

# 14 Sustainability report of the Sava Insurance Group

- 14.1 Sustainable development strategy of the Sava Insurance Group
- 14.2 Relations with stakeholders
- 14.3 Economic aspect
- 14.4 Social aspect
- 14.5 Responsibility to the community
- 14.6 Environmental aspect
- 14.7 Reporting under Regulation (EU) 2020/852 in conjunction with Delegated Regulation (EU) 2021/2178
- 14.8 Key sustainable development guidelines and objectives for 2022





## Contents

<b>14.1</b>	<b>Sustainable development strategy of the Sava Insurance Group</b>	<b>147</b>	<b>14.4</b>	<b>Social aspect</b>	<b>159</b>	<b>14.6</b>	<b>Environmental aspect</b>	<b>172</b>
14.1.1	Sustainable development strategy 2020–2022	147	14.4.1	Responsibility to employees	159	14.6.1	Waste disposal policy	172
14.1.2	Strategy implementation in 2021	147	14.4.1.1	Employee benefits	160	14.6.2	Energy consumption	173
14.1.2.1	Customer in the centre and digitisation of operations	148	14.4.2	Responsibility to consumers	161	14.6.3	Emissions – carbon footprint of the Sava Insurance Group for 2021	174
14.1.2.2	Product development and underwriting	149	14.4.2.1	The Sava Insurance Group with a new slogan “Among good people”	162			
14.1.2.3	Investment process	150	14.4.3	Client communication and information	163	<b>14.7</b>	<b>Reporting under Regulation (EU) 2020/852 in conjunction with Delegated Regulation (EU) 2021/2178</b>	<b>175</b>
14.1.2.4	Sourcing process	150	14.4.4	Compliance	164	14.7.1	Non-life insurance	175
14.1.2.5	Cyber security	150	14.4.4.1	Organisation of the compliance function	164	14.7.1.1	Sava Insurance Group’s activities for responsible underwriting of environmental, social and governance risks	176
			14.4.4.2	Exchange of information within the Sava Insurance Group	164	14.7.2	Investment	177
<b>14.2</b>	<b>Relations with stakeholders</b>	<b>151</b>	14.4.4.3	Outsourced transactions	64	14.7.2.1	Data methodology and assessment of compliance of investments with taxonomy	177
14.2.1	Types of stakeholder involvement	152	14.4.5	Complaint resolution	165	14.7.2.2	Compliance of bond and equity investments with the “Sustainability investment policy of the Sava Insurance Group”	178
			14.4.6	Fair business practices	165			
<b>14.3</b>	<b>Economic aspect</b>	<b>154</b>	14.4.7	Anti-corruption	166	<b>14.8</b>	<b>Key sustainable development guidelines and objectives for 2022</b>	<b>179</b>
14.3.1	Sponsorship, donations and preventive actions	154	14.4.8	Protection of personal data	166			
14.3.2	ESG investment guidelines	155	14.4.9	Contributions to political parties	166			
14.3.3	Risks and opportunities arising from climate change	156	<b>14.5</b>	<b>Responsibility to the community</b>	<b>167</b>			
14.3.4	Relations with suppliers and the purchasing policy	157	14.5.1	Sponsorships and donations by substance	167			
14.3.5	Financial assistance received from government	158	14.5.2	Preventive action projects	169			
14.3.5.1	Definition of other government incentives	158	14.5.3	Corporate volunteerism – Heart for the World initiative	170			
14.3.6	Tax	158	14.5.4	Commitments to external initiatives	171			
			14.5.5	Membership in associations	171			



## About the report<sup>85</sup>

In accordance with the GRI Standards, the 2021 sustainability report of the Sava Insurance Group analyses economic, social and environmental aspects.

## Key topics of Sava Insurance Group sustainability reporting<sup>86</sup>

Economic aspects (GRI 200)	Economic performance Market presence Indirect economic impacts Procurement practices Prevention of corruption Tax
Social aspects (GRI 400)	Recruitment and staffing levels Employee training and development 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)	Waste disposal policy Energy Supplier assessment Emissions

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 Global Reporting Initiative (GRI). The annual report has been prepared by Sava Re specialist services and all subsidiaries. The consolidated annual report incorporates all legal entities constituting the Sava Insurance Group<sup>87</sup>.

<sup>85</sup> GRI 102-46.

<sup>86</sup> GRI 102-47.

<sup>87</sup> GRI 102-45, 102-50, 102-52.



**V DRUŽBI DOBRIH LJUDI  
IZZIVE PREMAGUJEMO SKUPAJ**

Spoznajte Zavarovalno skupino Sava, kjer s celovitim naborom zavarovanj, naložb in varčevanj poskrbimo, da se vse izteče tako, kot se mora.

**SAVA**  
ZAVAROVALNA  
SKUPINA

V DRUŽBI DOBRIH LJUDI

[dobriljudje.si](https://dobriljudje.si)

New slogan of the Sava Insurance Group. Campaign, December 2021; read more in section 14.4.2.1.



