awareness, and complying with the data protection requirements of the GDPR. The Data Protection Officer in VIG Holding is responsible for implementation in Austria. 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. They also exchange information with one another during workshops and share best practice solutions. All these measures are implemented to prevent sensitive customer and employee data from being stolen or even illegally disclosed to the public, which could cause damage to VIG's reputation. Employees can find information on this topic and Group guidelines on the VIG intranet. Protecting personal data is also a technical challenge. VIG IT security guide-

lines 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, VIG also has an international working group that 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 VIG. VIG Holding has information of one breach of personal information in the Company during the reporting period.

## Complaint management

VIG'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. VIG's decentralised approach can also be seen here, as each Group company has its own complaint department.

Complaint handling data is analysed regularly to identify and address repeated or systematic problems and potential legal or operational risks. The complaint department informs the Managing Board regularly for this purpose.

All complaint management employees have the necessary theoretical and practical knowledge, which is acquired and further expanded in regular training courses and conferences (fitness). And they naturally have good reputations and integrity (properness).



Chantal Rannersberger, VIG CSR Officer

## Products for a changing world

Our customers and their needs are as diverse as life itself. Our personal advisory service brings us closer to our customers and allows us to offer a range of products and services to meet this diversity, so that each target group receives exactly the insurance protection that it needs. Whether the product is for students, seniors, disabled persons, people with financial problems or changes in their life situation, we design our products to meet customer needs (see information on the right). We consider this an important part of our social responsibility. We also closely monitor major social trends and include them in product development. One of these is digitalisation, which we have already dealt with extensively for a long period of time. Customers can contact us via live chat or video chat, and many questions can even be answered by our chat bots, which are available around the clock. Another example is demographic change. The impact analysis we performed in 2018 identified the topic as an important factor for our business model and, consequently, for product design, and we already offer appropriate products. Wiener Städtische Versicherungsverein has a cooperation with Erste Bank's Zweite Sparkasse, which offers micro-insurance in cooperation with Wiener Städtische Versicherung AG, among other things, to help people who are having financial difficulties. Wiener Städtische Versicherungsverein is also involved with demographic change, for example with its "PflegerIn mit Herz" campaign (p. 38), which addresses the challenges to the healthcare system in an ageing society.

# ADDED VALUE ALREADY AVAILABLE

**Group companies are increasingly offering VIG products and services with environmental, ethical or social components added.**



### SUSTAINABLE INVESTMENTS

Investments that are sustainable, that are environmentally and socially responsible, have been becoming more and more important for years. VIG companies are happy to satisfy customer needs of this kind. The German company InterRisk, for example, offers a unit-linked pension plan that uses different funds in the ÖKOWORLD universe to invest in sustainable companies. Wiener Städtische Versicherung AG also offers many ethical and environmentally-oriented investment products when it comes to unit-linked life insurance products within banc assurance. These are based on funds managed by the Austrian savings bank group, especially Erste Asset Management, one of the pioneers in sustainable investments in Austria. The comprehensive range of unit-linked life insurance products includes twelve sustainable funds whose investment approaches cover the main segments of the capital market and require the use of ESG criteria. Customers can, for example, invest based on the criteria of the Austrian Conference of Bishops or the environmental organisation WWF. The Bulgarian company BULSTRAD LIFE also uses one sustainable funds.



### ENVIRONMENTAL REHABILITATION

Environmental remediation risks exist for large companies, especially in the manufacturing area, as the European Environmental Liability Directive has been protecting flora, fauna, water and land since 2004. It requires polluters to remediate such damages and this can, in extreme cases, lead to large expenses that threaten the continued existence of the company. VIG insures these risks. And it also involves all relevant stakeholders in the remediation. The EnviroPlus policy from the Slovakian company KOMUNÁLNA is an example of this kind of insurance. In addition to damage to the environment, it also covers the cost of preventative measures if damage has not yet occurred. The Croatian company Wiener Osiguranje offers private customers an environmental liability extension for third party liability insurance that covers the costs for various damages caused by environmental disasters.



**RENEWABLE ENERGY**

Wind and hydroelectric power, photovoltaic systems and biomass – these are the energy sources of the future. VIG helps promote the transition to renewable energies by providing insurance for such equipment in Austria and Central and Eastern Europe as a whole. VIG has a leading market position for corporate business in many of these markets.



**MICRO-INSURANCE**

VIG's principal shareholder, Wiener Städtische Versicherungsverein, has been working with Erste Group's Zweite Sparkasse since 2007. The company offers accounts without overdraft facilities to people who have no access to banking services because they are having financial difficulties. Group company Wiener Städtische Versicherung AG adds an insurance package to this service, including household and third party liability insurance at attractive terms, free legal advice and free accident insurance. Children of the account holder living in the same household are covered by this accident insurance. Wiener Städtische Versicherungsverein is paying the premiums.



**SOCIAL RATES**

The Romanian Group company OMNIASIG offers products tailored to financially weaker target groups. Students receive discounts for travel insurance, and people older than 65 receive lower rates for household insurance. This makes financial protection possible for groups in society that need it the most.



**LIFESTYLE**

The Czech company ČPP launched a new project "Active and healthy" in November 2018 that rewards a healthy lifestyle. As well as receiving great prizes, customers who use the associated app or a web browser to participate in small exercises each day in the areas of activity, nutrition and relaxation also receive better terms and conditions for life insurance.



**E-BIKE**

Around 400,000 electric bicycles are in use in Austria. They are the most common electric vehicle and the trend is rising. Wiener Städtische Versicherung AG offers the right insurance package for them that combines third party liability and own damage coverage and can be expanded with modules like driver accident, legal expenses and special class handling after accidents.



**SERVICE AWARD**

Wiener Städtische Versicherung AG received a rating of "outstanding" for its impressive customer service and the professional Fund Service Award for the second year in a row in 2018.

Employees at our insurance companies spent an average of

**4.0**

days in training in 2018.

VIG companies help their employees with stress management and

**75%**

of the companies offer preventative health care programmes.

**50%**

of the members of the VIG Holding Managing Board are women. VIG is also the only listed company in the ATX index with a female CEO.



**“THE VIG TEAM IS DIVERSE  
AND CAPABLE, SPEAKS MANY  
LANGUAGES AND IS HIGHLY  
MOTIVATED.”**

Birgit Moosmann, Head of VIG Human Resources

# EMPLOYEES

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© Klaus Ränger

Every day is different for Birgit Moosmann, Head of Human Resources.

