

SUSTAINABILITY REPORT



Sava Insurance Group
and Sava Re d.d.

2022

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1 About the report

(Excerpts from the Annual Report of the Sava Insurance Group and Sava Re d.d. for 2022)

In accordance with the GRI Standards, the 2022 sustainability report¹ of the Sava Insurance Group analyses economic, social and environmental aspects.

Key topics of Sava Insurance Group sustainability reporting²

Economic aspects (GRI 200)	Economic performance
	Market presence
	Indirect economic impacts
	Procurement practices
	Prevention of corruption
Social aspects (GRI 400)	Tax
	Recruitment and staffing levels
	Employee training and development
	Diversity and equal opportunities
	Management and motivation
	Health and safety at work
	Customer relations / responsibility to consumers
	Relations with suppliers
	Local community
	Marketing and labelling
Environmental aspects (GRI 300)	Customer privacy
	Compliance
	Waste disposal policy
	Energy
	Supplier assessment
	Emissions

■ The sustainability-orientation of the Sava Insurance Group is driven by its mission and values. We are building a customer-centric, modern, digital, community-minded and sustainability-oriented insurance group.

1 GRI 3-1. 2 GRI 3-2.

[The consolidated annual report](#) refers to a single financial and calendar year and is prepared in accordance with the International Accounting Standards, the Companies Act, the Solvency II Directive and international sustainability reporting standards of the Global Reporting Initiative (GRI). The annual report is prepared by Sava Re specialist services and all subsidiaries. The consolidated annual report incorporates all legal entities constituting the Sava Insurance Group³.

Sustainability reporting is integrated into [individual sections of the annual report](#). Disclosures are specifically marked with interactive links. Section 14 “Sustainability report” provides disclosures and business impacts not covered by other sections of the annual report. In addition to general disclosures and in accordance with prescribed principles, it provides disclosures on the economic, social and environmental aspects that are of vital importance for the Group and relate directly to the Group’s strategy.

The data on the sustainable operations of the Group was collected in cooperation with the subsidiaries and Sava Re business line managers. The data was collected and the report was compiled by the sustainable development business line manager in Sava Re as the parent company, which is also the reporting entity. Disclosures in accordance with the GRI standard refer to all Group companies, where possible; where it is not possible, to the parent company and the EU-based subsidiaries. The GRI content index appended to the annual report offers a comprehensive overview of the type and scope of disclosures.

No statements or information from the previous report have changed on account of new findings, and the report therefore contains no corrections⁴.

Sava Re did not seek external assurance of the sustainability report in 2022⁵.

Non-financial statement

By providing non-financial information in accordance with the GRI standards, the annual report of the Sava Insurance Group and Sava Re d.d. for 2022 complies with (i) Directive 2014/95/EU of the European Parliament and of the Council as regards disclosure of non-financial and diversity information by certain large undertakings and groups, (ii) Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 in conjunction with Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Article 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, (iii) the methodology for complying with this disclosure obligation, and (iv) the Companies Act.



2 Letter from the chairman of the management board⁶

Dear Shareholders, Business Partners and Employees,

The previous financial year was marked by rising geopolitical tensions and tightening global economic conditions. While the Covid-19 pandemic began to loosen its grip, Russia's war of aggression against Ukraine began in February 2022. This led to an increase in energy prices and pushed up inflation, resulting in a higher key interest rate and higher required yields in financial markets, and it presented the Sava Insurance Group with new challenges. Although our business with Russia had not been substantial, and the sanctions, therefore, did not have a significant impact on the results, inflation began to be reflected in the increased value of claims, as well as in higher labour, information technology and other costs. At half year, it was clear that the insurance industry could no longer delay the much-needed adjustment of its pricing policy.

An advanced risk governance framework, timely action, capital strength and customer focus across all stages of the sales and post-sales process enabled the Sava

Insurance Group to achieve virtually all the goals set in its 2022 business plan. The Group generated a net profit of EUR 68.2 million, which is 13.7% above the plan, achieving a remarkable 14.9% return on equity. At EUR 774.1 million, the Group increased its business volume in terms of gross premiums written by 6.1%, mainly driven by its non-life and reinsurance business. In 2022, the Group continued to strengthen its business in foreign markets, achieving strong premium and profit growth. As expected, the Group's combined ratio increased as the pandemic subsided. At 90.7%, it was much better than planned. This was largely due to cost efficiency, as costs grew more slowly than premiums. Financial investments suffered from unfavourable conditions in the financial markets in 2022; consequently, the return on the investment portfolio, at 1.3%, was below target and lower than the previous year. Sava Re's capital strength and solvency were reaffirmed last year with an "A" credit rating from S&P Global Ratings and AM Best.

Sustainability has become an integral part of our daily operations and decision-making. At the end of the year, the Group adopted a sustainable development policy, which governs the sustainability management system and underlines the principles of responsible management in all business areas.



In addition to developing products with a sustainability component, we are reinforcing this aspect of our business operations in other areas as well. We developed the guidelines for the responsible underwriting of environmental, social and governance risks in non-life insurance, which were implemented in several Group companies during the year.

In 2022, the Group continued to make solid progress in its development strategy of digital transformation and customer-centric business processes. Its key development activities were focused on the consolidation of customer support processes at contact centres and the introduction of centralised multi-channel solutions across several Sava Insurance Group companies. We enhanced our digital and self-care solutions for customers and improved the user experience. The SavaNet portal, which currently includes data from Zavarovalnica Sava, Sava Pokojninska and Sava Infond, has undergone several improvements based on customer requests and ideas. While implementing advanced technologies, we continued to develop and introduce machine learning into various work processes to reduce process time and improve our customers' experience.

We expanded and upgraded our product range in view of our customers' needs and expectations. In non-life insurance, we offered products with strong sustainability credentials, as well as products targeted at individual policyholder segments and products that promote online sales and bancassurance. As part of the expansion of the Group's life insurance product range, in 2022 the Group focused on further developing and improving protection policies and unit-linked life products, with which it entered the Serbian market. In international markets, we successfully expanded our bancassurance business by establishing a new collaboration and by strengthening business with banking partners.

Sustainability has become an integral part of our daily operations and decision-making. At the end of the year, the Group thus adopted a sustainable development policy, which governs the sustainability management system and underlines the principles of responsible management in all business areas. In addition to developing products with a sustainability component, we are reinforcing this aspect of our business operations in other areas as well. We developed the guidelines for the responsible underwriting of environmental, social and governance risks in non-life insurance, which were implemented in several Group companies during the year. We increased our sustainability investments to EUR 218 million in 2022, representing 14.9% of the total investment portfolio. We updated the sustainable investment policy by integrating a sustainability risk management perspective into the investment process and by more consistently integrating the principles of the UN Global Compact into the investment process. We paid particular attention to the many legislative developments in the context of the European Union's efforts to achieve carbon neutrality by 2050 and implemented the activities necessary to meet the requirements in a timely manner.

In the Sava Insurance Group, we recognise our responsibility to our employees and the wider community. We have made it a strategic goal for the Group to be recognised by our stakeholders as a socially responsible and attractive employer in the region. The members of the Sava Insurance Group therefore have strong links

with their local environment. We support local communities through sponsorships, donations and prevention projects, and our employees have embraced corporate volunteering by taking part in our Heart for the World initiative. In 2022, the initiative thus resulted in numerous activities throughout the Group that promote our corporate responsibility towards our natural and social environment.

At the end of 2022, the Sava Insurance Group successfully completed the strategic period in all areas of its business. I would like to take this opportunity to thank our employees, shareholders, customers and other stakeholders for their support and trust. With the new 2023–2027 strategy, adopted at the end of 2022, we continue to implement our mission and vision. Through commitment and constant progress, we ensure security and quality of life. We are building a customer-centric, flexible and sustainability-oriented insurance group. A big thank you to all our colleagues who have helped us achieve our goals so far. We believe that among good people the ambitious goals we have set ourselves for the new strategy period can be achieved.

Marko Jazbec
Chairman of the Management Board of Sava Re d.d.



3 Profile of Sava Re and the Sava Insurance Group

3.1 Sava Re company profile⁷

Company name	Sava Re d.d.
Business address	Dunajska 56, 1000 Ljubljana, Slovenia
Telephone (switchboard)	+386 1 47 50 200
Facsimile	+386 1 47 50 264
Email	info@sava-re.si
Website	www.sava-re.si
ID number	5063825
Tax identification number	SI17986141
LEI code	549300P6F1BDSFSW5T72
Share capital	EUR 71,856,376
Shares	17,219,662 no-par-value shares
Management and supervisory bodies	MANAGEMENT BOARD Marko Jazbec (chairman), Polona Pirš Zupančič, Peter Skvarča SUPERVISORY BOARD Davor Ivan Gjivoje Jr (chairman), Keith William Morris (deputy chairman), Klemen Babnik, Matej Gomboši, Edita Rituper (employee representative), Andrej Gorazd Kunstek (employee representative)
Date of entry into court register	10 December 1990, Ljubljana District Court
Certified auditor	Deloitte Revizija d.o.o., Dunajska cesta 165, 1000 Ljubljana, Slovenia
Largest shareholder and holding	Slovenski Državni Holding d.d. (Slovenian Sovereign Holding) 17.7% (no-par-value shares: 3,043,883)
Credit ratings: S&P Global Ratings AM Best	A /stable/; September 2022 A /stable/; September 2022
Investor relations contact	ir@sava-re.si
The Company has no branches.	

⁷ GRI 2-1, 2-3.



3.2 Composition of the Sava Insurance Group⁸

Data as at 31 December 2022⁹



⁸ GRI 2-1, 2-2. ⁹ The percentages in the figure relate to equity stakes. The equity stakes provided for G2i, Sava Infond and DCB differ from the voting rights held by these companies.



4 Sustainable Development Strategy of the Sava Insurance Group for 2020–2022



The Sava Insurance Group has been integrating sustainable development into its strategy since 2017; since then it has given increasing attention to it as environmental, social and governance risks (ESG risks) significantly impact the insurance industry while at the same time offering new opportunities for business development.

In December 2022, the Sustainable Development Strategy of the Sava Insurance Group for 2023–2027 was adopted, which outlines sustainable development as one of the three pillars of the Group’s further development.

The Sava Insurance Group’s objectives and its sustainable development strategy are rooted in its values, mission and vision. The Group’s goal for the strategy period was for its stakeholders to recognise it as:

- a socially responsible insurance and reinsurance company, and a socially responsible and trustworthy partner,
- a socially responsible asset and equity manager,
- a socially responsible and attractive employer,
- an organisation that is socially responsible to the wider community.

Highlights of the past strategy period

- **Focus on the United Nations sustainable development goals of “good health and well-being”,** while embedding them into our insurance products and services, to ensure healthy lives and promote well-being for all at all ages.
- **Interests and expectations of the relevant interested parties and stakeholders,** as communicated to us through ongoing dialogue with individual stakeholder groups. The sustainable development strategy is thus based on building quality long-term relationships with all stakeholders, with customers and their satisfaction at the centre.
- **ESG criteria¹⁰,** which we are gradually and systematically integrating into the decision-making processes in the Group.
- **Adoption of key performance indicators** and systematic measurement of progress towards sustainable development goals.
- **Corporate actions** and further promotion of corporate social and environmental responsibility.



¹⁰ ESG criteria: ESG (Environmental, Social, Governance) criteria are a set of standards for corporate social responsibility covering three areas of criteria: environmental and social criteria, and responsible corporate governance.

4.1 Strategy implementation in 2022

In 2022, the Group's operations were mainly marked by the abatement of the Covid-19 epidemic and the restoration of business as we knew it prior to 2020.

Key sustainable development activities and the introduction of the ESG criteria continued with:

- putting the customer at the centre of all processes, and the digitisation of processes,
- product development and underwriting,
- the investment process,
- cybersecurity,
- sourcing process,
- employee development and strengthening sustainability culture.

Major activities in 2022 included the implementation of the adopted and monitoring of the evolving legislation aimed at pushing the European Union towards its goal of becoming carbon-neutral by 2050.

The Group was preparing for the introduction and implementation of legal requirements according to these documents:

- Regulation (EU) 2019/2088 or SFDR (Sustainable Finance Disclosure Regulation) – In December 2022, the Statement on principal adverse impacts of investment decisions on the sustainability factors of the Sava Insurance Group was published on Sava Re's website, and the relevant pre-contractual

disclosures in the financial and financial-insurance products offered by the Group to its customers were set out.

- Delegated Regulation (EU) 2021/1257 as regards the integration of sustainability factors, risks and preferences into the product oversight and governance requirements for insurance undertakings and insurance distributors and into the rules on conduct of business and investment advice for insurance-based investment products, which entered into force on 2 August 2022 and for which both insurance companies in the Group arranged for the necessary information on sustainability factors to be available on their websites.
- Delegated Regulation (EU) 2021/1256 as regards the integration of sustainability risks in the governance of insurance and reinsurance undertakings, which also entered into force on 2 August 2022 and on the basis of which the Sustainability Investment Policy of the Sava Insurance Group, the Remuneration Policy for Members of Supervisory and Management Bodies of Sava Re, d.d., as well as other relevant acts have been supplemented.
- Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment, or the Taxonomy; the Group already reported in accordance with the Taxonomy for 2021, based on

available data and an estimate of Taxonomy-eligible revenues from activities. The activities to ensure the quality and relevance of the data needed for disclosures continued in 2022.

- Directive (EU) 2022/2464 on Corporate Sustainability Reporting (CSRD); the Group has accelerated preparations for the disclosure requirements under the new European Sustainability Reporting Standards (ESRS), in particular by organising and participating in various training sessions to ensure that we are adequately prepared for the 2025 reporting on 2024. Training was provided to the top management of the subsidiaries, as well as to business line managers and all potential authors of reports.

In addition to closely following and ensuring compliance with the sustainable development requirements, we also draw your attention to the following developments:

1. We performed the substantive assessment of the portfolio in terms of the ESG criteria and developed the guidelines for responsible non-life insurance and reinsurance underwriting, which were adopted in January 2022.
2. An online stakeholder survey was conducted in October and November 2022 in all markets in which we are present concerning significant sus-

tainability topics that will be given particular importance in the upcoming strategy period.

3. In October 2022, we held a sustainability conference for representatives of the subsidiaries and business line managers, focusing on European sustainability legislation and the Group's strategic goals for the next period.
4. A sustainable development strategy for the 2023–2027 period was adopted in December 2022.
5. In December 2022, the Sustainable Development Policy of the Sava Insurance Group¹¹, was adopted, which sets out the Group's general principles and approaches to ESG issues and the sustainable development management system.
6. The Sava Insurance Group's purchasing policy was revamped.
7. A number of corporate volunteerism campaigns were organised across the Group as part of the Heart for the World initiative, as well as training and information sessions for employees on pressing environmental issues. The initiative has grown into a year-long activity that encourages employees to be responsible towards natural and social environments.

The activities carried out are described in more detail in the following sections.

¹¹ ESG criteria: ESG (Environmental, Social, Governance) criteria are a set of standards for corporate social responsibility covering three areas of criteria: environmental and social criteria, and responsible corporate governance.



5 Relations with stakeholders¹²

¹² GRI 2-23, 2-29, 3-1, 2-12, 2-13, 2-14, 2-15, 2-17, 2-18.

The needs and interests of stakeholders are met and monitored via a web of mutual relations at strategic and operational levels. Trust and mutual understanding with individual groups are thus strengthened on the basis of fair and balanced communications and inclusion.

The Sava Insurance Group thus strives to establish various forms of cooperation with its stakeholders, and the Covid-19 pandemic also brought new challenges in this area in recent years, as traditional forms of communication were no longer viable in these circumstances. New technologies and the digitisation of operations thus took advantage of this renewed momentum and accelerated new solutions, remote communication, and the implementation of all processes, all of which are also used in post-pandemic times.