Sustainability reporting is integrated in individual sections of the annual report. Disclosures are specially indicated with interactive references. The section “Sustainability report of the Sava Insurance Group” provides disclosures and business impacts not covered by other sections of the annual report. In addition to general disclosures, it provides, in accordance with prescribed principles, 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 sustainable operation of the Group has been prepared by a mixed working group brought together explicitly for this purpose, with the assistance of specialist services of each subsidiary. Data is collected and the report drafted by specialist services of the parent company, which is also responsible for reporting. Disclosures in accordance with the GRI standard refer to all Group companies, where possible; where it is not possible, to the parent company and EU-based subsidiaries. The GRI content index<sup>88</sup> 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 corrections<sup>89</sup>.

Sava Re did not seek external assurance of the sustainability report in 2021<sup>90</sup>.

### 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 2021 complies with (i) Directive 2014/95/EU of the European Parliament and of the Council on 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 establishing a framework to promote sustainable investments 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 the information to be disclosed under Article 19a or 29a of Directive 2013/34/EU on environmentally sustainable economic activities, (iii) the methodology for complying with this disclosure obligation, and (iv) the Companies Act.

<sup>88</sup> GRI 102-55.

<sup>89</sup> GRI 102-48, 102-49.

<sup>90</sup> GRI 102-56.



Sponsorship cooperation with the Aquatica Yachting sailing club, Ohrid, North Macedonia.



## 14.1 Sustainable development strategy of the Sava Insurance Group

In its strategic plan for the period 2017–2019, the Sava Insurance Group already incorporated sustainable development as one of its key pursuits and made a commitment to make it an integral part of its business operations. As sustainable development remains one of our priorities in the next strategic period 2020–2022, we have prepared and adopted a sustainable development strategy in cooperation with all Group subsidiaries.



### 14.1.1 Sustainable development strategy 2020–2022

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 is 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 strategy period:

- **Focus on the United Nations sustainable development goals of “good health and well-being”** and 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 criteria<sup>91</sup>**, 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.

All business lines and subsidiaries appointed their sustainable development owners responsible for the implementation of the sustainable development strategy and coordination of the tasks agreed, and appointed working groups and project teams to monitor, align and implement legislation. We also carried out the Sustainable Finance Disclosure Regulation (SFDR) implementation project.

### 14.1.2 Strategy implementation in 2021

The Group's business in 2021 was still very much affected by the Covid-19 epidemic, and this had an impact also on the implementation of our sustainable development strategy, which focused primarily on the health and safety of all employees, ongoing communication with our customers, and unhindered dialogue with all other stakeholders of the Group.

In implementing the sustainability strategy and integrating the ESG criteria into our business processes, we paid special attention to:

- customer relationship management, which is at the centre of our processes, and business digitisation, which is the foundation on which we build a quality relationship with all stakeholders (responsibility to consumers);
- product development and underwriting;
- investment process;
- cyber security; and
- sourcing process.

One of the most important activities in 2021 was the introduction of the adopted and monitoring of the evolving legislation aimed at pushing the European Union towards its goal of becoming carbon-neutral by 2050.

<sup>91</sup> 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.



In 2021, the Sava Insurance Group could therefore highlight in particular the following:

1. In line with Regulation (EU) 2019/2088 (SFDR – Sustainable Finance Disclosure Regulation) we integrated the ESG criteria into the investment process and the development of financial products; we published the relevant disclosures on our websites and took regulatory requirements into account also in pre-contractual disclosures for financial products.
2. On 30 June 2021, we posted the “Sustainability investment policy of the Sava Insurance Group” on our website.
3. We joined the UN Global Compact and UN PRI.
4. We performed a substantive assessment of the portfolio in terms of the ESG criteria and developed the guidelines for responsible insurance and reinsurance underwriting, which were adopted in January 2022.
5. We launched the “Never Alone” project aimed at developing the employer brand.
6. Stakeholder involvement, identification of interests and expectations of all interested parties, and an on-going dialogue in new circumstances: since December 2021, we have been communicating the increasingly stronger collaboration among Group companies with a new campaign under the slogan “Among good people”, emphasising the customer-centric orientation as our overarching value and key advantage.
7. We carried out the “Heart for the World” project, a corporate volunteer campaign, the aim of which is to evolve from a series of one-off events into a year-round activity.

The activities performed are described in more detail below.

#### 14.1.2.1 Customer in the centre and digitisation of operations<sup>92</sup>

In 2021, the Covid-19 situation continued and further accelerated the introduction of new communication channels that support remote operations and the uninterrupted provision of services to our customers. The introduction of video identification, remote signing and remote property damage surveying enabled customers to take out insurance policies, report claims, and communicate seamlessly with companies.

Operational performance indicators are integrated in the processes, which allows us to optimise operations, accelerate the use of digital channels, and deliver high quality services.

In 2021, we continued to introduce new solutions to facilitate our services for our customers:

- The introduction of a remote signing provided customers with uninterrupted insurance cover during the Covid-19 pandemic when our sales points were closed, and made insurance services available during the lockdown period. This solution implements the client in the centre guideline, making the services we offer to our customers fast, accessible and easy. All GDPR requirements were included in the process.
- Introduction of video-based customer identification in support of processes that require appropriate and reliable identification in accordance with the law, especially in life insurance and in investment services transactions.