## “We have our own unique spirit”

### Birgit Moosmann, Head of Human Resources, on career opportunities at Vienna Insurance Group.

#### What makes VIG an attractive employer?

Quite a few things! We offer our employees outstanding development opportunities. The prerequisite is an extensive training and education programme. VIG provides an opportunity to gain international work experience and get to know interesting people and different cultures. In other words, we have our own unique spirit that appreciates individuality. Not just in terms of our multi-brand strategy and local management, but the individuality of each person.

#### How is your training and education programme set up across the Group?

The Group companies design and organise training and education programs targeted to the needs of their employees. The HR managers in the Group companies also naturally have regular meetings, including in particular for exchanging best practices. In addition, we also offer Group-wide programs. Our Corporate University for managers and experts works together with top business schools, and our Technical Academies provide specialised training, for example in the area of underwriting. Our mobility programme also gives employees the opportunity to gather experience on the international stage. We continuously improve our portfolio of development opportunities to best prepare our employees for the future.

#### You have been the head of VIG Human Resources since 2011. What do you value about your job?

I am responsible for implementing Group-wide initiatives and incentives and providing an appropriate framework for local HR managers. Even after so many years, I am still fascinated with my job, as every day is different. The impressive diversity of our employees alone is exciting. We have many employees with colourful personalities, which I believe truly enriches the Company and is an important factor in our success. And one thing is certain. Performance-oriented employees with open minds are always welcome at VIG.

### OBJECTIVES OF VIG'S HUMAN RESOURCES STRATEGY

#### THE OBJECTIVES ...

- VIG should be seen as a diverse, innovative, learning organisation
- VIG management should ensure employees have a positive working environment and support employees with future challenges
- an appropriate feedback culture should exist

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

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

### FAIR, PERFORMANCE-BASED REMUNERATION

Employee remuneration is based on business objectives, the risk management strategy and the long-term interests of VIG. 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

VIG 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.



### GOLD AWARD FOR RECRUITING

The human resources team at VIG Holding won the gold medal in the annual “Best Recruiters” ranking – for the second time in a row. VIG Holding is therefore the industry leader again, and also achieved an outstanding 12<sup>th</sup> place (24<sup>th</sup> place last year) in Austria across all lines of business. The study rates employer branding activities and professional treatment of job applicants.



## Focus on preventative health care

Physical well-being and health in the workplace were at the top of VIG's agenda in 2018. Sports programmes were particularly important to provide balance, as the main risks for employees are due to the potential adverse health effects of work-related stress. For example, sitting for a long time can cause backaches. 54.5% of the Group companies offer sports programmes. VIG Holding employees can even choose from a variety of programmes in different disciplines. Whether crossfit, yoga, tennis, boxing or swimming, the programmes offered by

the cooperation partner include a suitable sport for everyone. VIG and Wiener Städtische Versicherung AG have already provided runners support for years, such as the Vienna City Marathon and Business Run and by providing training shirts for everyone. Yoga courses were available for those looking for relaxation. Full-body training with VIG employee Réka Hassa (see photo) in the spring of 2018 was the special highlight of the year. As a certified strength coach, she provided a challenging, but enjoyable, exercise programme for all age groups in VIG's small gymnasium.



© Helmi Götzenböcker

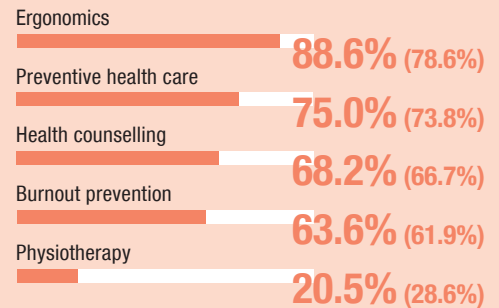
The average number of sick days per employee in 2018 was

**7.4** (8.8) days.\*

2017 values in parentheses

\* 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 COMPANIES:



Employees at all Group companies spent an average of

**4.0** (4.2) days in training in 2018.



© Salvatore Brandt

## This is how management trainees learn

Training and education are essential in VIG. Every development programme prepares employees for future challenges. VIG values diversity and derives its strength from it. Personnel development is custom-tailored for management trainees. VIG's International Management Development Programme was set up in cooperation with Zeppelin University, Friedrichshafen (Germany), and took place for the third time from mid-2017 to April 2018. 20 management trainees spend eight intensive months in the programme learning about the challenges of the

Future managers receive intensive training to prepare them for their jobs.

insurance business, VIG's strategic orientation and the role of a manager. Highly qualified lecturers ensure that participants acquire up-to-date interdisciplinary knowledge and innovative tools for their work. The programme offers learning journeys and on-site training courses in Friedrichshafen, Berlin and Vienna. In addition to learning knowledge, we also expect the management trainees to reflect on their own role and acquire new perspectives. The programme, however, offers a great deal to help them with this challenge. In addition to key players in VIG and professors, fireside talks are also held by influential people from the world of start-ups, the business sector, the arts and the academic world.

## Success through diversity

**Successful diversity management keeps international companies fit for the future in a rapidly changing world. VIG views diversity management from a strategic perspective and began a series of new initiatives for this purpose in 2018.**

Our 25,000 employees and 25 countries make diversity part of our DNA. As a result of the wide variety of cultural backgrounds, diversity is a normal part of our day-to-day working life. But VIG goes one step further. It not only permits diversity, it actively promotes it – using its multi-brand strategy and local entrepreneurship, for example – in order to achieve business success. A Diversity Officer was appointed in 2017 to further promote diversity in VIG Holding and the Group. In addition to having employees of all generations, VIG is also highly diverse with respect to employee home countries.

In spite of VIG's favourable achievements at the time, there was still room for improvement. VIG therefore introduced

a large number of initiatives, including small initiatives like international "Stammtisch" in the VIG Holding canteen, and big initiatives like the Group-wide video competition that allowed individual Group companies to creatively present how diversity was part of their day-to-day working lives. In addition to generating a wide range of submissions internally, the competition also created an international attention, with VIG being short-listed in two categories of the European Diversity Awards and even making it into the Top 3 in the "Diversity Management" category of the HR Excellence Awards.

VIG took part in the Austria-wide diversity awareness week, "DIVÖRSITY", where it presented the results of its Group-wide video competition.