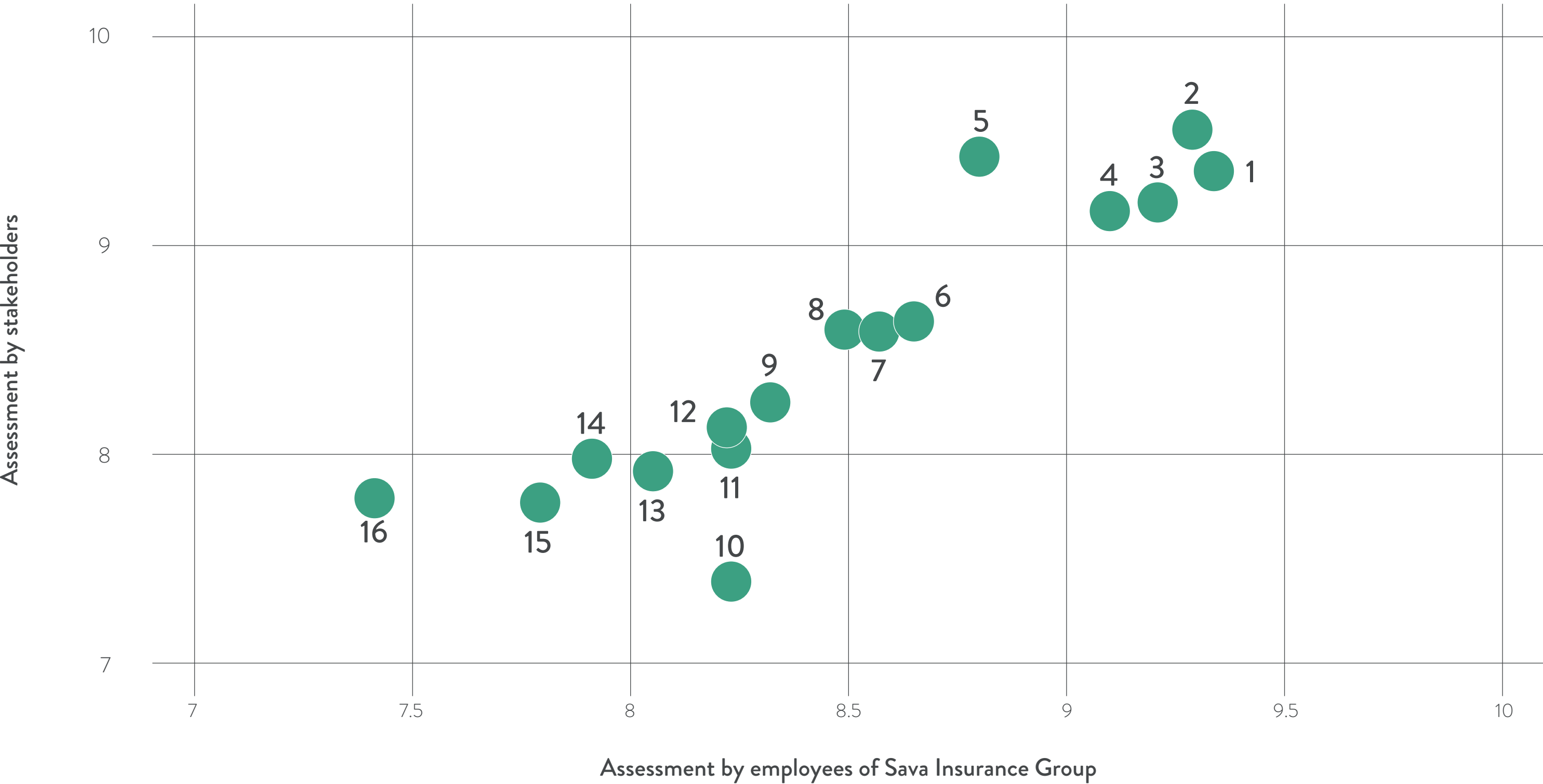
In those circumstances, it was particularly important to identify the needs of stakeholders for information or content. To this end, in 2020 we conducted an online survey in all countries where we are present except in Montenegro, where the epidemiological situation was extremely difficult and it was feared that the survey could have a disturbing or negative impact on stakeholders.

The survey demonstrated that our stakeholders recognise the following business aspects or topics as the most important:

- sales network,
- customer satisfaction,
- compliance,
- products that are transparent and easy to understand,
- motivated, innovative and happy employees.

In the following, we list those stakeholders believed to have a significant impact on each legal entity in the Group and vice versa; what is more, these stakeholders also actively contribute to adding value to our business operations.

Topics and aspects in terms of their importance for stakeholders and the Sava Insurance Group



- | | | | |
|--|-------------------------------------|--|--|
| 1 Sales network | 5 Committed and motivated employees | 9 Concern for the natural environment | 13 Responsible investment policy and underwriting (EGS criteria) |
| 2 Customer satisfaction | 6 Comprehensive risk management | 10 Climate change | 14 Local community |
| 3 Compliance | 7 Cyber security | 11 Quality suppliers | 15 Credit rating |
| 4 Products that are transparent and easy to understand | 8 Digitalisation of operations | 12 Development of sustainable products | 16 Demographic change |

5.1 Types of stakeholder involvement

We cultivate responsible and sincere relations with all our stakeholders. In doing so, we follow the recommendations and rules of public reporting, the code of ethics and internal rules. The following outlines the types and objectives of stakeholder involvement.

Types and objectives of stakeholder involvement

Stakeholders	Type of involvement	Objectives	Most important activities in 2022
Sava Insurance Group employees	<ul style="list-style-type: none">Employee participation (workers’ council and unions)Internal formal events (strategic conferences, professional and educational events)Internal informal eventsInternal training/consultationsManagement by objectives (annual appraisal interviews)Internal web and print mediaThinking out of the boxElectronic mailPersonal contactOpinion polls/questionnairesSports societiesCorporate volunteerism	<ul style="list-style-type: none">Information, awarenessStimulating ideas to improve the work environment and business processesTwo-way communicationCulture building, improving relations, fostering a good organisational climate	<ul style="list-style-type: none">Continuing the development of the Never Alone employer brand in internal communicationInforming all employees of pressing ESG issues by emailOngoing dialogue with employee and trade union representativesEvents, conferences, lecturesDepartmental meetingsAddresses by the chairman of the management board of Sava Re to all employees of the Group by e-mailDevelopment of the Heart for the World initiative in terms of corporate volunteerism, education, and awareness-raising on ecological and social issues. 5,430 hours of volunteering
Customers include: <ul style="list-style-type: none">insured personspolicyholdersinjured partiescedantsinvestors in mutual and pension funds	<ul style="list-style-type: none">One-to-one counsellingMeetingsCompliments and complaintsWebsites, blogsContact centreMarket communication through different channelsExpert meetings/conferencesEventsSocial networks	<ul style="list-style-type: none">Service qualityCustomer focusInformationQuick problem solvingCustomer-friendly attitudeIdentifying actual market needsModern sales channels	<ul style="list-style-type: none">Strengthening of the Sava Insurance Group brand with the slogan “Among good people”Year-long and ongoing communication of sales representatives with customersInteractive chats – on web pagesElectronic monthly publications (Sava Infond sent to over 24,000 addresses)Direct mailSemi-annual presentation brochure for cedantsSocial media notifications
External sales network consisting of: <ul style="list-style-type: none">insurance agenciesinsurance intermediariesbanksbusiness partners, e.g. roadworthiness testing centres, tourist agencies	<ul style="list-style-type: none">Regular contactsProfessional trainingMeetings/events	<ul style="list-style-type: none">Product and offer expertiseKeeping up to date with developments in business processesKeeping up to date with developments in laws and regulations governing the businessBuilding genuine partnerships	<ul style="list-style-type: none">Ongoing communication of specialist services with representatives of the external sales network

Stakeholders	Type of involvement	Objectives	Most important activities in 2022
Suppliers (services and materials)	<ul style="list-style-type: none"> • Tenders • Invitations to participation • Questionnaires • Meetings • Presentations 	<ul style="list-style-type: none"> • Selection of the most appropriate supplier in accordance with the criteria • Environmentally friendly materials • Paperless operation • Digitisation of operations • Payment reliability • Honouring agreements • Delivery of waste disposal certificates • Supporting local economy 	<ul style="list-style-type: none"> • Standing invitations to tender and supplier selections
Shareholders and prospective investors in POSR shares	<ul style="list-style-type: none"> • At least once a year at the general meeting of shareholders • Regularly through public notifications (SEOnet of the Ljubljana Stock Exchange) • Regularly on the website (www.sava-re.si) • At least once a year in the letter to shareholders • Regularly via email (ir@sava-re.si) • Regularly in individual meetings and through conference calls • Regularly at investment conferences at home and abroad 	<ul style="list-style-type: none"> • Equal access to information • Clear dividend policy and yields • In-depth information on business operations, annual plan and strategic policy • Sustainable operations 	<ul style="list-style-type: none"> • Regular and transparent communication with shareholders and investors, participation in 6 events in 2022 • 30 SEOnet announcements in 2022
Regulatory	<ul style="list-style-type: none"> • Regular and extraordinary reporting to the Insurance Supervision Agency (ISA) and Securities Market Agency (SMA) • Regular and extraordinary reporting to the Slovenian Competition Protection Agency (CPA) 	<ul style="list-style-type: none"> • Compliance with legislation • Business transparency • Security of policyholders • Compliance 	<ul style="list-style-type: none"> • Consistent tracking of changes in legislations, regulatory measures and recommendations, and meetings
Credit rating agencies	<ul style="list-style-type: none"> • Regular annual review of the financial position, operations and business results 	<ul style="list-style-type: none"> • Improved credit rating 	<ul style="list-style-type: none"> • AM Best confirmed the credit rating “A” (stable) • S&P confirmed the credit rating “A” (stable)
Media	<ul style="list-style-type: none"> • Regularly through press releases • At least once a year at the press conference • Periodically through interviews • Regularly through answers to journalists’ questions 	<ul style="list-style-type: none"> • Providing information to the general public • Regular and transparent information on business operations • Strengthening the positive realistic image of the Company/ Group • Maintaining regular and positive relationships 	<ul style="list-style-type: none"> • In 2022, Sava Re had 1420 mentions in the media, Zavarovalnica Sava 1459 mentions, and the Sava Insurance Group had 253 mentions • Responsive and timely communication with the media
Communities	<ul style="list-style-type: none"> • Direct contact with local decision makers • Support to non-profit organisations through sponsorships and donations • Support for preventive actions • Employee assistance 	<ul style="list-style-type: none"> • Involving companies/employees in local communities and society at large • Co-financing of projects important for the local community • Enhancing security through preventive actions • Infrastructure investments • Awareness raising among the population 	<ul style="list-style-type: none"> • Section “Sponsorship, donations and preventive actions” • Section “Responsibility to the community”



6 Economic aspect¹³

Economic performance defined by the strategic goals in all areas and reported more extensively in the [financial part of the report](#) is the key performance indicator for the operations of the Sava Insurance Group. This is achieved through timely risk identification and management. We believe that both financial and non-financial risks have an impact on the economic performance of companies.

Distributed economic value of the Sava Insurance Group

EUR million	2022	2021	2020	2019	2018	2017	Index 2022/2021
Other economic impacts							
Economic value generated*	782.6	766.8	707.3	620.5	567.3	519.8	102.1
Economic value distributed	723.9	679.9	678.5	647.0	560.9	508.8	106.5
Net claims incurred and other technical expenses	437.2	423.2	446.0	421.5	344.1	313.6	103.3
Expenses for financial assets	13.9	5.7	13.1	6.1	9.6	11.9	243.0
Other expenses	2.3	2.5	3.3	4.6	2.9	2.8	95.2
Operating expenses**	136.5	128.4	119.9	111.0	102.8	87.7	106.3
Dividend payouts	23.4	13.2	0.0	14.7	12.4	12.5	176.4
Income tax expense	15.7	17.4	11.4	10.5	12.2	8.8	90.6
Investments in the social community (prevention, donations, sponsorships)	5.1	4.0	3.9	4.2	3.8	3.2	127.8
Employee payments, allowances and benefits	89.7	85.6	81.0	74.5	73.1	68.4	104.8
Economic value retained	58.7	86.8	28.7	-26.6	6.3	11.0	67.6

* Economic value generated = net premium earned + other technical income + investment income + other income.
** Operating expenses = commissions and other operating costs, excluding personnel costs, sponsorships, prevention and donations.

As evident from the table, the distributed economic value of the Sava Insurance Group in 2022 totalled EUR 723.9 million. It consists of net claims incurred and other insurance expenses, expenses for financial

assets, other expenses, operating expenses, dividend payouts, tax expenses, community investments in the form of prevention, donations and sponsorships, payments, benefits and bonuses to employees.

6.1 Sponsorship, donations and preventive actions¹⁴

The Sava Insurance Group promotes social responsibility and is gaining visibility as a sustainable partner in sponsorship and donation activities. Prevention action projects encourage society to identify different risks,

thus contributing to better safety of lives and property.
For more, refer to section [8 “Responsibility to the community”](#).

The value of sponsorships and donations in 2022 was up **23%**.

6.2 Sustainability guidelines for investment¹⁵

6.2.1 The investment process and the Sustainability Investment Policy¹⁶

The 2020–2022 strategy period was marked by the entry into force of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (SFDR) and its implementation in the investment process. This Regulation lays down harmonised rules for financial market participants and financial advisers on transparency with regard to the integration of sustainability risks and the consideration of adverse sustainability impacts in their processes and the provision of sustainability-related information.

The Regulation requires sustainability-related disclosures at both entity and financial product levels. At the entity level, it requires financial market participants and financial advisers to publish information on their websites about their policies on the integration of sustainability risks into their investment decision-making process or in their investment or insurance advice (the “outside-in” perspective). It also requires them to report on the principal adverse impacts on sustainability factors (the “inside-out” perspective).

The management board of Sava Re first published the Sustainable Investment Policy of the Sava Insurance Group on 30 June 2021.

Its purpose is to regulate the Group’s approach by taking into account the environmental, social, and governance factors (ESG), and to ensure compliance with applicable laws and regulations governing investments. The policy defines how ESG criteria are integrated into investment decision-making, excluding derivatives and existing illiquid investments. The integration of these considerations into investment decision-making in the Group is based on the following three elements:

- monitoring and evaluating principal adverse impacts,
- monitoring and assessing greenhouse gas intensity, and
- exclusions.

A list of industries in which the Group does not invest is excluded. Thus, it does not knowingly finance, directly or indirectly, companies or projects in industries such as the production and retail sale of alcohol or tobacco, the adult entertainment industry, gambling, mining and energy production from coal or shale oil, the military industry and controversial arms manufacturers.

In 2022, the Group updated its sustainable investment policy by integrating a sustainability risk management perspective into investment processes (required under Delegated Regulation 2021/1256) and by more actively integrating the principles of the UN Global Compact into the investment process. It also updated the criteria relating to the investment exclusion list.

At the end of 2022, the Group adopted an extended Statement on Principal Adverse Impacts of Investment Decisions on the Sustainability Factors of the Sava Insurance Group, and published it on its website. The statement is the basis for the disclosure of relevant data under the SFDR; the Group will disclose it on its website by 30 June 2023.

The Sustainable Investment Policy of the Sava Insurance Group also includes the accession to international commitments such as the UN PRI (Principles for Responsible Investment) and the UN Global Compact. As part of the adverse impact data, the Group will, starting in 2023, check for potential violations of and compliance with the UN Global Compact principles and the Guidelines of the Organisation for Economic Co-operation and Development (OECD) for Multinational Enterprises. The Group is committed to incorporate such principles and guidelines into the investment process; in the future, when more detailed information is available, it will define the criteria for the exclusion of such investments from its portfolio.

6.2.2 Compliance of investments with the Sustainability Investment Policy of the Sava Insurance Group

The Sava Insurance Group adopted the sustainability investment policy in 2021 and amended it in 2022, establishing a list of exclusions with the industries in which the Sava Insurance Group would no longer invest or reduce its existing exposure to such investments. The sustainability investment policy sets out in more detail the sectors and thresholds (as a percentage of revenue). Exposure to such investments is presented using the data provided by Moody’s ESG Solutions (Vigeo Eiris) and criteria defined in the sustainability investment policy.

Consideration of ESG criteria in the investing activities:

We increased our sustainability investments to **EUR 218 million** in 2022, representing **14.9%** of the total investment portfolio.

Value of investments* aligned with the sustainability policy as at 31 December 2022

EUR	Value of aligned investments	Value of non-aligned investments	Value of investments with unavailable data	Total
Non-life	167,057,365	0	139,138,301	306,240,667
Life	222,935,882	24,484,575	34,313,854	281,734,309
UL guaranteed**	19,472,070	0	7,183,382	26,655,452
Investment portfolio captured	409,465,315	24,484,575	180,680,537	614,630,427
As % of portfolio captured	66.6%	4.0%	29.4%	100.0%
As % of total portfolio	27.9%	1.7%	12.3%	41.9%

* Investments that are assessed for alignment with the sustainability policy include investments in corporate bonds and equities, infrastructure and real estate funds, and mutual funds that are not mutual funds of the policyholder's choice (UL funds).
** Guaranteed UL investments include investments covering unit-linked life insurance liabilities for which insurance companies guarantee the unit value.

Number of investments aligned with the sustainability policy as at 31 December 2022

	Value of aligned investments	Value of non-aligned investments	Value of investments with unavailable data	Total
Non-life	195	0	96	291
Life	304	18	73	395
UL guaranteed*	38	0	12	50
Investment portfolio captured	537	18	181	736

* Guaranteed UL investments include investments covering unit-linked life insurance liabilities for which insurance companies guarantee the unit value.

6.2.3 Eligibility of investments with the Taxonomy

In 2020, Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment, which defines the criteria for determining whether an economic activity qualifies as environmentally sustainable for the purposes of establishing the degree to which an investment is environmentally sustainable. In addition, two Commission Delegated Regulations were adopted in 2021, namely Commission Delegated Regulation (EU) 2021/2139 and (EU) 2021/2178, supplementing Regulation (EU) 2020/852 with detailed regulatory technical standards.

The following tables show the estimated data on the eligibility of the Group's investments with the Taxonomy and on the exposure of the Group's portfolio to investments on the list of excluded sectors set out in the sustainability investment policy.