- Introduction of remote property damage surveying ensures better accessibility, speed, and ease of reporting claims in situations of restricted mobility. Customers document claims digitally, which makes it faster to process – it reduces the time that appraisers need to reach the place of the loss; the introduction of a multi-channel platform allows us to consolidate all interactions with the customer. The aim is to provide an integrated approach to customer service and ensure central information on customers’ activities with the Company. The solution includes a new chat room that also serves to record interactions with the customer.



Eng. “Insurance products so you are never alone”.

“Among good people” and with a wide range of insurance, asset management and savings products, we tackle every challenge together, making sure everything ends well.

Campaign, December 2021; read more in section 14.4.2.1.

<sup>92</sup> GRI 103-01, 103-02, 103-03.

#### 14.1.2.2 Product development and underwriting<sup>93</sup>

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
- new, unknown risks and consequently the creation of new underwriting criteria (such as climate change and weather-related natural disasters).

With this in mind and in accordance with the strategy, we focus on:

- **Development of non-life and accident insurance products:** with the development of new products a system is gradually being established in which sustainable development is also assessed according to predetermined criteria. This is 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.

- **In 2021, our largest subsidiary Zavarovalnica Sava launched several new insurance products:**
  - "MicroMOBILITY insurance" was developed for users of micromobility vehicles as a comprehensive insurance for all journeys with micromobility vehicles in Europe; it was presented to the public and offered customers the option to buy insurance online.
  - Easing of epidemic-related travel restrictions brought a new tourist insurance product with assistance abroad, which was supplemented with Covid-19 coverage.
  - We also developed a slightly different, new insurance product "Our paws", which aims to promote responsible conduct of dog and cat owners and can be bought online.
  - As a result of our innovative partnership with Telekom Slovenije, we presented to the public our new tourist insurance "Carefree". The pay-as-you-roam service is available to Telekom Slovenija mobile service subscribers.
- **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 competent departments within the insurance group keep track of regulations and promptly implement them (relevant disclosures, adoption of relevant policies, and similar).

- **Insurance and reinsurance underwriting:** a system of the ESG criteria is being established in underwriting (insurance and reinsurance, especially facultative) by introducing an exclusion and conditional exclusion list. Related activities performed in 2021:
  - In the framework of reinsurance underwriting guidelines, we prepared baseline rules for the reinsurance business, especially facultative, for the identification and recording of exposed ESG transactions in non-Group reinsurance activities.
  - In treaty reinsurance we focused on seeking sustainability opportunities and on market developments concerning sustainable reinsurance programmes being developed.
  - We prepared the "Sava Insurance Group guidelines for responsible underwriting of environmental, social, and governance risks in non-life insurance", and continue to upgrade the measurement methodology and establishment of key performance indicators (KPIs).

Given the increasingly complex decision-making process in respect of ESG criteria, an ESG data collection system is being set up along with relevant information support for monitoring the effects of introducing ESG criteria and reporting in accordance with regulations.

<sup>93</sup> GRI 103-01, 103-02, 103-03, 305-01, 305-02, 305-03, 302-01.



### 14.1.2.3 Investment process<sup>94</sup>

The 2020–2022 strategic period is marked by the implementation of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 laying 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 impacts of sustainability in their processes and the provision of sustainability-related information with respect to financial products. The regulation imposes additional disclosure requirements on financial market participants regarding investment policy or the integration of the sustainability aspect into their investment decisions, as well as disclosure regarding the consideration of sustainability in individual financial products.

The management board of Sava Re adopted the “Sustainability investment policy of the Sava Insurance Group”, which was published on its website on 30 June 2021. Its purpose is to regulate the Group’s approach by taking into account the environmental, social, and governance factors, and to ensure compliance with applicable laws and regulations governing investments. The policy defines how environmental, social, and governance aspects are integrated into investment decision-making, excluding derivatives and existing illiquid investments. Integration of these aspects into the Group’s investment decision-making is based on the monitoring and assessment of the main adverse impacts, monitoring, and evaluation of the intensity of greenhouse gas emissions, and exclusions.

The process is presented in more detail in section 14.3.2 “ESG guidelines”.

### 14.1.2.4 Sourcing process<sup>95</sup>

Group companies coordinated purchasing policy and made it more uniform, which involves strategic guidelines and principles governing a transparent procurement process. The inclusion of an anti-corruption clause in all purchase contracts has been agreed. 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.

The purchasing process is described in more detail in section 14.3.4 “Relations with suppliers and the purchasing policy”.

### 14.1.2.5 Cyber security<sup>96</sup>

The Covid-19 pandemic continued to shape the way we organise work in 2021 as well (hybrid work arrangements, combining working from home with office work). To meet these requirements, we made additional adjustments to certain technical measures aimed at enhancing the security of information systems, which have become more exposed with new work arrangements. We achieved this by introducing additional methods for the detection of anomalies and suspicious patterns in the SIEM system, and by tightening certain policies and technical controls in this system. We continuously upgrade the technical and organisational capacities for the protection of final stations, which are exposed in the remote work regime.