Systematic diversity management has a great deal to do with raising the awareness of diversity. This is being achieved internally, for example, using a new brochure and education courses on the topic. But VIG is also active externally. It provided support for the "Corporate Cultural Diversity" study in 2018, further underscoring the importance of valuing diversity.

## Forward-looking projects in Group companies

### EQUAL OPPORTUNITIES FOR ALL

Professional expertise, personal qualifications and performance are what counts – not whether someone uses a wheelchair or has other "special needs". VIG companies, like Wiener Städtische Versicherung AG, therefore employ people with disabilities in all functional areas – whether in the office, telephone exchange or field work. Wiener Städtische Versicherung AG currently has 96 employees with disabilities. The Czech company ČPP has also been a pioneer in the area since its formation in 1995. In 2018, the company was pleased to receive silver from „Top Responsible Company“ in the Czech Republic.

### BABY OFFICE

Group company Kooperativa in Prague wants to improve the work-life balance of its employees, and installed a "baby office" to support employees with children. It contains a children's play area and even a changing table, together with four normal workplaces. The parents can do their work while the children play in their area. Although Kooperativa provided many toys for them to play with, it is also interested in their education. It therefore included an interactive wall they can use to learn playfully about street safety. The baby office was installed to give parents the opportunity to bring their children to work in exceptional

situations, thereby improving the balance between work and family in their lives. There are plans to install another baby office in one of the branch offices in Liberec in coming years.



©Michaela Vágenerová, Jindřich Henz, Kooperativa CZ



© Klaus Flaniger

## Diversity facts and figures

### VIG GENDER DISTRIBUTION

Group-wide	Women	Men
Supervisory Board	17.9% (18.0%)	82.1% (82.0%)
Managing Board	24.1% (22.9%)	75.9% (77.1%)
Management level directly below the Managing Board	47.6% (42.5%)	52.4% (57.5%)
VIG as a whole	61.7% (62.2%)	38.3% (37.8%)

### VIG Holding

Supervisory Board	40.0% (40.0%)	60.0% (60.0%)
Managing Board	50.0% (40.0%)	50.0% (60.0%)
Management level directly below the Managing Board	25.9% (26.9%)	74.1% (73.1%)
VIG as a whole	54.3% (57.5%)	45.7% (42.5%)

2017 values in parentheses

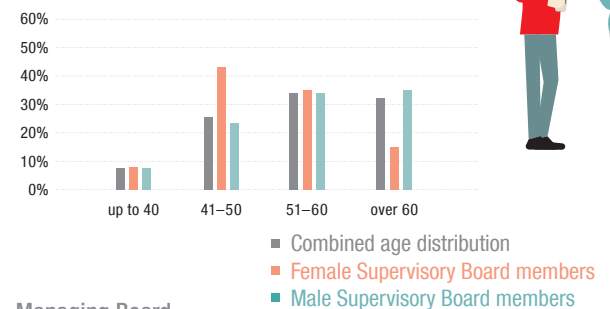
### GROUP-WIDE NATIONALITIES

**22** (22)  
Nationalities in the  
Managing Boards

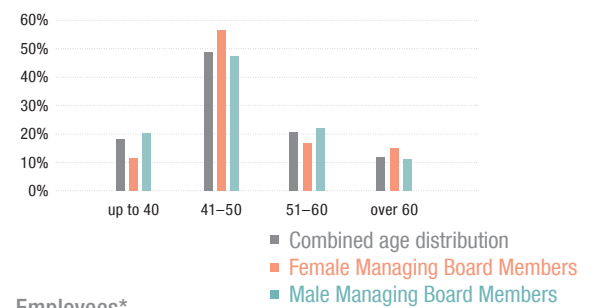
**20** (21)  
Nationalities in the  
Supervisory Boards

### GROUP-WIDE AGE DISTRIBUTION

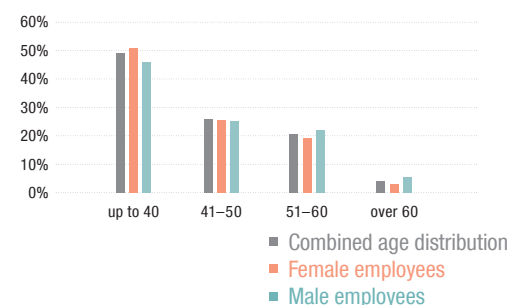
#### Supervisory Board



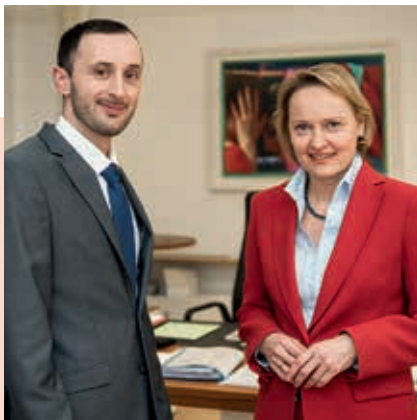
#### Managing Board



#### Employees\*



In the video competition on diversity, prizes were won by Group companies IRAO (gold, Georgia), Bulstrad Non-Life (silver, Bulgaria) and ČPP (bronze, Czech Republic). Left to right: Helena Hovorková, Martina Flídrová (ČPP); Ketevan Kharitonishvili, Salome Kekutia (IRAO); Tsanko Krastev, Rumiana Nenova (Bulstrad Non-Life).



© Walter Wobrazek/profil

Velimir Milasin, one of the prize winners at the High Potential Day, with VIG Managing Board Member Liane Hirner.

### SUPPORT FOR HIGH POTENTIALS

As a cooperation partner for High Potential Day, a job fair organised by the Verlagsgruppe News (a publishing group), VIG awarded prizes for the first time to students with outstanding bachelor's and master's theses in the areas of insurance, CEE and diversity. The prize winners received non-cash prizes and mentoring talks with VIG managers. The initiative was designed to draw more attention to these topics and recognise the students' efforts.



**27**

“PflegerInnen mit Herz” (Carers with a heart) received awards in December 2018 for their dedication in the area of nursing care.

Around

**500**

children from 23 countries spent two exciting summer weeks at four “Kids Camps” in Austria. The project taught the children about values like solidarity and mutual understanding.

More than

**5,000**

employees were involved in environmental and social projects during the “Social Active Day”.