6.2.3.1 Data methodology and assessment of eligibility of investments with the Taxonomy

Investments are assessed for Taxonomy eligibility based on six environmental objectives:

- climate change mitigation;
- climate change adaptation;
- the sustainable use and protection of water and marine resources;
- the transition to a circular economy;
- pollution prevention and control;
- the protection of healthy ecosystems.

An investment is considered to be eligible under the Taxonomy if it contributes to one of the objectives listed above.

In assessing Taxonomy eligibility, the Group included the investment portfolio covering non-life and life insurance liabilities, and the investment portfolio covering guaranteed unit-linked insurance, namely investments in corporate bonds, mutual funds, infrastructure and real estate funds and equities. The Sava Insurance Group does not use derivative financial instruments. In assessing Taxonomy eligibility, the Group excluded government as an issuer, as well as deposits, loans, investment property and issuers with fewer than 500 employees, as these are not subject to sustainability reporting requirements.

After excluding the above exposures to certain issuers and asset classes, the investment portfolio captured in the assessment of Taxonomy eligibility amounted to EUR 586.5 million (40.0% of the total portfolio), while the investment portfolio with unavailable data on Taxonomy eligibility amounted to EUR 178.6 million (12.2% of the total portfolio). The Group obtained data on Taxonomy eligibility from Moody's ESG Solutions (Vigeo Eiris).

Data on Taxonomy eligibility as at 31 December 2022

EUR	Value	As % of total portfolio	As % of portfolio captured
Total Group investment portfolio*	1,465,537,294	100.0%	
Investment portfolio assets captured**	586,529,249	40.0%	100.00%
Investment portfolio with available data	407,978,475	27.8%	69.6%
Investment portfolio with unavailable data	178,550,774	12.2%	30.4%

* Includes the investment portfolio covering non-life and life liabilities, and the investment portfolio of guaranteed unit-linked insurance.

** Includes investments in corporate bonds, infrastructure, real estate and other funds, and equities, does not include investments in issuers with fewer than 500 employees.

Only the investment portfolio captured in the Taxonomy eligibility assessment is shown in the following tables. Investments eligible under the Taxonomy amount to EUR 227.3 million and represent 38.7% of the investment portfolio captured. Investments not eligible under the Taxonomy amount to EUR 180.7 million and represent 30.8% of the investment portfolio captured. Investments with unavailable data amount to

EUR 178.6 million and represent 30.4% of the portfolio captured.

Without investments with unavailable data we would have 55.7% of investments that are eligible under the Taxonomy and 44.3% of investments that are not eligible under the Taxonomy. The majority of Taxonomy eligible investments come from life funds, followed by non-life and guaranteed funds.

Taxonomy eligibility by fund type as at 31 December 2022

EUR	Taxonomy eligible investments	Taxonomy non-eligible investments	Investments with unavailable data	Total
Non-life	86,693,079	60,416,817	135,996,644	283,106,539
Life	130,517,601	112,484,960	34,852,190	277,854,751
UL guaranteed*	10,066,725	7,799,294	7,701,940	25,567,958
Investment portfolio	227,277,405	180,701,070	178,550,774	586,529,249

* Guaranteed UL investments include investments covering unit-linked life insurance liabilities for which insurance companies guarantee the unit value.

Data on Taxonomy eligibility as at 31 December 2022

EUR	Taxonomy eligible investments with available data	Taxonomy eligible investments as % of portfolio with available data
Non-life	86,693,079	21.2%
Life	130,517,601	32.0%
UL guaranteed*	10,066,725	2.5%
Investment portfolio	227,277,405	55.7%

* Guaranteed UL investments include investments covering unit-linked life insurance liabilities for which insurance companies guarantee the unit value.

Taxonomy non-eligible investments with available data as at 31 December 2022

EUR	Taxonomy non-eligible investments	Taxonomy non-eligible investments (as %)
Non-life	60,416,817	14.8%
Life	112,484,960	27.6%
UL guaranteed*	7,799,294	1.9%
Investment portfolio	180,701,070	44.3%

* Guaranteed UL investments include investments covering unit-linked life insurance liabilities for which insurance companies guarantee the unit value.



6.2.4 ESG criteria for investments

The Sava Insurance Group considers ESG investments to include bonds issued to fund green environmental projects (so-called green bonds) and sustainable bonds (sustainability bonds), which are intended to finance green and social sustainability objectives of issuers and are issued primarily by governments and local authorities. It also considers ESG investments to include mutual funds that adhere to ESG principles and alternative funds that clearly adhere to ESG principles, including by signing the United Nations Principles of Responsible Investment.

The Sava Insurance Group applies a negative screening method when making investments, giving priority to those investments that comply with the ESG principles.

In building its investment portfolio, the Group avoids investing in securities that might have harmful effects of any kind, either on people or the environment, or that in any way deviate from the ESG principles. Part of our funds is invested in debt securities issued by international organisations such as the EBRD, the World Bank and the European Investment Bank, as we believe that these organisations invest in environment-friendly projects and promote development in accordance with their environmental and social policies.

Sustainable investments increased from EUR 132.3 million in 2020 to EUR 195.5 million in 2021 (+EUR 63.2 million) and to EUR 218.4 million in 2022 (+ EUR 22.9 million), or from 8.2% to 11.9% and 14.9% of the portfolio at year-end 2020, 2021 and 2022 respectively.

Common to all of the investments shown in the following tables is the fact that the funds collected are used to finance projects and investments meeting ESG Standards.

The companies that became part of the Sava Insurance Group in 2020 have adopted the guidelines set out above and will take them into account in investment management in the future; however, they are subject to a transitional period, during which they must adjust their processes and investment portfolios.

Compliance with sustainability criteria is particularly emphasised in infrastructure investments, real estate funds and other alternative investments, since non-compliance with the ESG guidelines constitutes (as a rule) an exclusion criterion when deciding on investments in funds and direct projects. Currently, all alternative investments in the portfolios of the Sava Insurance Group in the form of alternative funds comply with at least one industry sustainability standard (e.g. UN PRI – United Nations Principles of Responsible Investment, GRESB – Global ESG Benchmark for Real Estate, TCFD – Task Force on Climate-related Financial Disclosures) and are reported on in accordance with these standards. Rarely, where this is not the case, the Group has agreed on the exclusion of investments that do not meet our internal ESG criteria. Most alternative funds in the Group’s portfolio have a favourable impact on the environment and society, as they are specifically focused on renewable energy projects, the construction of infrastructure that supports the transition to renewable energy sources and investments in energy savings. As regards energy savings and the so-called energy entrepreneurship, the Group has been active in the domestic environment for several years now through the financing of direct projects.

Real estate investments in the Group’s portfolios integrate ambitious environmental, social and governance commitments. The most important goals are a drastic reduction in the consumption of energy and water, a decrease in greenhouse gas emissions and efficient processing of waste. The managers of these funds have various certificates, including LEED, BREEAM, WELL and HQE¹⁷. As part of the social goals, the funds also strive to strengthen local communities and cities, and the construction of residential real estate takes account of the fact that these buildings are surrounded by green areas for social gatherings and promote healthy living, and that real estate users have guaranteed access to social and educational institutions and actively participate in sustainable mobility projects.

Over the next years, the Group is planning to continue investing in renewable energy sources, energy efficiency

projects and sustainable real property. Moreover, it intends to include ESG bonds in the portfolio even more actively. Under the new legislation entering into force in 2021, the Group will also comply with the uniform rules regarding the transparency of the integration of sustainability risks into processes and take due account of impacts harmful to sustainability when making investment decisions.

The Group is a responsible asset and capital manager, and ensuring sustainable operation will be an important aspect of the management of investment portfolios for the 2023–2027 strategy period. By increasing the share of ESG investments, aligning with a sustainable investment policy and setting up a reporting system, it will strive to achieve its investment portfolio management objectives.

Group’s ESG integrated investments as at 31 December 2022

EUR	Uncalled commitment	Called up already	Total	Total investments called up or already made as % of the Group’s total investment portfolio
Infrastructure funds	6,366,559	48,258,201	54,624,759	3.4%
Real estate funds	0	14,625,508	14,625,508	1.0%
Direct infrastructure projects	0	424,367	424,367	0.0%
Private debt funds	361,675	4,638,325	5,000,000	0.3%
ESG (green & sustainable) bonds	0	130,210,954	130,210,954	9.2%
Bond mutual funds	0	6,863,508	6,863,508	0.5%
ETFs	0	6,744,389	6,744,389	0.5%
Total	6,728,234	211,765,252	218,493,486	14.9%

17 LEED – Leadership in Energy and Environmental Design; BREEAM – Building Research Establishment Environment Assessment Method; WELL – WELL Building Standard; HQE – High Quality Environmental Standard.

6.3 Risks and opportunities arising from climate change¹⁸

Climate change is a serious threat to society, the economy and, in particular, to the business of insurance and reinsurance companies.

Having a direct and indirect impact on their business activity, climate change is a significant sustainability risk for the Sava Insurance Group and Sava Re, so it is of key importance for the Group's operations that this risk is monitored and managed. Climate change is a serious risk for society and the economy, but also for the business of insurance and reinsurance companies. Global temperatures are now about 1 °C above pre-industrial levels, and without appropriate mitigation strategies put in place, global warming could reach 3 °C or more by the end of this century.

The Group monitors climate risk, including physical and transition risks. Physical risks are those that arise from the physical effects of climate change. Transition risks are those that arise from the transition to a low-carbon and climate-resilient economy.

Given its activity, physical risks are extremely important for the Group, and the harmful effects of global warming on natural and human systems are already visible today. Without further international climate action, the average global temperature will continue to rise, and so will the unpredictability of damage associ-

ated with the risk of natural disasters. This will result in higher underwriting risk and the need to change business strategies.

Also significant for the Group is transition risk, which relates to potential material negative impact on the value of investments and other significant effects on its business operations.

Both transition risk and physical risks are and will continue to be extremely important for the Group and its companies, so they are subject to constant Group-level monitoring. Climate risk was also (qualitatively and quantitatively) analysed in the ORSA.

In 2022, the Group conducted intense preparations for the next strategy period and developed a sustainable development strategy for the 2023–2027 period. We are aware that the Group's transition to sustainable business brings numerous challenges and risks. We have established a risk-monitoring system in view of sustainable development and social responsibility, and related reporting. Much attention was also paid to the efficient and meaningful implementation of sustainability legislation.

The year 2022 was less turbulent than the previous year for the Sava Insurance Group in relation to natural disasters, although international reinsurance markets

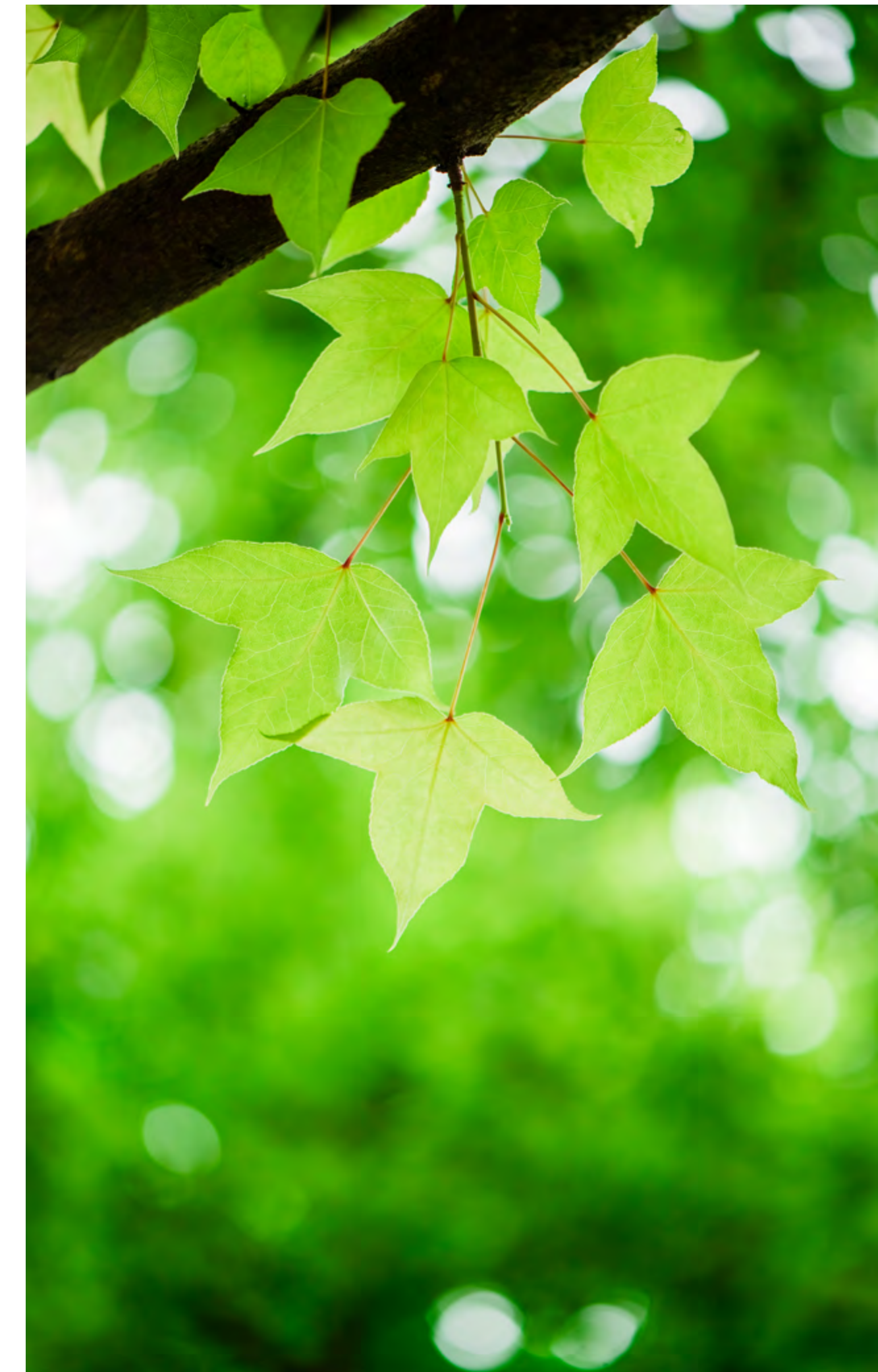
were exposed to a number of major loss events. The most significant events for the reinsurance portfolio of Sava Re, with Sava Re's share exceeding EUR 1 million, were the European storm Eunice in February, the floods in South Africa in April, Typhoon Hinnamnor in South Korea in September and Hurricane Ian in North America.

In relation to natural disasters, Zavarovalnica Sava was affected by three losses in excess of EUR 1 million, i.e. one more than in 2021.

Other subsidiaries did not record major differences in loss events due to natural disasters in 2022.

Group companies are exposed to transition risk associated with the shift to more sustainable business operations, and the Group manages this risk through regular monitoring of sustainability-related legislative changes and promptly adapts its business also by offering more sustainable products and by actively learning about its customers' new needs.

Investments in sustainable development and preventive activities (renewables, awareness-raising among policyholders) will continue to be factors that will have a significant impact on the scope and scale of losses due to natural disasters.



6.3.1 Product development and underwriting¹⁹

Climate and other environmental (increasing burden on the environment related to population growth, pollution from waste and other ecological problems), climate (greenhouse gas emissions) and social changes (introduction of new technologies, changes in legislation, demographic trends, population migration) are shaping a new landscape for the development of new products and underwriting. This gives rise to:

- new opportunities in the development of innovative products and services and
- the creation of new underwriting criteria for new and unfamiliar risks (e.g. climate change and related less common or uncommon weather-related natural disasters).

Development of non-life and accident insurance products

In new product development, the basis of a system was established that also focuses on sustainability components in the development process according to pre-defined rules. The development is thus formally supported by corresponding questionnaires and rules. The questionnaire aims to determine whether our offer has a direct or indirect impact on our customers' attitude

towards the environment or more responsible social behaviour, while making them aware of the sustainability features of each product.

Sustainability aspects in products

In 2022, the Sava Insurance Group expanded some of its products with a strong sustainability component. In addition to the insurance of solar power plants already marketed by the Slovenian part of the Sava Insurance Group, the basic technical documents necessary to start offering this type of insurance were also prepared in two other subsidiaries. Motor casco insurance was also upgraded, in particular to provide coverage for electric vehicles.

Development of financial products

The adoption of the Taxonomy (Regulation (EU) 2020/852) and SFDR (Regulation (EU) 2019/2088) regulations aligned the criteria for the entire European market and clearly defined the sustainability of financial products so as to prevent greenwashing. The Group's competent departments keep track of regulations and promptly implement them (relevant disclosures, adoption of relevant policies and similar).

Responsible insurance and reinsurance underwriting

The Group's insurance companies and the reinsurance company are aware of the importance of environmental risks, which is why they seek to adopt and introduce internal rules that will contribute to responsible underwriting of environmental, social and governance risks in non-life insurance.