In 2021 we organised additional programmes to train our employees in how to respond in case of a cyberattack, and we continued to raise awareness of the threats associated with social engineering techniques.

At the operational level, the capacities were upgraded with a 24/7 Security Operations Centre (SOC), which continuously monitors the Company’s cyberspace, including the activities of employees working from home. In addition, several measures were taken to strengthen the existing IT infrastructure; additional control points were integrated, and additional security systems were installed.

Security capacity upgrades for the 2022 and 2023 were also outlined.

In parallel with homeworking, the Microsoft Teams tool for team collaboration also became increasingly used by our employees and external providers, which reduced the need for physical meetings. As many of our projects involve foreign partners, this measure substantially reduced our environmental impact from transport.

<sup>94</sup> GRI 103-01, 103-02, 103-03, 201-01.

<sup>95</sup> GRI 103-09, 103-01, 103-02, 103-03, 204-01, 308-01.

<sup>96</sup> GRI 102-11.



## 14.2 Relations with stakeholders<sup>97</sup>

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 is 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 stakeholders, and the year of the Covid-19 pandemic also brought new challenges in this area, since traditional forms of communication were no longer workable in these changed circumstances. New technologies and digitisation of operations thus took advantage of this renewed momentum, and accelerated new solutions, remote communication, and implementation of all processes.

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

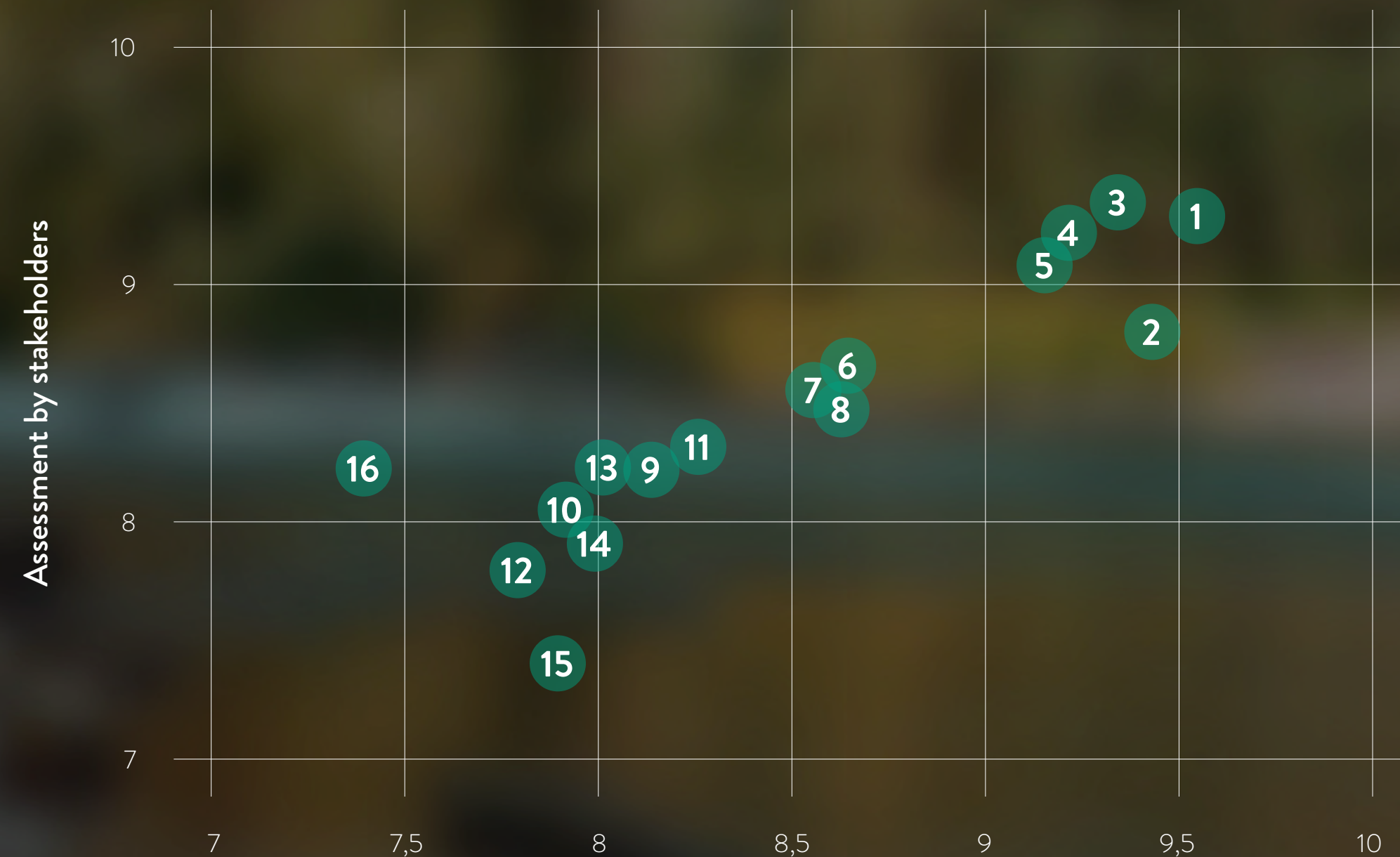
The survey demonstrated that our stakeholders recognise the following business aspects or topics as the most important:

- Sales network
- Customer satisfaction
- Compliance
- Products that are transparent and easy to understand
- Motivated, innovative and happy employees

Below, 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 in adding value to our business operations.