**“VIG HAS BEEN A RELIABLE PARTNER FOR CULTURAL AND SOCIAL PROJECTS FOR MANY YEARS AND HAS PROVIDED VALUABLE CONTRIBUTIONS TO SOCIETY AS A RESULT.”**

Barbara Grötschnig, Head of VIG Group Sponsoring

# SOCIETY

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# IN THE SERVICE OF SOCIETY

**VIG and its principal shareholder, Wiener Städtische Versicherungsverein, have a large number of initiatives aimed at creating a future worth living.**

Insurance companies are deeply anchored in society. They experience how societies change and reinvent themselves. This is particularly true for the VIG group of companies, with Wiener Städtische Versicherungsverein as its principal shareholder, which can look back on close to 200 years of history, and the vibrant, colourful mix of cultures in Central and Eastern Europe where its markets are located. It is important for the Group to monitor social developments in order to keep VIG's business model viable for the future. But its involvement goes further than this, because to VIG being anchored in society means assuming social responsibility, and promoting and valuing

this understanding throughout the Group. Instead of just monitoring developments, this means actively helping to create a future worth living.

One example of this is the Gustav Mahler Youth Orchestra, which VIG has already sponsored for many years. It is considered the best youth orchestra in the world and is a place of learning that helps talented young Austrian musicians play music with their colleagues from all over the world, traditionally including many participants from the CEE region. What better opportunity could there be to experience cross-border cultural exchange, mutual understanding and equal opportunity?

This logo identifies social and cultural initiatives and activities by our principal shareholder, Wiener Städtische Versicherungsverein, whose goal is to promote work across borders and focus on what we have in common.



© VIG Holding



© Unien Brestó, HU



© Kooperatíva, SK

"Social Active Day" allows employees to take part in a variety of initiatives to help the socially disadvantaged and people with special needs.



© Compensa, PL



© Wiener Städtische Versicherungsverein/Gottfried Helnwein



30 printed mesh panels, each 63 metres long, change the Ringturm building into the largest artwork in the country each summer.

## A day for others

**“Social Active Day” invites VIG employees to get involved.**

Since 2011, VIG employees have been allowed to use one day per year to volunteer for a good cause. VIG’s principal shareholder brought the “Social Active Day” initiative to life. More than 5,000 employees from Group companies in 21 countries participated in 2018. Polish Group company Compensa offered a traffic safety training at motorway service areas, and Union Biztosító in Hungary provided support for a project for disadvantaged youth. VIG Holding took the residents of St. Elisabeth House on a trip to the zoo. A great deal of social and environmental added value was created by the many projects that were undertaken.



## Art memorial

**The 2018 Ringturm wrapping deals with war and violence.**

A blonde girl points a machine gun at the Danube Canal, and a city burns on the other side. The motifs on the 4,000 square metre Ringturm art installation were not for the faint of heart. “I want to force people to see”, world-renowned Austrian artist Gottfried Helnwein said about his art memorial “I saw this”, which deals with war, violence and repression in commemoration of the “100<sup>th</sup> Anniversary of the Republic of Austria”. The Ringturm building has been regularly transformed into a work of art during the summer months since 2006.



© Verein „PflegerIn mit Herz“/Richard Tanzer

## Carers in the limelight

**The “PflegerIn mit Herz” initiative honours the important work done by people in the area of nursing care.**

A small number of the many carers working each day in the area of nursing care are honoured in Vienna each year.

The “PflegerIn mit Herz” initiative has never received as many nominations before, almost 3,900 in 2018. The jury chose 27 of these carers – 3 for each state in Austria – to receive awards in the Grand Hall of the Erste campus in Vienna in mid-December. They were there for the hundreds of thousands of people

throughout Austria who perform outstanding work in the area of nursing care every day – both professional and private. The “PflegerIn mit Herz” initiative was brought to life in 2012 by Wiener Städtische Versicherungsverein and Wiener Städtische Versicherung AG, and receives support from the Austrian

Federal Ministry of Labour, Social Affairs, Health and Consumer Protection, Austrian Federal Ministry of Digital and Economic Affairs, Austrian Economic Chambers, Vienna Chamber of Labour and Erste Bank Austria.



© Ludwig Scheidl

**“EVERYONE SHOULD THINK ABOUT HOW TO PROVIDE FOR THEIR OWN POTENTIAL NURSING CARE NEEDS IN THE FUTURE.”**

Günter Geyer, General Manager of Wiener Städtische Versicherungsverein



© Wiener Städtische Versicherungsverein/Richard Tanzer



The winners received awards for their commitment from Hans Raumauf, Managing Board Director of Wiener Städtische Versicherungsverein (right) and Barbara Grötschnig, Head of VIG Group Sponsoring (3<sup>rd</sup> from left).

## Honouring volunteers

**An internal VIG social award honours the voluntary social involvement of employees.**

They care for people with Down syndrome, and help single mothers, disadvantaged youth and the sick – all in their time off. The “Award in Recognition of Commitment to Voluntary Activities” is given to recognise such commitment. Employees from the Georgian Group companies and employees from Croatia, the Baltic states, Poland, Romania, the Czech Republic and Austria were at the award presentations on 23 November.





“VIG Kids Camp” provides fun, excitement and play that teaches children important values during the summer months.



Kids could apply for the Camp with their own photographs on the subject of “Peace”. Eight of these pictures made it to the short list for the Alfred Fried Photography Award.



© Wiener Städtische Versicherungsverein (3)

## Diversity starts early

**Around 500 children from 23 countries spent two exciting summer weeks at “VIG Kids Camp” in Austria.**

For the ninth time, the children of VIG employees were invited to attend four two-week Kids Camps to explore mountains and glaciers, as well as state capitals, while also dealing with solidarity, social awareness and mutual understanding in a real-world situation. And the camp was not just a meeting point for different cultures, but also for different generations. As in the years before, the children, aged nine to 13, also visited retirement homes, where they entertained the residents with song, dance and acrobatics.



## VIG role models

**Günter Geyer Award for Social Conscience – winners in 2018**

**1<sup>ST</sup> PLACE:  
WIENER OSIGURANJE**



The Croatian Group company learned there was a great need to improve the online safety of children and youth. In cooperation with media association DKMK and the University of Zagreb, online surveys were performed, workshops developed for parents, teachers and students, and an online safety brochure was prepared. More than 500 employees and 100 schools took part in the campaign to increase child safety on the Internet.

**2<sup>ND</sup> PLACE:  
OMNIASIG**



Omu is a popular peak for hikers, climbers and paragliders and the highest populated mountain in Romania. 70 employees and four managing board members of the Romanian Group company restored one of the most impressive trails on the Omu from the ground up. They installed ropes and ladders, replaced broken steps and directional arrows and built a rest area – all on a 15 km long stretch of mountain.