To achieve this goal, the management board of Sava Re adopted, in January 2022, the [Sava Insurance Group's guidelines for responsible underwriting of environmental, social and governance risks in the non-life insurance business](#). They were introduced in the processes of individual subsidiaries in 2022 and aimed at ensuring that Group companies act responsibly and in accordance with environmental, social and governance values when underwriting risks. The guidelines define eighteen groups of activities that can be sensitive in view of the ESG criteria (e.g. tobacco industry, weapons production, mining), and that is why companies must pay special attention to them or exercise caution when underwriting.

At the same time, based on the guidelines, a reporting system is being established on activities and measures that are necessary to supplement policies, rules, questionnaires and such like. These measures will enable policyholders and insurance companies to raise the

standards in underwriting in view of the ESG criteria. Given the six-month transitional period to transfer the guidelines into subsidiaries' operations, more concrete reports or the outcome of the implementation of the guidelines are expected to be seen in the first half of 2023.

In addition to the Group's insurers, which will use the guidelines in the primary insurance business, their application also makes sense in the reinsurance business.

Basic reinsurance underwriting rules, especially for the facultative business, were enhanced based on the guidelines for the identification and monitoring of exposed ESG transactions in non-Group reinsurance activities. In treaty reinsurance, sustainability opportunities are sought, and the development and creation of new reinsurance opportunities with beneficial effects on sustainability are also monitored.

Providing adequate data

Given the increasing complexity of the decision-making process with regard to ESG criteria, the introduction of the guidelines for responsible insurance portfolio management led to the establishment of an appropriate data collection system and the provision of appropriate data in line with the existing and emerging legislation, as well as an appropriate model for monitoring the impact of the introduction of ESG criteria.

6.3.2 Taxonomy eligible non-life insurance activities

The Sava Insurance Group offers the following insurance coverages:

Consolidated gross premiums written and consolidated net premiums earned by class of business*

		Gross premiums written			Net premiums earned		
EUR		2022	2021	Index	2022	2021	Index
1	Medical expense insurance	12,802,027	10,894,787	117.5	11,073,474	8,875,579	124.8
2	Income protection insurance	3,230,277	2,628,428	122.9	1,939,292	2,197,660	88.2
3	Workers' compensation insurance	23,805,490	23,382,419	101.8	22,866,183	22,818,609	100.2
4	Motor vehicle liability insurance	137,553,034	127,700,580	107.7	126,104,292	123,475,030	102.1
5	Other motor vehicle insurance	73,431,760	135,424,687	54.2	67,257,394	128,913,705	52.2
6	Marine, aviation and transport insurance	15,063,293	14,942,917	100.8	13,149,972	14,312,756	91.9
7	Fire and other damage to property	182,211,159	174,039,022	104.7	146,940,674	144,998,489	101.3
8	Assistance	24,906,233	19,449,450	128.1	22,440,230	18,328,700	122.4
9	Total (1–8)	473,003,272	508,462,290	93.0	411,771,511	463,920,528	88.8
10	Other non-life	38,568,918	38,188,872	101.0	35,822,362	40,226,581	89.1
11	Total non-life	511,572,190	546,651,162	93.6	447,593,873	504,147,109	88.8
12	Life insurance	176,006,776	183,247,246	96.0	175,009,912	182,427,208	95.9
13	Total	687,578,966	729,898,408	94.6	622,603,785	686,574,317	90.7

* Included are gross premiums written and net premiums earned of Group insurers, and those of the reinsurer relating to non-Group business.
The data in the table for 2022 do not include the portion of the premium that refers to risk coverage that is not directly related to climate change
(Article 10.1 of the Commission Delegated Regulation (EU) of 4 June 2021).

Consolidated gross premiums written and net premiums earned by class of business*

EUR		Gross premiums written		Net premiums earned	
		2022	Share	2022	Share
1	Medical expense insurance	12,802,027	2.5%	11,073,474	2.5%
2	Income protection insurance	3,230,277	0.6%	1,939,292	0.4%
3	Workers' compensation insurance	23,805,490	4.7%	22,866,183	5.1%
4	Motor vehicle liability insurance	137,553,034	26.9%	126,104,292	28.2%
5	Other motor vehicle insurance	73,431,760	14.4%	67,257,394	15.0%
6	Marine, aviation and transport insurance	15,063,293	2.9%	13,149,972	2.9%
7	Fire and other damage to property	182,211,159	35.6%	146,940,674	32.8%
8	Assistance	24,906,233	4.9%	22,440,230	5.0%
9	Total (1-8)	473,003,272	92.5%	411,771,511	92.0%
10	Other non-life	38,568,918	7.5%	35,822,362	8.0%
11	Total non-life	511,572,190	100.0%	447,593,873	100.0%
12	Life insurance	176,006,776		175,009,912	
13	Total	687,578,966		622,603,785	

* Included are gross premiums written and net premiums earned of Group insurers, and those of the reinsurer relating to non-Group business. The data in the table for 2022 do not include the portion of the premium that refers to risk coverage that is not directly related to climate change (Article 10.1 of the Commission Delegated Regulation (EU) of 4 June 2021).

The data in the table for 2022 do not include the portion of the premium that refers to risk coverage that is not directly related to climate change (Article 10.1 of the Commission Delegated Regulation (EU) of 4 June 2021).



Seminar for Data Protection Officers (DPOs) from all Group companies and their deputies.



Healthy breakfast for colleagues at Illyria Life, Kosovo.

6.4 Relations with suppliers and the purchasing policy²⁰

Group companies coordinated purchasing policy and made it more uniform, which involves strategic guidelines and principles governing a transparent procurement process. Sustainability goals of the purchasing process are:

- the establishment and maintenance of partnerships with suppliers (which are our existing or potential policyholders); therefore, we prefer to locate suppliers from the local environment,
- the definition of additional criteria for the selection of suppliers that take into account environmental and social aspects, and the definition of criteria to be met by local suppliers.

Internal acts prescribe the inclusion of an anti-corruption clause in all purchase contracts²¹. When ordering, taking over and paying for goods, the principle of four eyes is applied, which ensures a high degree of individual control over the business purchasing process. Sava Re assesses the risk inherent in purchasing on a quarterly basis²². The procurement procedure rules have an appended questionnaire on the sustainability of the Company²³, which is intended for suppliers whose bids are collected through tenders (the value of goods ex-

ceeds EUR 50,000). A completed questionnaire is an important factor in the selection of a supplier and the first step towards promoting sustainability in partnerships as part of the procurement process. The general purchasing conditions, which as a rule constitute an integral part of every purchase, also emphasise the concern for the sustainable development of the Company. The internal acts governing the business purchasing process in all Group companies are updated with mechanisms monitoring suppliers' sustainability.

Group companies' suppliers are mainly providers of consulting services, IT maintenance, office supplies, small tools, computer hardware and software and company cars.

All Group companies are required to partner with local suppliers by the very nature of the business and the need to establish long-term partnerships in their own communities. The local market of any Group member is the entire country in which its head office is situated²⁴.

Although some of the purchases are made outside their home country, they are mainly limited to the goods and services that cannot be sourced in their

home country or are offered at non-competitive prices. In the case of producers or service providers from other countries, business relationships are established through local agents or representatives. Frequently, looking for suppliers in foreign markets is not reasonable because companies can make purchases under better conditions and with less risk with domestic suppliers.

One of the objectives of the Group's purchasing policy is the collaboration of companies in joint purchasing. This most often involves companies registered in the same country. All or a major part of the Group companies take part in the purchasing or development of information solutions. The objective of joint purchasing is: optimisation of the purchasing process, cost savings and reduced risk in purchased goods. Collaborative purchasing also facilitates the sharing of expertise, experience and good practice between Group companies.

The Sava Insurance Group ensures competitiveness and transparency of the selection procedure in relationships with its suppliers by sending requests for proposals to several providers and increasing competencies and responsibilities for decision-making regarding the

selection of suppliers, depending on the level of the estimated value of the goods. Special attention is paid to the development of quality criteria, mutual cooperation, creation of synergy and price competitiveness (rebate scales and similar), all of which are considered an appropriate basis on which to assess suppliers.

In terms of procurement, the Company/Group also takes into account a number of other internal acts defining procedures and other instructions. These include: the Group fleet management policy; the rules on procurement, use and maintenance of company vehicles; and the rules on the use of information technology assets.

In 2022, the Sava Insurance Group's purchasing policy and the fleet management policy were also revised. An internal procurement audit was also carried out in all subsidiaries.

Sustainable development was also one of the main topics at the purchasing conference, attended by purchasing officers and purchasers of all Group companies.

Sava Re and all the Group companies settle their procurement-related liabilities within agreed deadlines.

6.5 Financial assistance received from government²⁵

Slovenia adopted a number of measures in 2021 and 2022 to mitigate the impact of Covid-19 and rising energy prices on the economy. Beneficiaries include legal persons established in accordance with the Companies Act and registered to carry out business activities in Slovenia, with certain companies excluded under certain measures, e.g. companies engaged in certain activities, companies subject to bankruptcy or liquidation proceedings, companies with unpaid compulsory levies and other non-tax monetary liabilities, etc.

In this context, Sava Re and Zavarovalnica Sava were reimbursed in 2022 part of the costs of SARS-CoV-2 rapid antigen tests for self-testing in the amount of EUR 2,254 and EUR 15,077 respectively.

Zavarovalnica Sava was reimbursed for the salaries paid to its employees for their short-term absences of up to 3 days.

Sava Re was reimbursed in 2022 for part of the loss suffered due to increased energy prices in the amount of EUR 11,090.

6.6 Definition of other government incentives

In 2022, Sava Re was again granted a partial 30% exemption from the payment of employer’s contributions for employees who reached the age of 60 and the exemption from the payment of the employer’s share of social security contributions on employment contracts concluded for an indefinite period. These refunds totalled EUR 9,326 (2021: EUR 12,600).

Sava Re also set up a collective voluntary supplementary pension insurance scheme funded by the employer and has a contract in place on the accession to the pension company’s pension scheme, registered in the pension scheme register at the Financial Administration of the Republic of Slovenia. Based on these contracts, the Company pays a voluntary supplementary pension insurance premium for those employees who have joined the pension scheme and are thus entitled to a reduced income tax base for the amount of the voluntary supplementary pension insurance premium paid in the tax year for its employees to the pension scheme provider. The total value of this tax relief was EUR 201,720 (2021: EUR 193,899).

Subsidiaries exercise incentives or reliefs in accordance with local legislation (employment of the disabled, inclusion of employees in the pension schemes, etc.).

6.7 Tax²⁶

In line with its sustainable development strategy, the Sava Insurance Group invests its efforts in being recognised by its stakeholders as a socially responsible and community-minded organisation. This extends to its tax philosophy. Taxes provide for public health services and education. They provide for security as well as the construction and maintenance of public infrastructure. Taxes are a tool for progress and development, and forge relations between the wider community and enterprises.

As a socially responsible organisation the Sava Insurance Group:

- operates fairly and transparently,
- calculates and pays all incurred tax liabilities in accordance with international tax standards and national legislation in the countries in which it operates,
- regulates transfer pricing in accordance with international standards (including OECD guidelines) and national legislations,
- cooperates with tax authorities in an open and transparent manner.

Taxation is included in the Sustainable Development Policy of the Sava Insurance Group. In the 2023–2027 strategy period, the Sava Insurance Group Tax Policy will be developed.

The following table shows the amount of taxes and contributions assessed or paid by type and by tax jurisdiction in which the Sava Insurance Group operates.

Amount of taxes and contributions assessed or paid by type and by tax jurisdiction

2022 EUR	Slovenia	Croatia	Montenegro	North Macedonia	Kosovo	Serbia	Total
Corporate income tax paid	17,134,075	0	340,540	133,326	229,398	121,759	17,959,098
Taxes on emoluments paid to natural persons (employer contributions and taxes)	7,380,457	579,275	59,026	112,485	0	24,833	8,156,076
Taxes and contributions withheld and paid on behalf of employees	19,787,061	707,956	904,225	1,300,861	429,810	1,138,422	24,268,335
Value added tax	6,057,261	103,427	153,301	53,197	1,506,804	132,679	8,006,669
Insurance premium tax	32,171,006	1,530,713	1,348,363	0	286,990	1,263,202	36,600,274
Fire brigade charge	3,475,964	23,716	40,473	291,857	0	0	3,832,010
Financial services tax	90,511	0	16,944	0	0	0	107,455
Fee for use of building land	303,328	0	668	0	0	7,240	311,236
Other charges	12,586	205,153	11,390	0	0	60,250	289,379
Total	86,412,249	3,150,240	2,874,930	1,891,726	2,453,002	2,748,385	99,530,532

2021 EUR	Slovenia	Croatia	Montenegro	North Macedonia	Kosovo	Serbia	Total
Corporate income tax paid	18,742,002	0	222,761	227,380	289,816	156,628	19,638,587
Taxes on emoluments paid to natural persons (employer contributions and taxes)	7,056,754	593,761	18,898	97,183	0	16,446	7,783,042
Taxes and contributions withheld and paid on behalf of employees	18,793,546	739,468	1,175,692	1,255,469	338,972	1,074,392	23,377,539
Value added tax	3,645,097	125,944	199,731	44,398	1,339,463	88,443	5,443,076
Insurance premium tax	31,364,003	1,669,900	1,170,788	0	244,021	976,700	35,425,412
Fire brigade charge	3,260,740	16,021	26,428	273,877	0	0	3,577,066
Financial services tax	101,514	0	17,757	0	0	0	119,271
Fee for use of building land	288,541	0	0	0	0	7,365	295,906
Other charges	8,872	248,259	13,003	0	0	51,276	321,410
Total	83,261,069	3,393,353	2,845,058	1,898,307	2,212,272	2,371,250	95,981,309



7 Social aspect

At the Sava Insurance Group, we are aware of our responsibility to our employees and have made it a fundamental goal of our sustainable development strategy for the Group to be recognised by its stakeholders as a socially responsible and attractive employer in the region.

7.1 Responsibility to employees²⁷

In the Sava Insurance Group, we are aware of our responsibility to our employees; we thus strive to closely follow our strategic human resources management objectives. In the 2020–2022 strategy period, we delivered on all the key strategic objectives, and prepared an even more ambitious strategy for the 2023–2027 period.

7.1.1 Strategic guidelines for human resources management²⁸

The year 2022 marks the end of the 2020–2022 strategy period, for which we have set three priorities:

- Ensure competencies for the future by attracting and retaining the best talent, and by their development and training.
- Support the commitment of each individual by ensuring effective leadership and motivation.
- Develop collective agility through new agile work patterns by promoting a modern organisational culture and ensure a safe, diverse and sustainable work environment.

We have set ten strategic objectives to achieve our priorities in human resources management:

1. The Sava Insurance Group is recognised as an attractive and reputable employer in the region.
2. We improve the organisational climate and strengthen employee commitment.
3. We recognise individual talents, run analyses of their needs and potential, and further their development.
4. We develop and promote modern on-the-job training forms (e.g. coaching, rotation, internal trainers and programmes).
5. We are developing a system of goal-oriented leadership that ensures that expectations are clearly communicated and regular feedback is provided, ensuring that each employee receives performance assessments and rewards.
6. We have in place systematic succession planning, we analyse and develop future leaders and other key employees.
7. We promote open, honest and trusting relations and communication with employees and external stakeholders.
8. We develop a culture of continuous improvement and innovation.
9. We develop a flexible organisation, work forms and conditions, providing flexible employment models.
10. We promote and ensure a healthy and high-quality lifestyle for our employees.

7.1.2 Key activities in human resources management²⁹

In 2022, human resources management focused on the following activities:

- Through the Never Alone project, we continued our Group-wide employee engagement activities to retain and attract the best people. We are building an employer brand so that each company in our Group is recognised as a responsible and attractive employer.
- We have fostered a good climate and commitment among our employees through various events and activities.
- Leaders, potential successors and other talents were involved in development activities.
- Through internal seminars, events and a strategy conference, we ensured the transfer of best practice and experience between Group companies.
- We started to optimise and digitise HR processes.
- Based on an in-depth analysis of our processes and environment, we developed a HR strategy for the period 2023–2027.

Sava Insurance Group employs
2,952
people

7.1.3 Employee training and development³⁰



We are aware that the professional development of each employee is a prerequisite for the development and attainment of goals at the individual level as well as at the level of each company and the entire Sava Insurance Group. We offer our employees interesting work in culturally diverse international environments. We are creating a working environment that supports their professional and personal development.

In the Sava Insurance Group, we build employee knowledge and competences through numerous external and in-house training programmes. We encourage them to pursue additional training and education in their respective areas of expertise. Our employees took part in group and individual training programmes in leadership skills, communication, efficient sales, innovation, teamwork, change acceptance and management, and time management.

We encourage employees in all companies to reintegrate into formal education. Companies enable and encourage employees to obtain and retain licenses required for sales personnel and other professional staff.

At Sava Re, we recognise the importance of professional training and involve our employees in the process based on the requirements of individual positions. We encourage all employees to participate, taking into account their personal and career development needs.