<sup>97</sup> GRI 102-40, 102-42, 102-43, 102-44, 102-46.

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



Assessment by employees of Sava Insurance Group

- |  |  |
|--|--|
| 1 customer satisfaction                                | 9 development of sustainable products                            |
| 2 committed and motivated employees                    | 10 responsible investment policy and underwriting (EGS criteria) |
| 3 sales network  | 11 concern for the natural environment                           |
| 4 compliance   | 12 credit rating   |
| 5 products that are transparent and easy to understand | 13 quality suppliers   |
| 6 comprehensive risk management                        | 14 local community   |
| 7 cyber security                                       | 15 demographic change  |
| 8 digitalisation of operations                         | 16 climate change  |



### 14.2.1 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. New information technologies facilitated ongoing communication with all stakeholders, replacing the traditional forms of engagement, physical contact, and social

meetings during the pandemic. 2020 and 2021 were special years, not only in our communication with all stakeholders, but the Covid-19 pandemic also dominated the news sent to stakeholders, especially employees and customers.

#### Types and objectives of stakeholder involvement

Stakeholders	Type of involvement	Objectives	Most important activities in 2021
Sava Insurance Group employees	<ul style="list-style-type: none"> <li>Employee participation (workers' council and unions)</li> <li>Internal formal events (strategic conferences, professional and educational events)</li> <li>Internal informal events</li> <li>Internal training/consultations</li> <li>Management by objectives (annual appraisal interviews)</li> <li>Internal web and print media</li> <li>Thinking out of the box</li> <li>Electronic mail</li> <li>Personal contact</li> <li>Opinion polls/questionnaires</li> <li>Sports societies</li> </ul>	<ul style="list-style-type: none"> <li>Information, awareness</li> <li>Stimulating ideas to improve the work environment and business processes</li> <li>Two-way communication</li> <li>Culture building, improving relations, fostering a good organisational climate</li> </ul>	<ul style="list-style-type: none"> <li>Introduction of the employer brand "Never Alone", development and implementation of the new visual identity in internal communication</li> <li>Two strategic conferences annually with representatives of all subsidiaries</li> <li>Ongoing dialogue with employee and trade union representatives</li> <li>Events, conferences, lectures</li> <li>Regular provision of information to employees on coronavirus-related measures by e-mail, regular departmental meetings via MS Teams</li> <li>Covid-19 Info Point – intranet portal</li> <li>Addresses by the chairman of the management board of Sava Re to all employees of the Group by e-mail</li> </ul>
<p>Customers include:</p> <ul style="list-style-type: none"> <li>the insured</li> <li>policyholders</li> <li>injured parties</li> <li>cedants</li> <li>investors in mutual and pension funds</li> </ul>	<ul style="list-style-type: none"> <li>One-to-one counselling</li> <li>Meetings</li> <li>Compliments and complaints</li> <li>Websites, blogs</li> <li>Contact centre</li> <li>Market communication through different channels</li> <li>Expert meetings/conferences</li> <li>Events</li> <li>Social networks</li> </ul>	<ul style="list-style-type: none"> <li>Service quality</li> <li>Customer focus</li> <li>Information</li> <li>Quick problem solving</li> <li>Customer-friendly attitude</li> <li>Identifying actual market needs</li> <li>Modern sales channels</li> </ul>	<ul style="list-style-type: none"> <li>Year-round communication across the sales network</li> <li>Interactive chats – on web pages</li> <li>Electronic monthly publications (Sava Infond sent to over 21,000 addresses)</li> <li>Direct mail</li> <li>Twice yearly presentation brochure for cedants</li> <li>Regular client communication regarding the Covid-19 pandemic</li> </ul>
<p>External sales network consisting of:</p> <ul style="list-style-type: none"> <li>insurance agencies</li> <li>insurance intermediaries</li> <li>banks</li> <li>business partners, e.g. roadworthiness testing centres, tourist agencies</li> </ul>	<ul style="list-style-type: none"> <li>Regular contacts</li> <li>Professional training</li> <li>Meetings/events</li> </ul>	<ul style="list-style-type: none"> <li>Product and offer expertise</li> <li>Keeping up to date with developments in business processes</li> <li>Keeping up to date with developments in laws and regulations governing the business</li> <li>Building genuine partnerships</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing communication</li> <li>Communication regarding measures and health protection during the Covid-19 pandemic</li> </ul>