**3<sup>RD</sup> PLACE:  
DONARIS**



Employees of the Moldovan Group company renovated the outdoor area of the “Snow-Bells” kindergarten. They cleared bushes, levelled the ground, planted and seeded, painted fences and installed new playground equipment. In addition to the initial idea for the project, a portion of the funding also came from a benefit run held by the Liechtenstein Group company Vienna Life. This was the first time that Group companies in different countries worked together on a project.

# 6,833,143

is the number of kilometres of air travel by  
VIG in 2018. VIG is using new approaches  
such as video conferences to reduce the  
environmental footprint.

The Recicleta initiative  
collected more than

# 6

tonnes of paper in 2018 in cooperation with  
the Romanian Group company OMNIASIG.

Groupwide VIG had

# 1,413

CO<sub>2</sub> emissions in kg  
per employee.

“WE HOPE PEOPLE LEARN  
FROM THE EXAMPLE OF THE  
NON-PROFIT IT SERVICE  
PROVIDER.”

Judit Havasi, VIG Managing Board Member

# ENVIRONMENT

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# STEPPING INTO A GREEN FUTURE

From dealing properly with natural hazards to reforestation, recycling and resource conservation, VIG has a wide range of environmental initiatives.

## Danger identified, danger removed

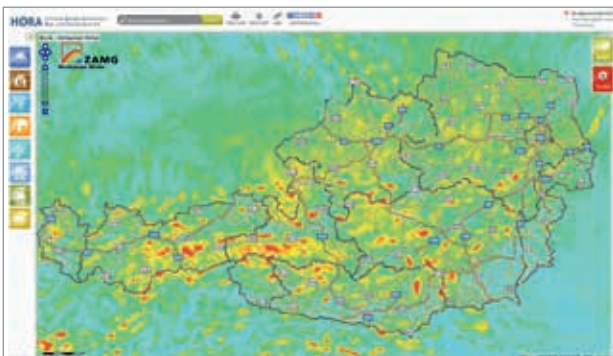
### VIG helps its customers to prepare for the financial consequences of climate change.

Climate change is not on its way, it arrived already by now. Natural disasters created losses of around USD 155 billion worldwide in 2018. Although this was less than half the loss in the previous year, 2018 was, according to SwissRe, still one of the four most expensive insurance years in the last 50 years. The losses were caused by storms, drought, heat waves, earthquakes and flooding. Europe was primarily affected by drought during the reporting period. And even if the entire global economy were to switch over to climate-friendly production immediately, we still could not avoid more frequent and more extreme weather events.

People therefore have to accept that life is becoming more risky. The insurance industry offers an answer in a number

of ways. Project HORA 2.0, the result of a cooperation between the Austrian Federal Ministry of Agriculture, Forestry, Environment and Water Management and the insurance industry, shows exactly what form this can take. The webpage at [www.hora.gv.at](http://www.hora.gv.at) displays a map of Austria showing areas of risk for natural hazards such as flooding, earthquakes, storms and snowfall. This helps improve people's risk awareness and risk behaviour.

HORA is a European model project – and it is being copied. VIG company OMNIASIG, for example, is planning to map the country's flood risk zones with the Romanian water administration. Kooperativa in the Czech Republic uses the Aquarius geoinformation system to calculate premiums and as a tool for risk management. The German company InterRisk takes account of the flood zones provided by the German insurance association when determining rates for different lines of business. The VIG companies in Austria, Wiener Städtische Versicherung AG and DONAU, have a number of initiatives to raise people's awareness of risk. Wiener Städtische Versicherung AG offers a digital risk map at [risikoradar.at](http://risikoradar.at) that shows a forecast of the long-term risk of natural hazards in the different regions of Austria. Its Wetter Plus app provides mobile weather information in Austria or abroad and its WetterService SMS service warns customers of storms, a service that DONAU also offers its customers.



© Shutterstock/Aleksander Dinev

Natural disasters created losses of around USD

# 155

billion worldwide in 2018.

2018 was one of the

# 4

most expensive insurance years in the last 50 years.



Employees at the InterRisk company in Warsaw help protect endangered bees.

## Plant the future

### VIG company employees help protect the environment with voluntary renaturalisation campaigns.

The projects performed by many VIG companies show that resources can also be given back to nature, not just taken away. This includes the Bulgarian company BULSTRAD, which is using the initiative “Plant the future” to reforest areas of the country that have been cleared. BTA Baltic is involved in renaturalisation in cooperation with the World Wide Fund, the Latvian partner of the environmental

organisation WWF. They are working together to care for nature conservation areas and protect against erosion and invasive species. Dozens of BTA employees took part in these campaigns in the spring and fall. With BTA support also the project home page was created, which is aimed at recruiting further volunteers. Employees of the Polish InterRisk company are helping to prevent the death of bees. In late summer 2018, they installed beehives and flower boxes on the roof of their office in Warsaw and are also sponsoring bee colonies at the nearby Jazdów Settlement.

## Cycling for recycling

### The Romanian company OMNIASIG is taking part in a project that helps people and conserves resources.

It is easy for Austrians to forget that the Austrian recycling system is one of the best in the world. In other places, most recyclable materials are still finding their way into the trash. The cooperation between Romanian Group company OMNIASIG and the Recicleta project shows that private-sector initiatives can have a positive effect. OMNIASIG has been collecting paper in special boxes since 2014. These are periodically emptied by Recicleta employees and taken for recycling. What is special about this project can also be seen from its



© VitoPlus

name. Pickup is done by bicycle, so it is CO<sub>2</sub> neutral. The initiative collected more than five tonnes of paper this way in 2018, thereby saving the lives of 93 trees. Recicleta also helps people, since the riders come from the less privileged parts of Romanian society and this helps them make ends meet.

Employees of the Romanian Recicleta initiative pick up recyclable materials with environmentally-friendly cargo bikes.

## A laboratory for environmental protection

**Each VIG company follows its own path for resource conservation. Whatever works is used. The goal is to minimise the environmental footprint.**

If everyone in the world was as wasteful with natural resources as Europeans, we would need three planets. In other words, a future worth living absolutely requires that natural resources be used intelligently and conserved as far as possible. Every person, and in particular every company, therefore needs to steadily decrease its environmental footprint.