We are aware of the importance of intergenerational cooperation and the added value of the work environment that fosters cooperation between young talents and experienced employees. New employees take part in a tailored induction programme, which enables them to integrate promptly and effectively into the work process. They are assigned a mentor and a leader who provide them professional support in preparing for more complex and responsible work. Performance is regularly reviewed at the end of the induction period.

We developed the leadership competencies of future leaders and those who have recently taken up a managerial position through participation in the Leader as a Coach training programme. A group of leaders took part in a networking training workshop on coaching to train their mindset and skills to use coaching and to practise effective leadership techniques. Each workshop participant also had an individual coach to support them in achieving their goals. In 2023, these workshops will be organised for the second group of leaders.

We are aware that we can achieve our goals only with competent, qualified, experienced and motivated employees. In the Sava Insurance Group, we promote the



Spring Strategy Conference of the Sava Insurance Group held on 25 and 26 May in Pristina, Kosovo.

development and transfer of knowledge and skills. We create synergies by sharing knowledge and good practices between professional services and companies in the Group. To achieve this, we organise expert meetings for representatives of all companies at events or professional conferences, providing an opportunity to share knowledge and skills and to inform each other of results and plans. In 2022, we held internal seminars, including for data protection officers, human resource-

es, procurement, sustainability, internal audit and risk management.

We organised an international strategic conference that brought together employees from across the Sava Insurance Group to exchange experiences, analyse current challenges, share best practices and prepare improvements that will contribute to more efficient operations. The main theme of the strategic conference was the preparation of the 2023–2027 business strategy.

Key data on employee training³¹

	Sava Insurance Group			Sava Re		
	2022	2021	Index	2022	2021	Index
Hours of training	57,139	53,015	107.8	2,184	2,393	91.3
Number of training participants	2,326	2,264	102.7	93	125	74.4

Number of training hours by type of training³²

	Sava Insurance Group			Sava Re		
	2022	2021	Index	2022	2021	Index
Number of internal education/training hours	45,762	40,711	112.4	240	116	206.9
Number of external education/training hours	11,377	12,305	92.5	1,944	2,277	85.4
Total education/training hours	57,139	53,015	107.8	2,184	2,393	91.3

Average hours of employee training by gender³³

Gender	Sava Insurance Group			Sava Re		
	Number	Hours of training	Average	Number	Hours of training	Average
Women	1,356	32,152	23.7	62	1,426	23.0
Men	970	24,987	25.8	31	758	24.5
Total	2,326	57,139	24.6	93	2,184	23.5

The number of training participants in the Sava Insurance Group in 2022 was roughly the same as in the previous year, but the number of training hours was slightly higher. In 2022, there was a 7.8% increase.

Training events were attended by 93 Sava Re employees. This amounted to a total of 2,184 training hours.

In addition to a wide range of professional content, in 2022 the Sava Insurance Group employees attended various workshops and lectures on soft skills, language courses and in-house hands-on workshops to develop various functional skills and competencies.

In 2022, the Sava Insurance Group had more hours of internal education/training and fewer hours of external education/training compared to the previous year. The number of hours of internal education/training hours was 12.4% higher in 2022, which could be linked to the increase in online training that can be attended from anywhere.

The number of internal training hours in Sava Re increased by 106.9%.

7.1.4 Annual performance appraisal interviews³⁴

In the Sava Insurance Group, we are aware of the importance of monitoring our employees’ progress and providing them with feedback through regular annual performance appraisal interviews. Group companies that recognise the added value of employee satisfaction and commitment use them as an important leadership tool. Most companies conduct annual perfor-

mance appraisal interviews at least for employees up to the upper-management level.

We encourage our employees to pursue the goals that relate to the Company’s strategy, which in effect implies that each employee contributes to the attainment of common goals. We regularly review employee progress, which allows us to promptly evaluate performance and coordinate our efforts in the process towards achieving our goals.

In Sava Re, annual appraisal interviews were conducted with all employees in 2022. This interview is a meeting between the manager and the employee to discuss the implementation of the previous year’s objectives and the plan for the current year’s objectives, the education and training provided and needed, satisfaction, expectations and other plans.

In 2022, the Sava Insurance Group conducted interviews with 1,460 employees, representing half of the total workforce. All Sava Re employees took part in annual performance appraisal interviews.

Employees involved in annual performance appraisal interviews

	Sava Insurance Group		Sava Re	
	Number	Share	Number	Share
Women	824	48.2%	93	100.0%
Men	636	51.2%	54	100.0%
Total	1,460	49.5%	147	100.0%

31 GRI 404-01. 32 GRI 404-01. 33 GRI 404-01. 34 GRI 404-03.

7.1.5 Health and safety at work³⁵

Throughout the Sava Insurance Group, companies take all the necessary measures for occupational safety, health and fire protection, as required by law and internal regulations. Our companies promptly refer their employees to pre-recruitment and periodical work-related medical examinations as well as to new and periodic training in occupational safety and health, and fire safety.

Our goal is to ensure that our people feel safe in and outside their workplace, and concern for occupational safety and health is therefore one of the priorities of the Sava Insurance Group, which involves all employees, the management, the human resources department, the accredited occupational health provider and the relevant external professional service. Each year, Group companies carry out various health promotion activities in accordance with their organisational capacities. We promote a wide range of health-related activities, from lectures to physical recreational activities.

In 2022, we carried out all statutory occupational health and safety, and fire protection measures. Additional attention was paid to new and improved health promotion measures. Again in 2022, we provided adequate information and took measures to ensure occupational health and safety during the spread of Covid-19.

In 2022, Sava Re continued to provide a sophisti-

cated and improved health promotion programme. Health Day was again organised and attended by 105 employees (71.43%).

7.1.6 Prevention of bullying, harassment, and violence in the workplace

Sava Insurance Group companies take measures to prevent bullying and harassment in the workplace in accordance with local legislation.

At Group level, we started in 2022 to update our procedures and measures for the prevention and elimination of mobbing, harassment and violence in the workplace in order to prevent and respond more effectively to incidents.

As in the previous year, there were no reports of harassment, bullying or other forms of violence in the workplace in 2022. We promote a culture of open and respectful relationships on which we build a positive organisational climate. We promote employee interaction and organise various formal and informal meetings to this end, while encouraging them to communicate with each other.

7.1.7 Other³⁶

Employees at the Sava Insurance Group can join representative labour bodies in their respective com-

panies. Any major changes are promptly communicated to employee representatives, as prescribed by law.

Employees are regularly informed of developments in Group companies through the Sava Insurance Group intranet portal.

Two representative labour bodies in Sava Re act as links between employees and the Company's management. These are the trade union and the workers' council. Their representatives represent all organisational units and participate in the drafting of internal acts of the Company and their amendments. Last year, we were involved in the revision of the rules on the organisation of work and job classification and in the dialogue on possible measures to alleviate the cost-of-living crisis.

Employees are informed of the Company's activities at staff meetings, which as a rule take place on a quarterly basis. The management board presents the business results, goals and plans for the current period and the development strategy of the Company and the Group.

At Sava Re, we also inform our employees through our internal web portal Savan, through the Never Alone communication project and through other internal media and tools.

On average, the percentage of training hours was higher for men than for women in both the Sava Insurance Group and Sava Re.



Zavarovalnica Sava among the finalists of the Golden Thread 2022 – recognised as one of the best employers in Slovenia.

7.1.8 Management and motivation³⁷

At the Sava Insurance Group, we foster an environment in which our employees develop and realise their potential. Good performance and achievements are recognised and improved. We invest in the development of leadership and cooperation competencies. We encourage employee motivation and commitment to achieving common goals. We revamp and adapt our processes in order to provide for effective work organisation and engagement of employees in various projects.

In the Sava Insurance Group, we build and promote a culture of innovation. Companies have established formal and informal systems for collecting innovative proposals.

Zavarovalnica Sava introduced a new method of collecting innovative proposals or initiatives for improvement called “IzboljSava” (ImproveSava), and organised innovation days, which also welcomed employees from other Group companies. By completing an online form, all employees can submit, proposals for improvements or innovations, express their approval or report an inconsistency, deficiency or error. Proposals or reports may relate to business processes, insurance products, compliance of business operations, risks and internal controls, as well as employees and internal relationships.

7.1.8.1 Never Alone project



The employment market is very competitive and every company aspires to attract staff with relevant skills and competencies that will help shape the company's future. At the Sava Insurance Group, we are aware of the importance of an attractive employer brand, as it allows us to communicate with prospective employees and maintain good relations with existing employees to increase their loyalty and satisfaction. To this end, in 2022 we continued to carry out many of the activities designed for the Never Alone project. Our aim is to create the best possible work environment for our employees and to become an even more attractive



Employees from all Group companies and countries brought together for the first Sava Insurance Group Sports Games.

and welcoming employer. To be recognised as such by the public, the project went further and developed an employee value proposition. The project involved the creation of focus groups that would reflect as closely as possible the Company's employees. To get as realistic a picture as possible of the employee experience, the participants were from different age groups, with different lengths of service and with various professional backgrounds. Participation in the focus groups was voluntary. We created a visual brand image for internal communication and the employee value proposition for both Sava Re and the Sava Insurance Group

and all Group companies. We set up a communication strategy, implemented it, and set about establishing an extended communication infrastructure. Our communication strategy will be further strengthened and developed in the coming 2023–2027 strategy period, both with the existing staff and in the search for new staff. We also embarked on the overhaul or establishment of a new communication infrastructure for our employees, which encompasses a new intranet site for the Sava Insurance Group, Sava Re and Zavarovalnica Sava.

7.1.8.2 Employee benefits³⁸

The Sava Insurance Group offers numerous benefits to our employees. Each company makes provision for this according to its capacities, including preventive healthcare, team building, a motivating and positive working atmosphere, work-life balance, and general wellbeing in the workplace. We also provide a flexible working environment and working hours, as well as solidarity in the event of any personal crises of our employees. In 2022, the first Sava Insurance Group Sports Games were organised, bringing together more than 700 employees from all Group companies and countries. Our ambition is to make the games an annual event where employees from different companies meet, make new friends, nurture old friendships and get together in an informal setting.

In 2022, Sava Re organised a number of meetings and events. In the spring, we invited all the participants in the creative competition that took place during the epidemic and their companions to a day trip to Gardaland, the biggest amusement park in Italy. In the summer, we organised a team-building event and a live picnic. The teambuilding event was an opportunity for employees to socialise and get to know each other through a game. At the end of the year, we had a New Year's party, live after more than two years. Our colleagues from Vita joined us for the teambuilding and New Year's party. In December, the children of the employees were also taken care of – a show was organised for them and each child received a present.

Every year Sava Re offers its employees at least four health and recreation events in the form of sports activities, workshops or lectures. In 2022, we organised a cross-country skiing course on the Pokljuka Plateau in the Triglav National Park, a lecture on “How to be OK” with Alyosha Bagola, and an e-bike trip through the Voja

Valley in the Triglav National Park. There was also a free day when employees went hiking, jogging or cycling on their own. They can also join other sports activities organised by the Company: yoga, tennis and volleyball. Fresh seasonal fruit is delivered to the Company's headquarters once a week, which also contributes to overall health and well-being.

Other Group companies offer similar activities and other benefits within their means.

Corporate volunteerism has been a tradition in all Sava Insurance Group companies, because we believe that by doing so, we do a lot of good in our local communities and give something back to society. In 2022, we organised various events in Slovenian companies, such as helping at the zoo and animal shelters, working with the elderly, as well as collecting clothes and supplies for those in need. Each employee can choose one event and dedicate one day to voluntary events organised by the Company.

All Slovenia-based companies pay voluntary supplementary pension insurance premiums for their employees: The North Macedonian insurers Sava Osiguruvanje and Sava Penzisko Društvo also pay into the voluntary pension scheme on behalf of their employees.

Companies offer additional discounts to their employees for health and other insurance, as well as a collective accident insurance scheme.

At the Sava Insurance Group, we believe in the importance of work-life balance, which is why we offer our employees various options in this regard. Zavarovalnica Sava is also a fully certified family-friendly company.



Maribor Animal Shelter: Volunteers walk dogs, groom cats and clean and sort food.

Benefits for Sava Re employees



Flexible working hours

We offer all employees flexitime, which means that arrival and departure times are flexible. They can start work in the morning between 7am and 9am and finish between 3pm and 5pm. Compulsory attendance at work is between 9am and 3pm.



Working from home

In accordance with the Company’s rules on working from home, all employees, apart from some exceptions (e.g. during the probationary period), are normally entitled to occasional working from home, taking into account their individual needs.



Health Day

In addition to annual leave, staff may take an extra day off to carry out activities under the Health Promotion Programme. These are usually health-related sports activities or lectures on healthy lifestyles.



Sports activities

We encourage exercise, so every year we organise various exercise programmes as part of our Health Promotion Programme, such as: weekly yoga, volleyball and tennis sessions, which employees can join for free or at a minimal extra cost.



Professional training

Knowledge is power, so we focus on employee development through training sessions. We organise a number of professional and general training courses throughout the year. These are open to all employees on equal terms. We also offer a range of additional external professional training sessions.



Parent-friendly benefits

We care for the children of our people. Paid leave is offered to parents accompanying their first grader on the first day of school, and part-time work is offered to employees with statutory childcare rights.



Events for employees

We organise a number of events each year to maintain and deepen relationships between colleagues, such as group team-building events, departmental team-building events, a New Year’s party in December, sports games to get together with colleagues from other Group companies and more.



Insurance at a reduced price

We provide employees with affordable access to some types of insurance. They can join various group insurance schemes or take out individual insurance at a lower price with our subsidiaries.



Holiday facilities

Because a break is necessary to recharge one’s batteries and strengthen motivation, we offer our staff the opportunity to use our holiday facilities at a reduced price throughout the year. Two company-owned holiday facilities are offered in Bohinj, Slovenia, and Cres, Croatia.

7.2 Responsibility to consumers³⁹

To manage the process of providing services all companies have in place rules, protocols or instructions that have a pivotal role in ensuring quality and in turn customer satisfaction: for underwriting, claims settlement, instigation of recourse proceedings and complaints resolution and describing the procedures for providing information about insurance products or services in accordance with the applicable regulations.

Companies offer their customers excellent products and services, and this is reflected in the awards and commendations, among which we would like to point out:

Sava Infond

At the awards ceremony for the best mutual funds, organised for the 12th year by Moje Finance magazine, the company received the title “best fund management company based in Slovenia” for the fifth consecutive year. In addition, three Infond funds received a total of five awards for the best fund in their categories.

Sava Penzisko Društvo (MKD)

In 2022, the Company received the title “best pension fund in Macedonia in 2022” awarded by World Finance.

Zavarovalnica Sava

The Our Paws (Slov. Naše tačke) digital campaign (promotion of pet insurance) was a gold award winner at the 9th DIGGIT Digital Trends Conference. E-janitor (Slov. EHšnik), a home assistance service, was awarded for its contribution to innovation in the Best Innovation of Podravje 2022 competition..

7.2.1 Customer in the centre and digitisation of operations⁴⁰

In 2022, we focused on stabilising digital business channels for customers and on improving and speeding up the remote services introduced in 2021 – video identification, signatures and remote examination.

We added the possibility of fully automated e-commerce with Sava Infond to the shared portal for customers of the Sava Insurance Group, and the possibility of easier remote signing using one-time SMS signature codes. The customer portal now provides users with an overview of the entire operations of Zavarovalnica Sava, Sava Pension and Sava Infond, further simplifying business with the Sava Insurance Group.

In the past year, we started to introduce a central communication automation system that will allow us to centrally manage both business and marketing communication with our customers.

7.2.2 Client communication and information⁴¹

7.2.2.1 Client communication and information in pre-contractual disclosures in the distribution of financial products

Important milestones in communicating information to clients consisted of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial ser-



Sava Infond (SVN): Awards presented by the Moje Finance magazine.

vices sector (SFDR) and Regulation (EU) 2020/852 known as Taxonomy Regulation, which regulates the sustainability assessment of investments using a science-based approach to preventing greenwashing. To ensure the transition to a carbon-neutral economy by 2050 and the implementation of sustainable investment measures, we need to earn the trust of companies and investors by defining straightforward tools and guidelines adopted based on science-based evidence and experience in the market.

The SFDR regulation stipulates that financial market

participants and financial advisers who have financial products in their offer must publish written policies on the integration of sustainability risks and ensure the transparency of such integration. In accordance with the regulation, the providers of financial services in the Sava Insurance Group (Zavarovalnica Sava, Vita and Sava Pokojninska) provide information on the adverse impacts of their investment decisions on sustainability in pre-contractual disclosures for their financial products. In 2021, the Group thus adopted the already mentioned Sustainability Investment Policy of the Sava Insurance Group.

Fund manager Damjan Kovačič was awarded the prize for the best-performing fund manager in Slovenia.

The prize was given based on the excellent asset management of the Infond Družbeno Odgovorni Fund (Socially Responsible), over both a three-year and a ten-year period. The fund, which prioritises sustainable development and corporate social responsibility in its investment selection, demonstrated a return of 23% over a three-year period, outperforming the benchmark index by more than five percentage points.