Stakeholders	Type of involvement	Objectives	Most important activities in 2021
Suppliers (services and materials)	<ul style="list-style-type: none"> <li>• Tenders</li> <li>• Invitations to participation</li> <li>• Questionnaires</li> <li>• Meetings</li> <li>• Presentations</li> </ul>	<ul style="list-style-type: none"> <li>• Selection of the most appropriate supplier in accordance with the criteria</li> <li>• Environmentally friendly materials</li> <li>• Paperless operation</li> <li>• Digitisation of operations</li> <li>• Payment reliability</li> <li>• Honouring agreements</li> <li>• Delivery of waste disposal certificates</li> <li>• Supporting local economy</li> </ul>	<ul style="list-style-type: none"> <li>• Standing invitations to tender and supplier selections</li> </ul>
Shareholders and prospective investors in POSR shares	<ul style="list-style-type: none"> <li>• At least once a year at the general meeting of shareholders</li> <li>• Regularly through public notifications (SEOnet of the Ljubljana Stock Exchange)</li> <li>• Regularly on the website (www.sava-re.si)</li> <li>• At least once a year in the letter to shareholders</li> <li>• Regularly via email (ir@sava-re.si)</li> <li>• Regularly in individual meetings and through conference calls</li> <li>• Regularly at investment conferences at home and abroad</li> </ul>	<ul style="list-style-type: none"> <li>• Equal access to information</li> <li>• Clear dividend policy and yields</li> <li>• In-depth information on business operations, annual plan and strategic policy</li> <li>• Sustainable operations</li> </ul>	<ul style="list-style-type: none"> <li>• Regular and transparent communication with shareholders and investors, participation in 6 events in 2021</li> <li>• In 2021, there were 32 public notifications on the SEOnet system.</li> </ul>
Regulators	<ul style="list-style-type: none"> <li>• Regular and extraordinary reporting to the Insurance Supervision Agency (ISA) and Securities Market Agency (SMA)</li> <li>• Regular and extraordinary reporting to the Slovenian Competition Protection Agency (CPA)</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with legislation</li> <li>• Business transparency</li> <li>• Security of policyholders</li> <li>• Compliance</li> </ul>	<ul style="list-style-type: none"> <li>• Consistent tracking of changes in legislations, regulatory measures and recommendations</li> </ul>
Credit rating agencies	<ul style="list-style-type: none"> <li>• Regular annual review of the financial position, operations and business results</li> </ul>	<ul style="list-style-type: none"> <li>• Improved credit rating</li> </ul>	<ul style="list-style-type: none"> <li>• AM Best confirmed the credit rating “A” (stable)</li> <li>• S&amp;P confirmed the credit rating “A” (stable)</li> </ul>
Media	<ul style="list-style-type: none"> <li>• Regularly through press releases</li> <li>• At least once a year at the press conference</li> <li>• Periodically through interviews</li> <li>• Regularly through answers to journalists’ questions</li> </ul>	<ul style="list-style-type: none"> <li>• Providing information to the general public</li> <li>• Regular and transparent information on business operations</li> <li>• Strengthening the positive realistic image of the Company/Group</li> <li>• Maintaining regular and positive relationships</li> </ul>	<ul style="list-style-type: none"> <li>• Responsive and timely communication with the media</li> <li>• Sava Re had 1490 mentions in the media in 2021 (1520 mentions in 2020)</li> <li>• December campaign under a new Group slogan “Among good people”, more in section 13.4.2.1.</li> </ul>
Communities	<ul style="list-style-type: none"> <li>• Direct contact with local decision makers</li> <li>• Support to non-profit organisations through sponsorships and donations</li> <li>• Support for preventive actions</li> <li>• Employee assistance</li> </ul>	<ul style="list-style-type: none"> <li>• Involving the company/employees in local communities and society at large</li> <li>• Co-financing of projects important for the local community</li> <li>• Enhancing security through preventive actions</li> <li>• Infrastructure investments</li> <li>• Awareness raising among the population</li> </ul>	<ul style="list-style-type: none"> <li>• Section “Sponsorship, donations and preventive actions”</li> <li>• Section “Responsibility to the community”</li> </ul>



## 14.3 Economic aspect<sup>98</sup>

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 the company.

As evident from the table, the distributed economic value of the Sava Insurance Group in 2021 totalled EUR 679.9 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.

### Distributed economic value of the Sava Insurance Group

EUR million	Sava Insurance Group						Index 2021/2020
	2021	2020	2019	2018	2017	2016	
<b>Other economic impacts</b>							
Economic value generated*	766.8	707.3	620.5	567.3	519.8	516.0	108.4
Economic value distributed	679.9	678.5	647.0	560.9	508.8	475.0	100.2
Net claims incurred and other technical expenses	423.2	446.0	421.5	344.1	313.6	285.7	94.9
Expenses for financial assets	5.7	13.1	6.1	9.6	11.9	8.6	43.5
Other expenses	2.5	3.3	4.6	2.9	2.8	2.5	75.5
Operating expenses**	128.4	119.9	111.0	102.8	87.7	90.7	107.1
Dividend payouts	13.2	0.0	14.7	12.4	12.5	12.4	-
Income tax expense	17.4	11.4	10.5	12.2	8.8	7.8	152.9
Investments in the social community (prevention, donations, sponsorships)	4.0	3.9	4.2	3.8	3.2	3.0	103.3
Employee payments, allowances and benefits	85.6	81.0	74.5	73.1	68.4	64.4	105.7
Economic value retained	86.8	28.7	-26.6	6.3	11.0	41.0	302.5