VIG also wants to make a contribution and has therefore collected data on electricity consumption, heat use, kilometres of air travel and CO<sub>2</sub> emissions in kg per employee since 2017. The goal is to reduce overall energy consumption after the initial inventory in the Group companies, thereby reducing the Company's environmental footprint.

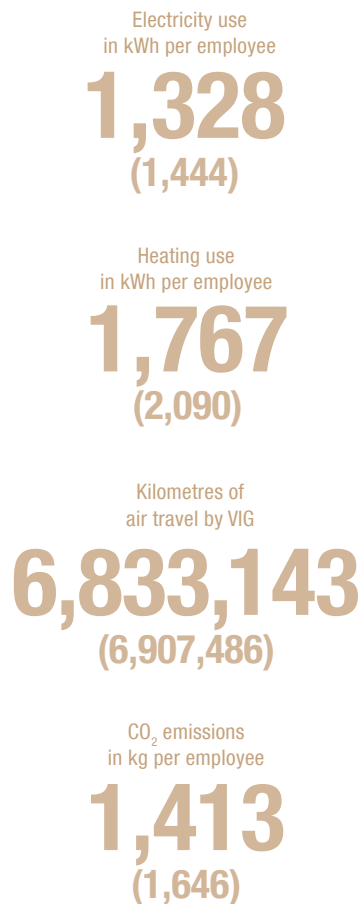
To achieve this goal, VIG is making efforts to reduce the resources currently used to operate its offices. VIG Holding's decentralised management approach allows the individual companies to decide on the steps they will take. Wiener Städtische Versicherung AG, for example, has taken extensive measures for resource conservation. It uses district heating and energy-saving technologies such as LED lighting, ensures that materials and renovation projects are environmentally friendly, avoids waste and when waste cannot be avoided at least separates out what can be recycled.

Group companies outside of Austria are also actively working to reduce their ecological footprint. BTA Baltic is a pioneer in the Group for the paperless office. It has already completely digitalised data management in Latvia. The Croatian company Wiener Osiguranje, for example, is also taking a close look at all its processes in order to digitalise them and save paper. It

is already recycling office materials and IT equipment and is also taking its ecological point of view directly to customers. It is cooperating with glass repair businesses and suggesting to customers with motor policies who report glass damage that they make repairs instead of replacing the glass. In addition, OMNIASIG is not only insuring the electric car-sharing cars owned by its cooperation partner BCR Bank, which is a member of the ERSTE Group, but also uses two of them for its own employees. This practical example shows quite clearly that sharing also conserves resources.



© OmniaSig



2017 values in parentheses





OMNIASIG and its cooperation partner BCR Bank offer e-car sharing for employees.



© Ian Ehm

Judit Havasi, Member of the VIG Managing Board, is on the expert advisory board of the non-profit company AfB GmbH.

## “Economics of the good life”

Conserving resources and helping people at the same time – the idea behind the non-profit IT company AfB ([www.afb-group.at](http://www.afb-group.at)) is so convincing we have been one of its supporters for years. The idea behind this service provider, which originally came from Germany, is simple: Companies give them the IT hardware they no longer need. The equipment is picked up and cleaned, data media are securely erased, and the equipment is repaired and tested. It is then given a reasonable price and a twelve-month guarantee and begins its second life.

This IT equipment recycler now operates in Germany, Austria, Switzerland and France and focuses on start-ups and small companies, schools, non-profit organisations, seniors, socially disadvantaged income groups and people who are particularly concerned about conservation of production resources. AfB also provides job opportunities for the disabled.

AfB already employs 150 people with disabilities and they aim to raise this to 500 in a few years.

Remarketing IT equipment naturally helps the environment. In 2018 more than 360,000 pieces of equipment were remarketed. This both reduces the amount of new equipment that has to be produced and decreases the amount of equipment that enters the waste stream. More than 64,400 pieces, weighing 450 tonnes, of equipment were remarketed in Austria alone in 2018. Remarketing this equipment prevented the emission of 3,000 tonnes of CO<sub>2</sub> (equivalents) and saved 4,500 tonnes of iron (equivalents) and 9,600 megawatt hours of energy.

All in all, the concept behind the company, which has already received many sustainability awards, is brilliant. We hope people learn from this example – and that this “economics of the good life” is increasingly adopted.

**“CONSERVING RESOURCES AND HELPING PEOPLE AT THE SAME TIME IS A BRILLIANT IDEA.”**

Judit Havasi



© Shutterstock/Viktoria Kurpas/KTHE/Egger & Lerch

## 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's consolidated insurance companies.

Sustainability Reports will be prepared each year starting in 2017. Financial year 2018 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"). GRI content index starting on page 47 provides information on the names of the GRI Standards used.

The Sustainability Report mainly provides information on social and environmental matters. Please see the 2018 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 2018 Group Annual Report starting on page 213.

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

This report was prepared with the greatest possible care in order to ensure that the information provided in all parts is correct and complete. The possibility of rounding,

type-setting or printing errors, however, cannot be ruled out completely.

During the reassessment of important topics, the three topics "adjusting the business model for climate change (incl. underwriting)", "adjusting the business model for demographic change" and "supporting local communities" were made priorities and new digitalised product innovations were identified. VIG will dedicate itself more strongly to these topics in coming years and build concepts, including due diligence processes and measures. Significant risks, results and performance indicators will be presented in following reporting periods.

### Information on key environmental figures

VIG'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, include the emissions created directly (heating energy and fuel consumption – "Scope 1") and indirectly (electricity, cooling energy and district heating consumption – "Scope 2") by the Company. In addition, emissions due to air travel and the upstream chain as well as distribution losses ("Scope 3") are included. The report and calculation of greenhouse gas emissions prepared, includes all 41 insurance companies.