Sava Infond, a Group subsidiary, offers the Socially Responsible Fund, which is a product that promotes sustainability goals in accordance with the SFDR and complies with Article 8 of the SFDR.

All financial and insurance financial products offered by Group companies contain the relevant information in accordance with the legislation regarding their pre-contractual disclosures.

7.2.2.2 Customer information about sustainability factors in insurance products

In line with adopted regulations, the sustainability factors of an insurance product should be presented in a transparent manner to enable insurance distributors to provide the relevant information to their existing or potential customers. The impact assessment underpinning subsequent legislative initiatives demonstrated the need to clarify that sustainability factors should be taken into account by insurance intermediaries and insurance undertakings distributing insurance-based investment products as part of their duties toward their existing and potential customers.

For each insurance product, the product approval process must identify the target market and the group of compatible customers. The target market must be identified at a sufficiently granular level, taking into account the characteristics, risk profile, complexity and nature of the insurance product, as well as its sustainability factors.

Thus, the Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on insurance distribution (hereinafter: the IDD Directive) was implemented with the amendment to the ZZavar-1a in early 2019. This has been supplemented by the Commission

Delegated Regulation 2021/1257 of 21 April 2021, which regulates the inclusion of sustainability factors and sustainability risks and preferences in the supervision and product governance requirements for insurance undertakings and distributors of insurance products, and in the conduct of business rules and investment advice for insurance investment products; it entered into force on 2 August 2022.

In accordance with the aforementioned Delegated Regulation, the insurance companies of the Sava Insurance Group in the relevant markets (Slovenia, Croatia) have started to take into account sustainability factors and sustainability objectives in the processes of the development or approval of insurance products, determination of the target market, distribution, as well as the management and control of insurance products.

Criteria for defining sustainability factors were developed. Based on these, the Sava Insurance Group assesses, when developing new and modifying existing insurance products, whether individual insurance products meet any of the sustainability factors, as well as their direct or indirect impact on the environment, society or matters relating to employees, respect for human rights and such like.

Insurance companies operating in markets governed by EU legislation carried out an assessment of compliance with sustainability factors for all insurance products marketed on or after 2 August 2022. Their findings are set out in individual documents dealing with product oversight and governance arrangements. The documents defining the sustainability factors by product were also published by the insurers on their websites.

7.2.2.3 The Sava Insurance Group brand with the slogan Among Good People

Customer satisfaction and customer relations are at the centre of every business decision in the Sava Insurance Group. Our activities are therefore directed at offering the best user experience, and these efforts are also the main focus of our strategic plan. Group growth and an expanded range of insurance products and services required new positioning. Today, the companies under the wing of the Sava Insurance Group offer comprehensive insurance coverage (non-life, life and supplementary health insurance and other insurance services), supplementary pension insurance, asset management and assistance services. The promise we made to our clients in 2016 under the slogan Never Alone thus grew another dimension.

In December 2021, the Sava Insurance Group made its first public appearance with its new comprehensive campaign, and in 2022 we continued to strengthen our brand, especially on social media. With a number of companies under our wing and under the Among Good People slogan, we communicate their increasingly stronger collaboration and, in the first place, our customer-centric orientation as our overarching value and key advantage.



AMONG
GOOD PEOPLE



7.3 Compliance⁴²

The Sava Insurance Group is obligated to comply with extensive legal and regulatory requirements as well as voluntary obligations. More than 2,700 employees working in Group companies are obliged to abide by these rules. The compliance function ensures that this commitment is implemented in practice, namely by creating rules, raising awareness, monitoring compliance with the rules and upholding integrity.

7.3.1 Organisation of the compliance function

Like the Sava Insurance Group, the compliance function is also decentralised. Each company has its own key compliance function holder, and these are overseen by the Sava Insurance Group compliance function holder. Roles, responsibilities and minimum standards are defined by the Sava Insurance Group's compliance policy. Function holders in each company are responsible for: monitoring the legal situation, providing recommendations for the adoption of relevant measures, identifying and assessing compliance risk, adopting measures to prevent violation of the rules, providing advice to employees, and monitoring existing processes and potential compliance incidents. The Group level function holder provides recommendations to function holders in subsidiaries, and assists and monitors them in fulfilling their obligations.

7.3.2 Exchange of information within the Sava Insurance Group

To ensure compliance across the Group and continuous improvement of the compliance system, all compliance function holders normally meet once a year.

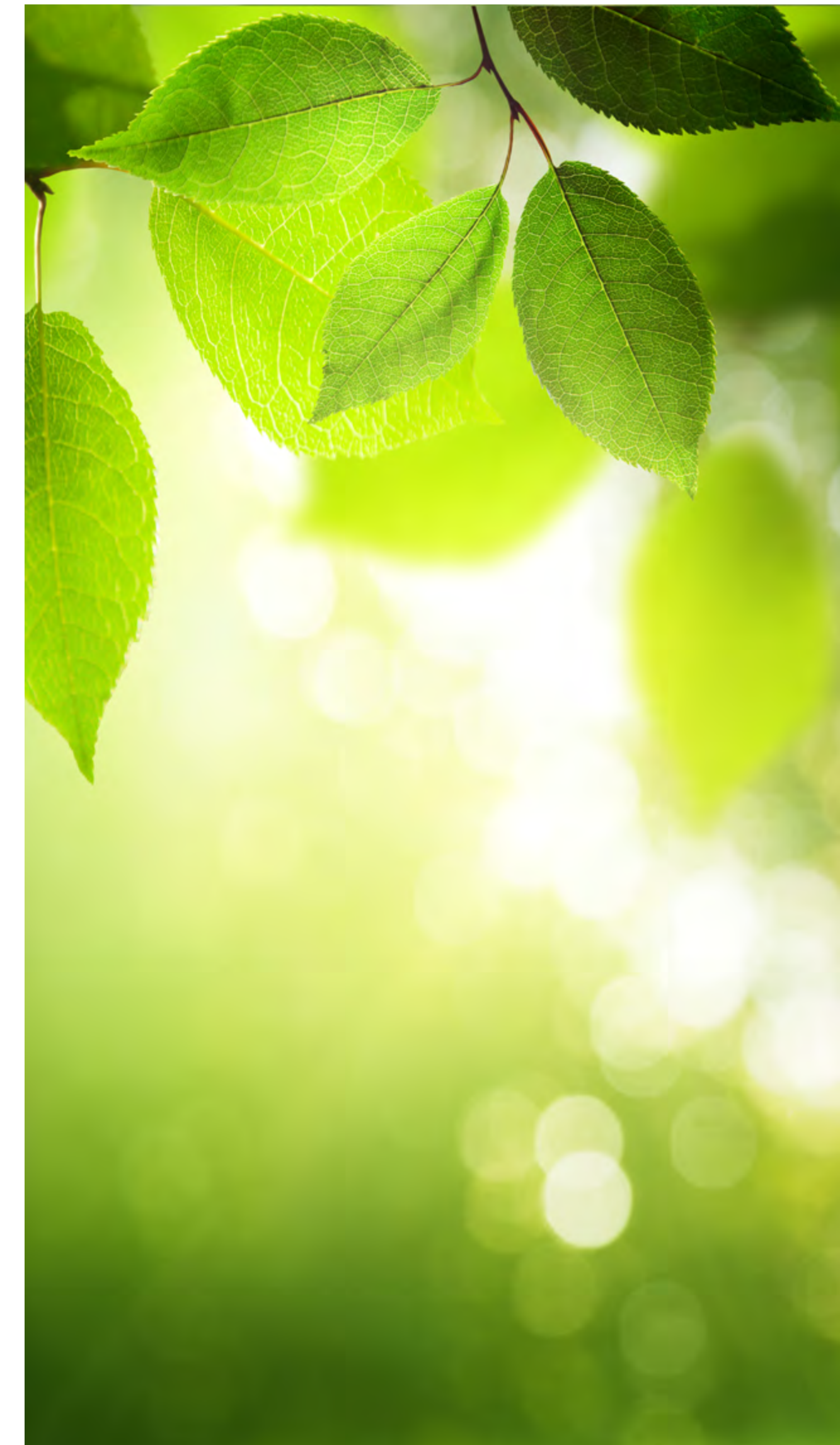
External experts are also invited as speakers, and together they discuss topics such as: comprehensive overview of the compliance management system; international standards and good practices with an emphasis on the role of compliance function holders and providers; characteristic compliance risk areas; how to perform compliance reviews and meet other duties of the compliance function holder; EU whistleblower protection directive and its effects on the Company's business, other relevant EU and local regulations and similar.

In 2021, a system was set up for reporting on legislative changes in countries where Sava Insurance Group companies have their registered office. Each month, compliance function holders in all subsidiaries outside Slovenia report to the Group-level function holder on new or amended regulations that affect the business operations of the relevant company. The List contains: the name of the regulation; a brief description of essential changes that affect the company's business;

a list of processes affected by these changes; the time limit for the implementation of changes; the persons responsible for the implementation of changes and any related estimated costs, where relevant.

The reporting system established at the Group level facilitates the respective business function holders in managing risks associated with redesigning the business processes that were introduced due to amended legal regulations.

In 2023, the compliance function will continue to provide guidance and oversight in the implementation of EU sustainability regulations, including: the Corporate Sustainability Reporting Directive (CSRD), Regulation on sustainability-related disclosures in the financial services sector (SFRD); Directive on non-financial reporting (NFRD) and the EU Taxonomy Regulation.



7.3.3 Outsourced transactions

The Sava Insurance Group companies may outsource a function or activity that is critical or important for a company's business so that it is performed better and/or more efficiently. This entails certain risks, such as dependence on external service providers and similar. Group companies are therefore very careful when outsourcing, taking into account all legal requirements as well as recommendations by local regulators. The outsourcing policy of the Sava Insurance Group sets out the minimum outsourcing standards for contracts concluded within and outside the Group.

7.3.4 Complaint resolution

When handling complaints submitted by policyholders (and other beneficiaries of insurance contracts), individual companies that are insurance or pension companies follow the rules and procedures for resolving complaints that comply with local laws and guidelines of the European Insurance and Occupational Pensions Authority (EIOPA), and the asset management company complies with the guidelines of the European Securities and Markets Authority (ESMA) in addition to the applicable laws and regulations in this field.

In accordance with the Sava Insurance Group governance rules, complaints addressed at Sava Re but relating to subsidiaries' operations are recorded at Sava Re. After complaints have been examined, they are submitted to subsidiaries for resolution. The office of the management board and compliance at Sava Re main-

tains an internal online register of such complaints. Two complaints were lodged in 2022.

All subsidiaries also have in place internal rules, prescribed procedures and instructions for monitoring and handling complaints in accordance with applicable laws.

7.3.5 Fair business practices⁴³

The values and principles of ethical conduct are defined in the Code of Ethics of the Sava Insurance Group (Code of Ethics), which was also adopted by the Group's subsidiaries. The general principles of the Code of Ethics represent the basic values of the Sava Insurance Group, which are binding on all our employees and include: fairness and compliance of business operations, transparency, managing conflicts of interest, prevention of money-laundering and financing of terrorism, and prevention of restriction of competition. Employees who are aware of violations of the Code or other binding rules must report them to the compliance function holder. No violations of the Code of Ethics were observed in 2022.

The insurers also comply with the provisions of the adopted Insurance Code to ensure business development, a professional underwriting process and professional conduct. The (re)insurance companies' operations are grounded in compliance with market principles, market competition based on loyalty and integrity, and insurance economics and business ethics, with the aim of providing customers with high-quality (re)insurance protection.



Sava Osiguranje (SRB): Belgrade Half Marathon, a race for families.

Sava Re has also signed the Slovenian Corporate Integrity Guidelines, which commits the Group to creating a work environment grounded in a culture of corporate integrity, zero tolerance for illegal and unethical conduct of its employees, compliance with legislation, rules and values, as well as in the highest ethical standards.

Sava Re uses as its reference code the revised Slovenian Corporate Governance Code for Listed Companies, which came into effect on 1 January 2022.

At the end of 2017, Sava Re also adopted a policy on the diversity of the management and supervisory boards of Sava Re, which governs, inter alia, the gender- and age-balance of all board members⁴⁴. Sava Re has integrated respect for human rights in its operations in accordance with the applicable legislation and follows the proposal for the national action plan on business and human rights of the Republic of Slovenia. The Company has adopted the rules on the prevention and elimination of violence, bullying, harassment and other forms of psychosocial risks in the workplace, including a protocol for recognising and resolving such risks⁴⁵. In 2022, Sava Re recorded no such cases.

Sava Re follows the principles and guidelines of the rules on the management of conflicts of interest. The rules aim to mitigate the effects of conflicts of interest and manage conflicts of interest that may arise in the performance of the duties and tasks of individuals in the Company by establishing and implementing pro-

cedures and measures to be applied when a conflict of interest arises⁴⁶.

Fraud prevention and detection systems are in place in all Group companies. In this regard, the Sava Insurance Group continuously updates its system and procedures, in particular by raising awareness, building knowledge and complying with standards of ethical conduct.

7.3.6 Anti-corruption⁴⁷

In accordance with the provisions of the Slovenian Corporate Integrity Guidelines, the Sava Insurance Group purchasing policy and internal rules of the Slovenia-based Group members, all contracts establishing legal relations must include an anti-corruption clause, general terms and conditions of business cooperation as well as provisions regarding confidential data and protection of personal data.

The Sava Re “Rules on the management of conflicts of interest” prescribe the procedures and rules relating to receiving gifts, entertainment and hospitality. A detailed and transparent gift policy reduces the risk of unfounded allegations and the spread of distrust regarding employee integrity in the discharge of their duties.

The Sava Insurance Group did not record any corruption cases in 2022⁴⁸.

7.3.7 Protection of personal data⁴⁹

The Sava Insurance Group is aware of the wider societal implications of the irresponsible handling of personal data, and is taking into particular account the trends in artificial intelligence or machine learning, smart devices and other modern digital technologies. In line with its commitments to high ethical standards, it focuses its attention on this field in close connection with the provision of cyber security and goes beyond the minimum requirements of the law. The companies strive to ensure open, transparent and straightforward communication with individuals whose data they process, also by planning user experiences.

In 2021, Sava Re set up a support function for privacy and personal data protection to facilitate standardisation and harmonisation, and adopted a privacy and personal data protection policy, which was substantially adopted by all subsidiaries in 2022. In particular, the policy strengthens the role and competences of Data Protection Officers (DPOs) and integrates privacy as an important concern into all relevant business and support processes. In 2022, the Sava Insurance Group’s subsidiaries continued to digitise the management of personal data protection and strengthened cooperation between relevant stakeholders to sustainably manage the privacy of the Group’s employees, customers and business partners.

The Sava Insurance Group companies have in place internal acts that prescribe the procedures and measures for the protection of personal data and the management of risks that personal data processing in business and support processes poses to the rights of individuals. The data is protected through technical and organisational measures designed to ensure their confidentiality, integrity and availability, and risk minimisation mechanisms are built into the processing processes. All Group companies have appointed Data Protection Officers to carry out advisory, training and supervisory tasks in this area.

Due to the adoption of new legislation in the Republic of Slovenia, the personal data protection activities in 2023 of companies incorporated in the Republic of Slovenia will probably also focus on adjusting to these changes.

The Sava Insurance Group did not identify any major incidents in personal data protection in 2022.

7.3.8 Cyber security⁵⁰

In 2022, we completed the three-year strategy period for the implementation of the IT strategy. Our ongoing practice is to conduct process maturity self-audits, the findings of which are used to further improve our IT processes. As part of this, we streamlined the processes of IT change management, IT architecture, internal controls and risks, and improved the control of IT costs and capital investments.