\* Economic value generated = net premiums earned + other technical income + investment income + other income

\*\* Operating expenses include commissions and other operating costs excluding personnel costs, sponsorships, prevention and donations

### 14.3.1 Sponsorship, donations and preventive actions<sup>99</sup>

We provide sponsorships and donations for promotion of a healthy lifestyle and general well-being. We invest in sports and raise awareness of the importance of sports and recreation for healthy life. We also contribute to general well-being by supporting culture and education programmes, professional associations, underprivileged groups and charities.

By investing in prevention programmes, we reduce risks that have a significant economic and social impact on the insurance industry.

Despite the uncertainty that came with the global crisis triggered by the pandemic, the Group increased its total environmental expenditure by 3%.

Sponsorships, donations and prevention activities are described in more detail in section 14.4 “Social aspect”.

#### Sponsorships, donations and preventive activities

EUR	2021	2020	Index
Sponsorships	2,638,778	2,164,519	121.9
Donations	857,291	1,016,860	84.3
Prevention	516,050	701,016	73.6
<b>Total giving back to the community</b>	<b>4,012,119</b>	<b>3,882,395</b>	<b>103.3</b>

<sup>98</sup> GRI 103-01, 104-02, 103.03, 201-01.

<sup>99</sup> GRI 201-01, 203-02.



### 14.3.2 ESG investment guidelines<sup>100</sup>

Two significant events are worth pointing out in 2021, namely the entering into force of the SFDR Regulation and the adoption of said “Sustainability investment policy of the Sava Insurance Group”, with which we undertook to integrate the principles of the UN Global Compact and UN PRI in investment decision-making processes.

The Sava Insurance Group makes investments in compliance with ESG principles (ESG – environmental, social, governance) through negative screening. When choosing investments, we favour those that comply with the ESG principles, the principles of sustainable developments, responsible investment and similar. Return on investment is an important but not sole criterion, as risk analysis also takes account of the sustainability criterion, which is important in investment decisions, in line with the mentioned sustainability investment policy. In building our investment portfolio we avoid 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 are 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. We also invest in securities 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.

From year-end 2020, investments in green and sustainability bonds of EUR 82.4 million increased by EUR 39.2 million to EUR 121.6 million at year-end 2021. In the years 2020 and 2021, the outbreak of the pandemic significantly accelerated the issuance of sustainability bonds and their supply, which had a favourable effect on the range of ESG bonds available for investment. Common to all the investments shown in the table below is the fact that the funds collected are used to finance projects and investments meeting certain criteria, such as the ESG Standards.

We do not make investments in nuclear energy, net fishing, production or trade in illegal products or services, or in products and services that may (potentially) be harmful to people or the environment. In addition, we no longer invest in military industries, the tobacco industry, adult entertainment or gambling.

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 (UN PRI – United Nations Principles of Responsible Investments, GRESB – Global ESG Benchmark for Real Estate, TCFD – Task Force on Climate-related Fi-



Eng. “Smart investment for a future without worry”. First we listen to you, and then we propose insurance, asset management and savings products from the comprehensive range of products of our companies so you can take care of yourself and your loved ones. Campaign, December 2021; read more in section 14.4.2.1.

ncial Disclosures) and are report on in accordance with these standards. Rarely, where this is not the case, we have agreed on exclusion of investments that do not meet our internal ESG criteria. In many cases, these are funds with a favourable impact on the environment and society, as they are focused specifically, e.g. 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, we have been active in the domestic environment for several years now through the financing of direct projects.

<sup>100</sup>GRI 103-01, 103-02, 103-03, 203-01.



Real estate investments in our 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 of greenhouse gas emissions, and efficient processing of waste. The managers of these funds have various certificates, including LEED, BREEAM, WELL and HQE. 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, that real estate users have guaranteed access to social and educational institutions and actively participate in sustainable mobility projects.

### Group's ESG integrated investments

EUR (31 December 2021)	Uncalled commitment	Called up already	Total	Total investments called up or already made as a % of the Group's total investment portfolio
Infrastructure funds	13,276,945	40,567,680	53,844,625	2.6%
Real estate funds	125,508	14,500,000	14,625,508	0.9%
Direct infrastructure projects		502,374	502,374	0.0%
Private debt funds	2,707,947	2,292,053	5,000,000	0.1%
ESG (green & sustainable) bonds		121,577,654	121,577,654	7.7%
Bond mutual funds		3,504,283	3,504,283	0.2%
ETFs		5,853,809	5,853,809	0.4%
<b>Total</b>	<b>16,110,400</b>	<b>188,797,853</b>	<b>204,908,253</b>	<b>11.9%</b>

Over the next years, we plan to continue investing in renewable energy sources, energy efficiency projects and sustainable real property. Moreover, we intend to include ESG bonds in the portfolio as much as possible. Under the new legislation entering into force in 2021, we 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.