### Feedback

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

Sustainability Officer contact information:

Chantal Rannersberger:  
[chantal.rannersberger@vig.com](mailto:chantal.rannersberger@vig.com)  
Petra Ringler:  
[petra.ringler@vig.com](mailto:petra.ringler@vig.com)

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>GENERAL DISCLOSURES</b>			
<b>GRI 102:</b> General disclosures	102-1 Name of the organization	page 55 (General information)	
	102-2 Activities, brands, products, and services	flying page (Company profile); Group Annual Report 2018 (page 44)	
	102-3 Location of headquarters	page 55 (General information)	
	102-4 Location of operations	Group Annual Report 2018 (page 44)	
	102-5 Ownership and legal form	flying page (Company profile)	
	102-6 Markets served	flying page (Company profile); Group Annual Report 2018 (page 44)	
	102-7 Scale of the organization	Group Annual Report 2018 (flying page, Key figures at a glance)	
	102-8 Information on employees and other workers	pages 28–33	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 not be included until the 2021 report. Non-salaried employees only work in sales. VIG does not have any seasonal employees. Data is requested from the local companies.
	102-9 Supply chain	see notes	VIG is a service provider. Supplier relationships are therefore not very important. VIG's 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 organization and its supply chain	Group Annual Report 2018 (pages 135–136)	
	102-11 Precautionary Principle or approach	pages 14–21	
	102-12 External initiatives	see notes	VIG companies take part in a wide variety of local external initiatives in each country. VIG is also a member of respACT.
	102-13 Membership of associations	page 20	
	102-14 Statement from senior decision-maker	page 3, pages 12–13	
	102-16 Values, principles, standards, and norms of behavior	flying page (Company profile); <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 2018 (page 26–39; Corporate Governance Report)	
	102-40 List of stakeholder groups	pages 6–7	
102-41 Collective bargaining agreements	page 30	Around 88% of the employees of the consolidated insurance companies were covered by collective agreements in 2018.	

GRI Standard	Disclosure	Page reference or reference to another document	Additional notes or omissions
<b>GRI 102: General disclosures</b>	102-42 Identifying and selecting stakeholders	pages 6–7	The stakeholder groups invited to take part in the online stakeholder survey were chosen during a workshop with internal VIG Holding experts.
	102-43 Approach to stakeholder engagement	pages 6–7	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.
	102-44 Key topics and concerns raised	pages 6–7	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.
	102-45 Entities included in the consolidated financial statements	page 46; Group Annual Report 2018 (pages 222–225, Addresses of Group Companies)	
	102-46 Defining report content and topic Boundaries	page 7	
	102-47 List of material topics	page 7	
	102-48 Restatements of information	page 7	The 2018 VIG Sustainability Report is the second prepared in this form for the Group. The important topics were combined or reformulated as a result of impact analysis.
	102-49 Changes in reporting	see notes	Changes were made to the following topics: Long-term stability and profitable growth and social and environmental factors in the business strategy were chosen as primary objectives. Customer satisfaction, compliance and respect for stakeholder groups are considered fundamental, basic factors for the Company and are therefore not included in the materiality matrix as important areas where action is needed. Reporting on relevant information related to these topics will, of course, continue. The topics of digitalised product innovations, office environment and employee mobility, adjusting the business model for climate change (incl. underwriting), local employment and adjusting the business model for demographic change were defined in more detail. The topics of contribution to public financial literacy and consumer-friendly product description were combined into easily understood products.
	102-50 Reporting period	page 46	
	102-51 Date of most recent report	page 54	The 2018 VIG Sustainability Report is the second prepared in this form for the Group.

GRI Standard	Disclosure	Page reference or reference to another document	Additional notes or omissions
GRI 102: General disclosures	102-52 Reporting cycle	page 46	
	102-53 Contact point for questions regarding the report	page 46	
	102-54 Claims of reporting in accordance with the GRI Standards	page 46	
	102-55 GRI content index	pages 47–52	
	102-56 External assurance	pages 53–54	The 2018 Sustainability Report was externally reviewed for the first time.

## 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 an important topic in the materiality analysis. <b>Impact:</b> inside and outside the company; inside the company it changes the investment portfolio, outside the company a number of different stakeholder groups could be involved.
	103-2 The management approach and its components	pages 18–19	
	103-3 Evaluation of the management approach	pages 18–19	
GRI G4: Financial Services Sector Disclosures	FS 11 Percentage of assets subject to positive and negative environmental or social screening	see notes	With respect to the sustainable positioning of the portfolio, exclusionary criteria were defined as a first step, and their results will subsequently be analysed in more detail.
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	European supervisory law (“Solvency II”) requires insurance companies to follow the so-called “prudent person principle” for investments – this will likely be expanded to explicitly include ESG factors in 2020, followed by inclusion in reporting.

### 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 an important topic in the materiality analysis. <b>Impact:</b> outside the organisation; customers are mainly affected.
	103-2 The management approach and its components	pages 22–27	
	103-3 Evaluation of the management approach	pages 22–27	
GRI 413: Local communities	413-1 Operations with local community engagement, impact assessments, and development programs	pages 34–39	

GRI Standard	Disclosure	Page reference or reference to another document	Additional notes or omissions
<b>Adjusting the business model for climate change (incl. underwriting)</b>			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	page 7	This topic was found to be an important topic in the materiality analysis. <b>Impact:</b> inside and outside the organisation; all stakeholder groups could be affected.
	103-2 The management approach and its components	pages 26–27; pages 42–44	
	103-3 Evaluation of the management approach	pages 26–27; pages 42–44	
GRI 201: Economic performance	201-2 Financial implications and other risks and opportunities due to climate change	pages 3, 11–12, 42–44; Climate change strategy <a href="http://www.vig.com/en/corporate-responsibility/downloads.html">www.vig.com/en/corporate-responsibility/downloads.html</a>	VIG was the only Austrian insurance group to participate in the stress test performed by the European Insurance and Occupational Pensions Authority (EIOPA). VIG satisfied all three quantitative test scenarios with values of 158 to 215% after volatility adjustment, showing that it is solidly above the required minimum solvency of 100%. Due to VIG's conservative and effective reinsurance policy, natural disaster scenarios have very little effect. The solvency ratio fell from 220% to 215% as of the end of 2017. Risk zones are taken into account when setting prices for insurance products. If the risk being underwritten would be too large, no insurance at all is provided for the asset. VIG does not currently use any other calculation systems.

## Products and services with added social and environmental value

GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	page 7	This topic was found to be an important topic in the materiality analysis. <b>Impact:</b> outside the organisation; customers are mainly affected.
	103-2 The management approach and its components	pages 22–27	
	103-3 Evaluation of the management approach	pages 22–27	
GRI G4: Financial Services Sector Disclosures	FS 6 Percentage of the Portfolio for business lines by segments	Group Annual Report 2018 (pages 114–121)	
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	Internal product development by insurance companies is already governed by a delegated regulation to the Insurance Distribution Directive (IDD) ("Product oversight and governance") and it is expected that it will be expanded to explicitly include ESG factors in 2020. Examples are provided on pages 26–27. Information on the monetary value will also be collected and reported in following years.
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	Internal product development by insurance companies is already governed by a delegated regulation to the Insurance Distribution Directive (IDD) ("Product oversight and governance") and it is expected that it will be expanded to explicitly include ESG factors in 2020. Examples are provided on pages 26–27. Information on the monetary value will also be collected and reported in following years.