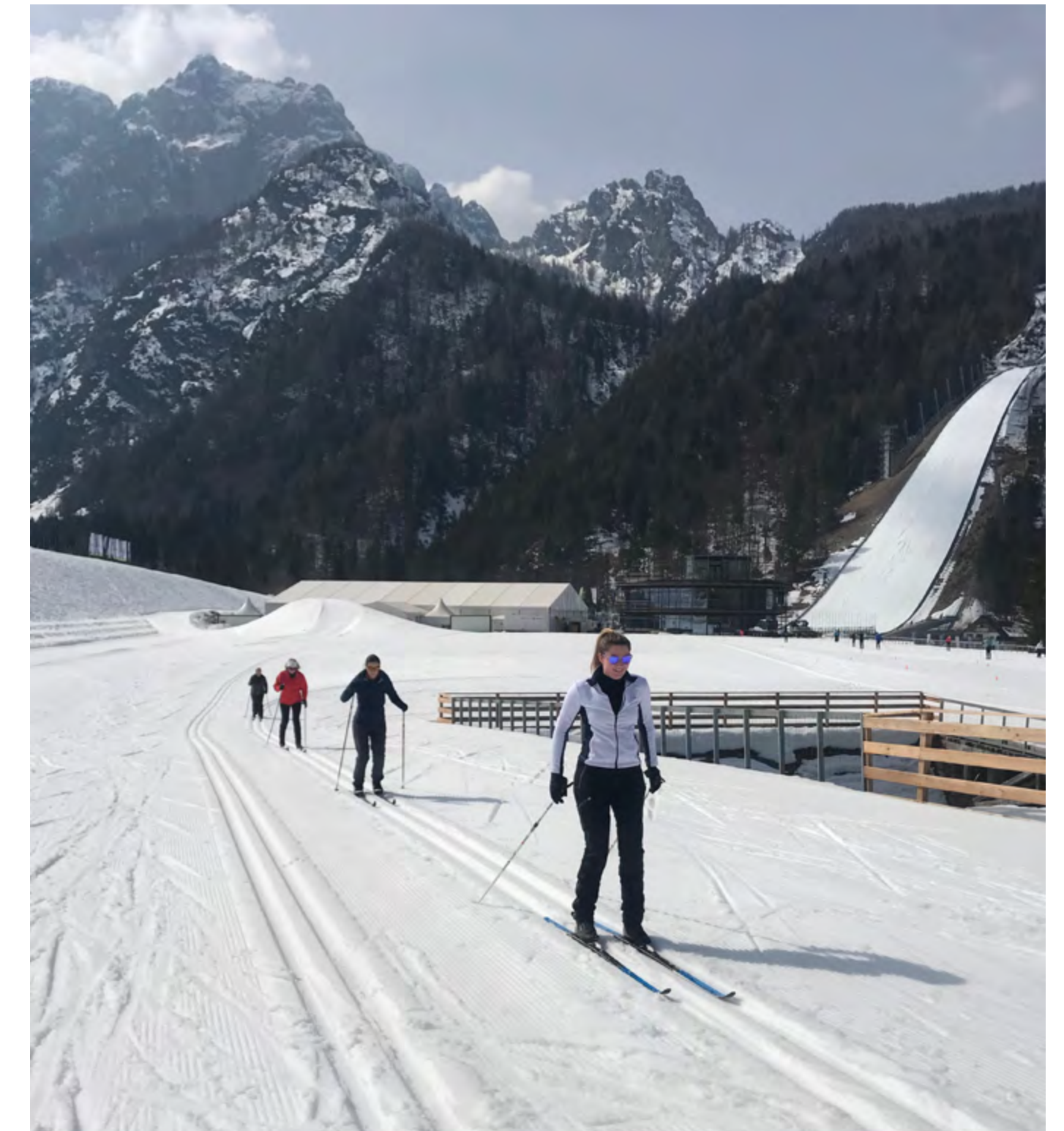
The change management of business applications was combined with the maintenance of existing solutions in accordance with the business and regulatory requirements of the companies. We continue to work on the project to replace the core IT solution for the insurance business (which we have already started to use to market some products) and on a similar project for the reinsurance business. In several companies, we are expanding our customer-relations solutions to include more channels (e.g. call centres and customer portals).

Regarding business intelligence, we provided ongoing support to operations, upgraded existing solutions and continued to develop data and reporting solutions for the MSRP 17 project. In line with our strategic priorities for the 2020–2022 strategy period, we upgraded the consolidated data warehouse solution by expanding the scope of data sources and reports.

The infrastructure team supported operations, upgrading technical and service capabilities to implement the strategy (deployment of new core business solutions and digitalisation). The system software and hardware



Sava Re: Health Day on the slopes.



infrastructure were upgraded in line with the business plan, the depreciation cycle, day-to-day service requests and planned IT development projects, with investments in disk arrays and network infrastructure. We continued our mission of continuous improvement and optimisation by configuring server and network

systems and enhancing the monitoring of critical services.

In terms of information security, we upgraded sensors and controls as part of our 24/7 security operations centre services and continued to expand the use of software to improve endpoint protection. We provided

training to protect against social engineering cyber-attacks and trained key personnel to respond to a crisis in the event of such an attack.

With regard to business continuity, we carried out the planned preventive and control tasks, taking into account the increased use of hybrid work.

7.3.9 Respect for human rights⁵¹

The Sustainable Development Policy of the Sava Insurance Group requires the Group companies to ensure respect for human rights in accordance with international conventions and applicable legislation, in particular:

- in corporate governance, by adopting and implementing rules on the diversity of management and supervisory bodies;
- in human resources management, by adopting and implementing internal rules to ensure the dignity and integrity of the individual and the prevention and elimination of psychosocial risks in the workplace;
- in the procurement of goods and services, by assessing suppliers or contractors using appropriately designed questionnaires and checking their references;

- in non-life underwriting, by adhering to the Sava Insurance Group's guidelines for responsible non-life underwriting of environmental, social and governance risks;
- by implementing the principles of the UN Global Compact;
- in relation to clients who are individuals, by adopting and implementing internal rules on respect for privacy and the protection of personal data.

7.3.10 Contributions to political parties⁵²

In line with the adopted code of ethics and the rules on sponsorship and donations, Sava Re and Zavarovalnica Sava do not finance political parties.



Pristina Animal Shelter: Volunteers bring dog food and feed and pet stray dogs.



Illyria Life Employee Celebration in December: A merry December get-together where employees receive New Year gifts. Special prizes are awarded to the best employees.



8 Responsibility to the community

The Sava Insurance Group members forge strong ties with the community they serve, seeking to establish long-term partnerships. They support their communities through projects with which they help institutions financially or with volunteer work and are actively involved in social activities and actions.

Having already developed an extensive business network, Group companies can more easily recognise the needs and potentials of local communities.

Based on the scope of giving back to the community, including donations, sponsorships and preventive means, Slovenia-based insurance companies (including the Croatian branch office) account for approximately 82% of all Group funds.

Certain members of our Group are the co-founders of the Network for Social Responsibility of Slovenia and members of the Partnership for National Strategy and Social Responsibility⁵³.

The Group's
volunteering
activities involved
830 employees who
dedicated 5,430 hours
to volunteer work.

Our social responsibility efforts are also reflected in our awards:

- **Sava Osiguranje (MNE):** In 2022, the Association of Employers of Montenegro presented our Community the “Briga za zajednicu” (Care for the Community) award for corporate social responsibility.
- **Zavarovalnica Sava:** The Call of Loneliness initiative was also recognised in 2022, winning a Bronze Award in the Websites & Mobile Sites category at the AdForum PHNX Awards 2022).



Sava Osiguranje (MNE): Company receives the Employers’ Association Award for corporate social responsibility.

53 GRI 2-28.

8.1 Sponsorships and donations by substance⁵⁴

The Sava Insurance Group promotes social responsibility and strengthens its visibility as a sustainability partner; it operates ethically and gives back to the community, primarily with financial and other assistance in the promotion of healthy life and well-being for all at all ages by supporting sports activities, investing in educational, development and training programmes, humanitarian projects, ecology and health, paying special attention to underprivileged groups. We also support the efforts that drive the growth and development of the economy, especially startups that develop innovative solutions.

Giving back to the community through sponsorship and donations is governed by rules. Sava Re’s rules are published on its website. The value of sponsorships and donations in 2022 was up 23%, with the bulk of funds allocated to sports (80%).

Zavarovalnica Sava as the Group’s foremost sponsor promotes a healthy lifestyle, mainly by supporting sports at all levels – from recreation to professional sports. The most notable contributions in 2022 went to:

- sports: main sponsor of Maribor Football Club, Croatian football club Rijeka and Football Club Rudeš, and main sponsor of Golden Fox (Zlata Lisica) World Cup ski race;
- culture: main sponsor of the biggest Slovenian festival, Ljubljana Festival, and sponsor of Festival Lent;
- the Committed to Steps project, which raises awareness of the importance of enabling physically disabled children to live their lives to the full through a children’s dance performance and a donation to the University Rehabilitation Institute of Soča.

Other notable Group sponsorships and donations:

- Slovenian Red Cross,
- Water Polo and Swimming Federation of Montenegro,
- Athletics Federation of Serbia.

In 2022, special mention should be made of donations to help with the Ukrainian refugee crisis; companies in the Slovenian part of the Sava Insurance Group responded at the start of the war in Ukraine and raised EUR 100,000, while at the same time employees followed the appeal by humanitarian organisations to collect clothes, shoes and other items and funds urgently needed by refugees from Ukraine.

Sponsorships and donations by substance

Purpose (EUR)	2022	2021	Index
Humanitarian	138,292	53,829	257
Cultural	172,302	86,546	199
Sports	3,257,279	2,837,656	115
Education, training	74,690	71,711	104
Scientific	383	500	77
Social security	7,731	8,375	92
Disability	4,357	3,183	137
Health	27,673	19,615	141
Other*	606,035	414,653	146
Total	4,288,742	3,496,069	123

* Other costs for sponsoring activities other than sport, donations for protection against disasters and donations for other purposes that are in the public interest.



Sava Osiguranje (MNE): Landscaping the Nikšić Park.

8.2 Preventive action projects⁵⁵

Preventive projects have a significant impact on the insurance industry as they reduce the likelihood of loss events and raise awareness in the general public of the importance of protecting property and health. To this end the insurance companies create special funds for such projects in line with local legislation.

Such funds are available at Zavarovalnica Sava in Slovenia, Sava Neživotno Osiguranje (SRB) and Sava Osiguranje (MNE).

Zavarovalnica Sava invests in prevention, mainly to prevent fire hazards and increase road safety. At the local and national levels, it supports fire-fighting activities, while its long-standing cooperation with the national automobile association AMZS is crucial for better road safety. Two key projects resulting from this collaboration are the Best Driver project aimed at young drivers, raising awareness of the importance of road safety and gaining practical experience, and the 365 Days to Go! project that reminds motorists in the vicinity of schools and kin-

dergartens that schoolchildren are on the road all year round, not just at the start of the school year when this issue is most often discussed.

An awareness campaign on the importance of wearing a helmet was also launched in 2022. In the summer, the campaign focused on the protection that helmets offered when using micromobility devices, with interesting publications and a charming helmet design by a Slovenian artist, and in the winter the campaign focused on wearing a helmet on ski slopes.

Prevention funds are allocated mainly to improve fire protection and road safety also in Serbia. In the context of preventive action, a donation for the purchase of laser radar devices for traffic speed control in cooperation with the police is certainly worth mentioning.

Montenegrin companies also allocate most of these funds to road safety, and Sava Osiguranje (MNE), the owner of the subsidiary Sava Car (MNE), has set up a network of 11 vehicle inspection centres.

Similarly, the subsidiary Sava Station in North Macedonia also has two vehicle inspection centres, and a vehicle inspection unit was also opened in Serbia in 2022. Offering technical inspection services according to strict technical standards, vehicle registration, with car insurance taken out upon vehicle inspection, contributes to better road safety.

Since 2019, Zavarovalnica Sava has been developing its Call of Loneliness initiative, which also won an award in 2022 and tackles the problem of emotional distress and suicide and raises awareness of the importance of mental health and problems that arise when it is disturbed. With the initiative, they communicate their belief that companies with call centres have the power and responsibility to help people in distress and invite such companies to join them.

In July 2022, Zavarovalnica Sava launched a new socially responsible You've Got This! (Maš to!) project, also dedicated to mental health, with the launch of the MASTO.SI website and the @_mas_to Instagram profile, which have become the central communication channels for mental health content, empowerment and personal growth while coping with life's challenges. The content is developed in collaboration with selected expert psychologists and psychotherapists, ensuring professionalism, which is the foundation of a trusted and reliable resource on the path to better mental health.

Resources allocated to prevention

EUR	2022	2021	Index
Sava Osiguranje (MNE)	381,043	109,103	349
Zavarovalnica Sava	305,200	306,700	100
Sava Neživotno Osiguranje (SRB)	153,576	100,246	153
Total giving back to the community	839,819	516,050	163



Sava Osiguranje (SRB): Donation of speed cameras to the traffic police division.

55 GRI 203-02, 413-01.

8.3 Corporate volunteerism – Heart for the World⁵⁶ initiative



The Sava Insurance Group supports corporate volunteerism. Its major volunteer project in the past was the Sava Insurance Group Day, when employees went outdoors for clean-up actions or helped the elderly and with local community projects while enjoying each other’s company. The outbreak of the Covid-19 pandemic made such gatherings impossible, so in 2021, under changed circumstances, volunteerism was organised differently, as the Heart for the World initiative. Volunteerism thus became a year-round activity for all employees of the Group and is an incentive for them to always act responsibly, both with people and the environment. Therefore, we renamed the Sava Insurance Group Day in 2021 and called it the Heart for the World initiative.

To this end, a working group was set up to ensure that activities are carried out in their respective environments, in accordance with the interests and

wishes of the employees, and to liaise with the various philanthropic and environmental organisations in their area.

Various formats of volunteerism were carried out, including socialising with the elderly and people with special needs, caring for animals, cleaning up the environment, lawn care and blood donations.

The Heart for the World Working Group also places great importance on raising awareness of pressing environmental and social issues among all employees by organising training sessions and sending out e-mails on important global days (e.g. Human Rights Day, World Water Day).

This allowed the Group to organise a number of events and had 830 employees who were engaged in events and performed 5,430 hours of volunteer campaigning.



Sava Osiguranje (MNE): Blood donation campaign.

56 GRI 3-3, 413-1.

8.4 Commitments to external initiatives⁵⁷

In the Sava Insurance Group we participate in initiatives promoting ethical conduct and environmentally, social-ly and economically sustainable business practices. We comply with the fundamental standard of professional business conduct as laid down by the Insurance Code of the Slovenian Insurance Association. We follow the

recommendations of the Ljubljana Stock Exchange for listed companies on disclosure of information and have signed the Slovenian Corporate Integrity Guidelines.

Sava Re’s code of reference is the Slovenian Corporate Governance Code for Listed Companies.



Maribor Adventure Playground: Autumn projects and colourful preparations for the winter. Volunteers protect wooden structures and playground equipment, and rake autumn leaves.



Cooperation with Ecologists Without Borders in Maribor on the international Plastic Pirates project and the Global Brand Inventory, where volunteers use nets to collect litter and water samples, providing data relevant to raising awareness on plastic pollution.

8.5 Membership in associations⁵⁸

Sava Re is active in several professional associations: Slovenian Insurance Association, Slovenian Directors’ Association, British-Slovenian Chamber of Commerce, Chamber of Commerce of Dolenjska and Bela Krajina, Maritime Law Association of Slovenia, Sors (meeting of insurance and reinsurance companies), Slovenian Institute of Auditors, Slovenian Association of Actuaries, CFA Institute, European Institute of Compliance and Ethics (EISEP).

In 2021, the Sava Insurance Group joined the international pledges UN Global Compact and PRI (Principles for Responsible Investment).

In 2022, Sava Re also became a member of the Slovenian Green Network.

All subsidiaries are members of relevant associations and proactively contribute to the development of the industry and other social actions.



Sava Osiguranje – Croatian branch: Volunteers at the Domovac Animal Shelter.



Environmental Clean-up Campaign in Croatia: Croatian colleagues are joined by football players of FC Rudes, whose main sponsor is the Croatian branch of Zavarovalnica Sava.

9 Environmental aspect⁵⁹

Concern for the natural environment, environmental issues, climate change and related weather phenomena have a profound impact on the global insurance industry. Environmental problems bring new and unexpected risks to the insurance sector. The Group is aware this requires urgent action in daily operations, both practical and strategic.

9.1 Waste disposal policy⁶⁰

Sava Re has a waste separation system in place which is undergoing ongoing improvements. The Company also strives to reduce waste. We cannot yet measure the volume of waste by type, as waste is collected for the entire building, which accommodates a number of other legal entities.

Zavarovalnica Sava separates municipal waste by categories defined by regulations as waste collected by public waste collection services. Such waste is collected by the public service provider in a manner defined by state regulations and relevant municipal regulations for each branch office. The entities required to collect and report on municipal waste are, therefore, public utility companies.

Other waste generated by Zavarovalnica Sava through its activity is collected by registered waste treatment operators or collectors.

The table provides information on waste other than municipal waste, which is collected by public waste collection services, as previously noted.

Waste generated by Zavarovalnica Sava in 2022

Category or type of waste	Quantity (kg)
Paper and cardboard	32,172
Discarded electrical and electronic equipment	19
Plastics	100
Discarded equipment	680
Concrete	1,320
Soil and stones*	10,440,000
Waste printing toners	159
Waste generated in 2022	10,474,450

* This figure relates to the construction of a new building in Maribor, not directly to operations.

Type of waste (kg)	2022	2021	2020	2019
Paper and cardboard	32,172	26,760	54,325	84,445

The table provides comparable paper and cardboard data for previous years, showing a considerable reduction in the volume of waste.

In the future, the Company expects that the digitalisation of processes or the transition to paperless operation will lead to even bigger savings or a reduction in the volume of waste paper.

Slovenia-based companies separate waste according to instructions of local utility companies and relevant regulations.

Non-EU-based companies have an electronic waste disposal service provider, whereas waste separation and removal are provided by public utility companies.

60 GRI 3-3, 306-02.

9.2 Energy consumption⁶¹

Energy consumption and energy efficiency are environmental and economic concerns.

Especially in times of energy price hikes, the entire Group continually looks for ways to reduce energy costs through investments and appropriate work organisation.