GRI Standard	Disclosure	Page reference or reference to another document	Additional notes or omissions
<b>Digitalised product innovations</b>			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	page 7	This topic was found to be an important topic in the materiality analysis. <b>Impact:</b> outside the organisation; customers are mainly affected.
	103-2 The management approach and its components	pages 25–27	
	103-3 Evaluation of the management approach	pages 25–27	
	Internal digitization level	see notes	
			A survey of the degree of digitalisation and management of the process of digital transformation is being performed in a 3-stage process: 1. communicate VIG's 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 company, 3. building on the baselining, define and implement a digital transformation plan together with the local company. By the end of 2018, the degree of digitalisation had already been determined for 19 companies using our 3-stage "digital transformation programme" or a transformation plan had been defined for further digital development. As a result of the planning discussions, the remaining companies have provided initial digital transformation plans as a foundation for digitalisation of their business models based on the situation in their local markets. VIG Holding is supporting the companies by providing a systematic methodology, advice and a transfer of know-how within the Group, and by managing the process of digital transformation.
<b>Data security</b>			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	page 7	This topic was found to be an important topic in the materiality analysis. <b>Impact:</b> inside and outside the organisation; employees and customers are mainly affected.
	103-2 The management approach and its components	page 25	
	103-3 Evaluation of the management approach	page 25	
GRI 418: Customer Privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	page 25	

GRI Standard	Disclosure	Page reference or reference to another document	Additional notes or omissions
<b>Training and education</b>			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	page 7	This topic was found to be an important topic in the materiality analysis. <b>Impact:</b> inside the organisation; employees are mainly affected.
	103-2 The management approach and its components	pages 30–31	
	103-3 Evaluation of the management approach	pages 30–31	
GRI 404: Training and Education	404-1 Average hours of training per year per employee	pages 30–31	Due to internal agreements, VIG currently reports training days, not hours.

## Diversity and equal opportunity

GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	page 7	This topic was found to be an important topic in the materiality analysis. <b>Impact:</b> inside the organisation; employees are mainly affected.
	103-2 The management approach and its components	pages 32–33	
	103-3 Evaluation of the management approach	pages 32–33	
GRI 405: Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	pages 32–33	The age distribution will be adjusted for the 2021 report. It is currently based on internal classifications. The local companies choose other diversity indicators themselves.
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	European supervisory law (“Solvency II”) requires insurance companies to follow the so-called “prudent person principle” for investments – this will likely be expanded to explicitly include ESG factors in 2020, followed by inclusion in reporting.

## Work-life balance and health promotion

GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	page 7	This topic was found to be an important topic in the materiality analysis. <b>Impact:</b> inside the organisation; employees are mainly affected.
	103-2 The management approach and its components	page 31	
	103-3 Evaluation of the management approach	page 31	
GRI 403: Occupational Health and Safety (2018)	405-3 Occupational health services	page 31	Occupational health and safety risks are comparatively minor in an office environment. Traffic accidents between home and work and during field sales activities present the biggest risk of an accident. The focus is therefore on topics such as stress management and a healthy working environment.

GRI Standard	Disclosure	Page reference or reference to another document	Additional notes or omissions
<b>Support of local communities</b>			
<b>GRI 103: Management approach</b>	103-1 Explanation of the material topic and its Boundary	page 7	This topic was found to be an important topic in the materiality analysis. <b>Impact:</b> outside the company; certain groups in society are affected.
	103-2 The management approach and its components	page 27, pages 34–39	
	103-3 Evaluation of the management approach	page 27, pages 34–39	
<b>GRI 413: Local communities</b>	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 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.



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 for the Financial Year 2018

We have performed an independent assurance on the consolidated non-financial report (“NFI-report”) for the financial year 2018 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 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;
- Conduct of 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 material 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 material 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;
  - Site visit of the subsidiary KOOOPERATIVA poisťovňa, a.s. to assess local data collection and reporting processes and the reliability of the reported data;
  - Comparison of non-financial key performance indicators presented in the report with the documents and materials provided;
  - 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 and statements from external information sources and expert opinions. We have not audited any performance indicators related to internal environmental management, as according to the materiality analysis performed by the organization, the topic „office ecology and employee mobility“ is not required to understand the impact of its operations.

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, 25 March 2019

KPMG Alpen-Treuhand GmbH  
Wirtschaftsprüfungs- und  
Steuerberatungsgesellschaft

Peter Ertl  
Austrian Chartered Accountant

# Declaration by the Managing Board

This consolidated non-financial report for financial year 2018 was approved for publication on

Vienna, 25 March 2019



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

**Areas of responsibility:**  
Management of the Group, Strategic Questions, European Affairs, Group Communication & Marketing, Group Sponsoring, Human Resources, Group Development and Strategy, General Secretariat, Asset Management, Treasury/Capital Market, Affiliated companies department, Bancassurance  
**Country responsibilities:**  
Austria, Czech Republic



**Franz Fuchs**  
Member of the Managing Board

**Areas of responsibility:**  
Motor Insurance Performance Management  
**Country responsibilities:**  
Moldova, Poland, Romania, Ukraine



**Judit Havasi**  
Member of the Managing Board

**Areas of responsibility:**  
Planning & Controlling, Legal department, Group IT, Data Management & Processes, Performance Management Personal insurance, Asset-Risk Management  
**Country responsibilities:**  
Hungary



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

**Areas of responsibility:**  
Finance and Accounting  
**Country responsibilities:**  
Belarus, Germany



**Peter Höfner**  
Member of the Managing Board

**Areas of responsibility:**  
Corporate and Large Customer Business, Vienna International Underwriters (VIU), Group Reinsurance  
**Country responsibilities:**  
Albania and Kosovo, Bosnia-Herzegovina, Bulgaria, Croatia, Northern Macedonia, Montenegro, Serbia, Baltic states



**Peter Thirring**  
Member of the Managing Board

**Areas of responsibility:**  
External active reinsurance  
**Country responsibilities:**  
Georgia, Liechtenstein, Slovakia, Turkey

The Managing Board as a whole is responsible for Enterprise Risk Management, Actuarial department, Group compliance, Internal Audit and Investor Relations.

## **General information**

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**Our ambition:  
Act sustainably to help create  
a future worth living.**