On the basis of the findings of the energy audit and the calculation of its carbon footprint, an action plan to improve Sava Re's carbon footprint was adopted in 2020. It contains the following measures: homeworking, the performance of manual energy accounting, training of employees on efficient energy use, measures relating to the fleet and business travel.

Sava Re is gradually updating its fleet with plug-in hybrids and is preparing to build a charging point infrastructure that will service hybrid and electric company vehicles.

The action plan served as the basis for the adoption of the rules governing homeworking and the establishment of regular monitoring of energy consumption.

The Sava Insurance Group remains committed to sustainability also in investing and maintenance of investments. The rationale behind maintaining or replacing investments is always also assessed in terms of energy efficiency.

Among the investments to reduce energy consumption, the new central office building of Zavarovalnica Sava (completed in 2022) is significant, with around 500 jobs. The property has been designed as a highly energy-efficient, semi-self-sufficient building with a rooftop solar power plant and will be the shared location for all the Group's Maribor-based companies.

As the largest Group company, Zavarovalnica Sava strives to improve the energy-efficiency of its business premises, while at the same time meeting the demands of improving the customer experience and working conditions. The investments include the replacement of old electrical systems (mainly lighting with LED lights), mechanical installations (cooling and heating) and furniture, as well as the relocation of individual offices to newer, more energy-efficient and generally more suitable premises, both in terms of improving the quality of the work done by employees and the customer experience (accessibility, parking spaces, etc.).

Zavarovalnica Sava adopted several property management resolutions in the process of revamping larger business premises for its activity, which was to improve their energy-efficiency with building automation and systems for their efficient technical management (CNS, energy management). Property management

is thus gradually being upgraded with a central control system that is integrated into renovations and newly acquired larger locations. The central control system is the basis of energy management, as it provides insight into consumption patterns, which facilitates reduced consumption and improved energy efficiency.

The Sava Insurance Group also follows the trend of using electric and hybrid vehicles and takes into account the average fuel consumption when purchasing new vehicles. The type of vehicles to be purchased also depends on the availability of the available networks of charging stations in the countries where we are present.

The vast majority of Sava Insurance Company employees have the option of car sharing for business trips, which is particularly suitable in urban environments or in larger cities in Slovenia. In 2022, we also invested in charging infrastructure for electric vehicles; the plan is to install 10 such charging stations in Ljubljana and Maribor by the end of 2023.

Fleet management has in place an app or IT tool for central control over fuel consumption in company vehicles and the subsequent adoption of relevant measures.



9.3 Carbon footprint of the Sava Insurance Group for 2022⁶²

The calculation of the carbon footprint for 2022 includes 16 companies of the Sava Insurance Group:

1. Sava Re,
2. Zavarovalnica Sava (10 sites),
3. Sava Infond,
4. Vita,
5. Sava Pokojninska,
6. TBS Team 24,
7. Sava Neživotno Osiguranje (SRB),
8. Sava Životno Osiguranje (SRB),
9. Ilyria (RKS),
10. Ilyria Life (RKS),
11. Sava Osiguranje (MNE),
12. Sava Car (MNE),
13. Sava Agent (MNE),
14. Sava Osiguruvanje (MKD),
15. Sava Penzisko Društvo (MKD), and
16. Sava Osiguranje – Croatian branch.

- Emissions from these sources have been taken into account:
- direct emissions due to the use of fossil fuels for the heating of offices and fuel combustion in company-owned or managed vehicles (Scope 1);
 - indirect emissions from the consumption of electricity and district heating (Scope 2); and
 - indirect emissions from business journeys by means not owned or controlled by the Company (Scope 3).

The Group’s carbon footprint in 2022 was 3,600.64 tonnes of CO₂ equivalent (tCO₂e), meaning 1.44 t of CO₂ equivalent per employee or 76 kg CO₂ equivalent per square metre of office space. Scope 1 emissions were 1,279 t of CO₂e (36% of the carbon footprint), Scope 2 emissions accounted for 2,059 tCO₂e (57% of the carbon footprint) and Scope 3 emissions accounted for 263 tCO₂e (7% of the carbon footprint).

The largest source of greenhouse gas emissions in 2022 was electricity consumption (44%), followed by business travel (32%) and heating (24%); it should be noted, however, that two companies use electricity for heating.

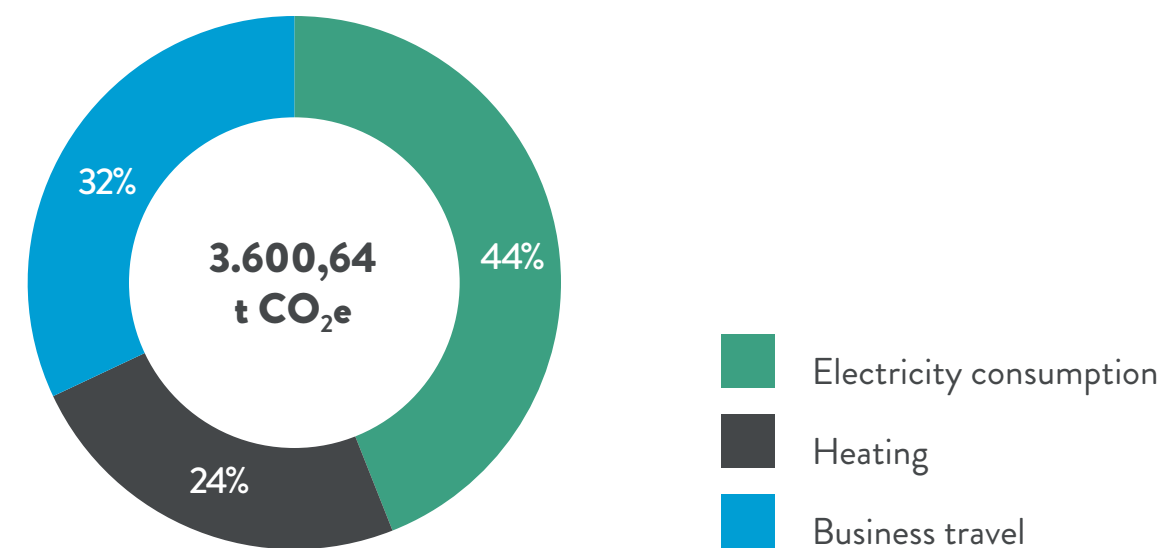
Sava Re and Sava Pokojninska calculated their carbon footprint already in 2019 and were joined in 2020 by Zavarovalnica Sava, Sava Infond and Sava Penzisko Društvo. A pilot group-wide carbon footprint calculation, which was a first estimate, was prepared for 2021. In 2022, Group companies worked to improve the quality of the data collected on energy consumption and the scope of emissions-generating activities for both 2022 and 2021. On the basis of verified data, they recalculated the emissions for 2021.

The carbon footprint of the Sava Insurance Group’s operations in 2022 is the baseline or benchmark against which the Group’s carbon footprint and the effectiveness of emission reduction measures in the coming years will be compared. In the coming years, Group companies will improve the scope and quality of the data collection system.

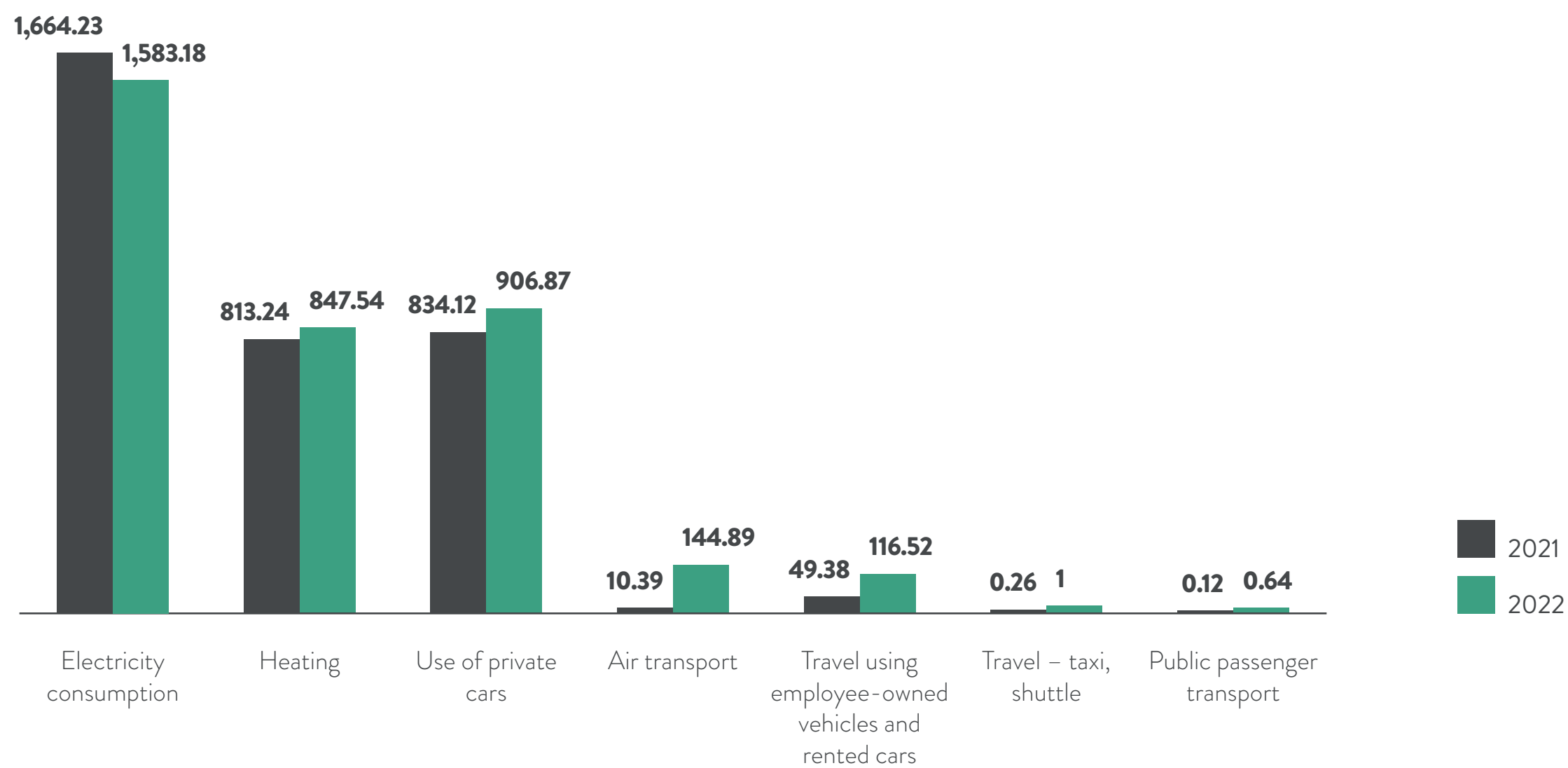


⁶² GRI 3-3, 305-1, 305-2, 305-3.

Percentage of emissions from electricity consumption, heating and business travel



Distribution of sources by emission volume in all 16 companies



As expected, mainly due to the resurgence of business travel in the post-pandemic period, our carbon footprint increased in 2022 compared to 2021.

SCOPE		2022	2021	Index 2022/2021
1.	Direct emissions from activities – Scope 1	1,278.70	1,165.65	110
1.1	Combustion of fossil fuels for space heating	371.83	331.53	112
1.2	Business travel using vehicles owned or controlled by the reporting entity – own fleet	906.87	834.12	109
2.	Indirect emissions – Scope 2	2,058.88	2,145.94	96
2.1	Electricity consumption (for electrical and electronic equipment, lighting, space heating and cooling)	1,583.18	1,664.23	95
2.2	District heating consumption for space heating	475.71	481.71	99
3.	Indirect emissions – Scope 3	263.05	60.15	437
3.1	Business travel using vehicles not owned by the reporting entity	263.05	60.15	437
3.1.1	Motor vehicles	116.52	49.38	236
3.1.2	Aircraft	144.89	10.39	1394
3.1.3	Public passenger transport – bus and rail	0.64	0.12	519
3.1.4	Taxi, shuttle	1.00	0.26	384
Total		3,600.64	3,371.74	107



10 Sustainable Development Strategy of the Sava Insurance Group for 2023–2027



In the next strategy period, we will continue to build long-term corporate social responsibility in continuous dialogue with our stakeholders, supporting global sustainability goals, with a particular focus on climate change, the health and well-being of our customers, employees and the wider community.

10.1 Main strategic goals for sustainable development for 2023–2027

The Sava Insurance Group set these strategic goals:

GOAL 1: Reducing carbon intensity

In its strategy, the Sava Insurance Group has committed to reducing greenhouse gas (GHG) emissions, thus joining the European Union's efforts to follow the Paris Agreement, i.e. to reduce GHG emissions by 55% by 2030 and become the first carbon-neutral economy or society by 2050.

The Sustainable Development Strategy of the Sava Insurance Group for 2023–2027 highlights its focus on climate impacts and thus includes an aspect of its impact on climate change, and addresses opportunities and goals that contribute to mitigating climate change in the areas of:

- development of products and services,
- investment and (re)insurance portfolio,
- process management,
- stakeholder engagement.

Following the European initiative to reduce greenhouse gas emissions by 55% by 2030 in the field of:

- the investment portfolio – reducing GHG emissions by 10% per year;
- own emissions in Scope 1 and Scope 2 by 55% by 2030 compared to 2022, whereby the achievement of the goal will also depend on measures taken at the level of the countries where we are present through our activities.

GOAL 2: Responsible (re)insurance underwriting

- We follow the guidelines for responsible underwriting in non-life insurance; premiums earned from activities on the sensitive list must not exceed 2% of the total premiums earned in non-life insurance.
- We reduce the carbon footprint of our insurance portfolio by excluding the activities that are linked to those that cause significant harm. Activities that do not cause significant harm (DNSH principle) are those that do not include insurance of the extraction, storage, transport, or manufacture of fossil fuels or insurance of vehicles, property or other assets dedicated to such purposes.
- We develop Taxonomy-aligned products and activities, and increase revenues from Taxonomy-aligned activities.

GOAL 3: Sustainability in the value chain and processes

- We are increasing the share of ESG investments in the consolidated portfolio, which is to exceed 20% by 2027.
- We digitise our operations and reduce our carbon footprint by cutting business trips, paper consumption and waste generation.
- We apply due diligence procedures in our supply

chains or audit our suppliers for social and environmental responsibility.

GOAL 4: Improving customer satisfaction

The adequacy of processes that meet customer expectations is measured using the NPS (Net Promotor Score) methodology; the result expresses the likelihood of the respondent recommending a company, product or service to a friend or colleague.

During the strategic period, we will improve the methodology for comparing achievements between companies and within the industry.

GOAL 5: Satisfied and committed employees and strengthening the sustainability culture

We achieve this goal by encouraging:

- healthy and high-quality lives for employees,
- individual and group involvement in ESG projects and activities,
- promoting diversity, equality and inclusion, and preventing discrimination and psychosocial risks.

Select sustainability performance indicators

Select Sava Insurance Group sustainability performance indicators

	2022	2021	Index 2022/2021
Environmental aspect			
CO2 emissions per employee (in tonnes)	1.44	1.39	103.6
Number of claims reported online	45,288	40,011	112.9
Group's ESG integrated investments as at 31 December	14.9%	11.9%	125.2
Social aspect			
Employees involved in annual performance appraisal interviews as %	49.5%	50.0%	99.0
Women as % of all employees	58.0%	54.0%	107.4
Employee turnover rate	16.9%	16.6%	101.6
Average hours of employee training	24.6	23.0	107.0
Number of injuries in the workplace	9	7	128.6
Investments in the community – sponsorships, donations, prevention (€ million)	5.1	4.0	127.8
Heart for the World – corporate volunteering (no. of hours)	5,439	n/a	-
Governance aspect			
Proportion of investments* not aligned with the Sustainability Investment Policy as at 31 December	1.7%	3.1%	54.8
Women in management bodies as %	23.9%	18.4%	129.9
Women in supervisory bodies of Group companies as %	21.8%	21.0%	103.8

* Investments that are assessed for alignment with the sustainability policy include investments in corporate bonds and equities, infrastructure and real estate funds, and mutual funds that are not mutual funds of the policyholder's choice (UL funds).

Select Sava Re sustainability performance indicators

	2022	2021	Index 2022/2021
Environmental aspect			
CO ₂ emissions per employee (in tonnes)	1.93	1.36	141.9
Annual electricity consumption per employee (kWh/employee)	1,468	1,371	107.1
Social aspect			
Percentage of employees involved in annual performance appraisal interviews	100%	100%	100
Women as a percentage of all employees	63%	65%	96.9
Employee turnover rate	10.56%	7.69%	137.3
Average hours of employee training	23.5	19	123.6
Number of injuries in the workplace	0	0	-
Governance aspect			
Percentage of women in management positions	33.3%	25%	133.2
Percentage of women on supervisory boards	17%	17%	100.0
Percentage of independent members on Sava Re's supervisory board	100%	100%	100.0



Sustainability report of the Sava Insurance Group

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