### 14.3.3 Risks and opportunities arising from climate change<sup>101</sup>

Climate change is a serious threat to society, the economy and in particular to the business of insurance and re-insurance 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 started monitoring climate risk, including physical and transition risks. Physical risks are risks<sup>102</sup> resulting from the physical effects of climate change and include acute physical risks (weather events with negative impact on the company's business) and chronic physical risks, which arise from long-term effects of climate change. Transition risks are those that arise from the transition to a low-carbon and climate-resilient economy. Such risks involve risk of new rules, requirements, and policies (e.g. as a result of new legislation), legal risks (litigation due to inadequate adjustment of operations and failure in preventing environmental impact), technology risk (upon transition to the new technology that facilitates more climate-neutral business operations), market risks (e.g. changes in consumers' preferences for more sustainable products) and reputation risk (the company's reputation may be impaired due to bad practices and environmental impact). Qualitative assessments of climate risk were first integrated in 2021 in the Group's own risk and solvency assessment (hereinafter: ORSA) and were accompanied by a qualitative analysis of climate change scenarios.

<sup>101</sup> GRI 103-01, 103-02, 103-03, 201-02.

<sup>102</sup> (European Commission – guidelines on reporting climate-related information: [https://ec.europa.eu/finance/docs/policy/190618-climate-related-information-reporting-guidelines\\_en.pdf](https://ec.europa.eu/finance/docs/policy/190618-climate-related-information-reporting-guidelines_en.pdf)).



Given its activity, physical risks are extremely important for the Sava Insurance 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 with it also the unpredictability of damage associated with the risk of natural disasters. This will result in higher underwriting risk and the need to change business strategies.

In 2021 the international reinsurance markets saw a spate of world-wide natural disaster events. The most important ones were floods in western Europe (Bernd), storms in Austria (Volker), storms in the Czech Republic, hurricane Ida in the USA, floods in China (Henan), and wildfires in Greece and Turkey. Sava Re's share in three of these events exceeded EUR 1 million, and the Bernd flood, at EUR 20.7 million represents the largest gross loss in the history of Sava Re operations.

Zavarovalnica Sava recorded 2 natural catastrophe loss events in excess of EUR 1 million. The number of such loss events was higher than in 2020.

Other subsidiaries did not record major differences in loss events due to extreme weather in 2021.

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.

The Group made a commitment to adopt a greenhouse gas emissions reduction policy in 2022.

Investing in sustainable development and prevention (renewable resources, awareness raising) are the factors that have an important impact on the scope and scale of losses due to natural disasters, whereas our main efforts remain focused on limiting exposure to the industries and sectors that play a big part in adding to environmental burdens.

#### 14.3.4 Relations with suppliers and the purchasing policy<sup>103</sup>

The Sava Insurance Group companies coordinated and unified the purchasing policy, which provides strategic guidelines and principles governing a transparent procurement process. Internal acts prescribe the inclusion of an anti-corruption clause in all purchase contracts.<sup>104</sup> 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 basis.<sup>105</sup> The procurement procedure rules have an appended questionnaire on the sustainability of the company<sup>106</sup>, which is intended for suppliers whose bids are collected through tenders (the value of goods exceeds 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 territory of the country in which it is registered<sup>107</sup>.

Although some of the purchases are made outside their home country, they are limited (mainly to the goods and services that cannot be sourced in their home country or are offered at non-competitive prices), and in 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. Domestic supply in Zavarovalnica Sava, as the largest subsidiary in the Group, makes up 97% of its purchases.

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 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.

<sup>103</sup> GRI 102-9, 103-1, 103-2, 103-3, 204-1, 308-1.

<sup>104</sup> GRI 205-1.

<sup>105</sup> GRI 205-1.

<sup>106</sup> GRI 414-1.

<sup>107</sup> GRI 204-01.



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; the rules on the use of information technology assets. In 2021, the Rules on the Purchasing Process of Sava Re d.d. were revised, and the Sava Insurance Group Purchasing Policy was revised in early 2022.

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

#### 14.3.5 Financial assistance received from government<sup>108</sup>

The Group has examined Covid-19-related impacts on government assistance received. State aid totalling EUR 93,213 went to four companies and included exemption from contribution payments, quarantine and isolation subsidies, crisis allowance, and sick leave due to force majeure (five companies in 2020 received a total of EUR 234,468 in state aid).

#### 14.3.5.1 Definition of other government incentives

In 2021, 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 12,600 (2020: EUR 11,126).

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 is 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 amounted to EUR 193,899 (2020: EUR 182,754).

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

#### 14.3.6 Tax<sup>109</sup>

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 and health services, and education. They provide for security as well as 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 will be integrated into the sustainable development strategy in 2022, when we will also prepare the Group's policy for this area.

<sup>108</sup>GRI 201-04.

<sup>109</sup>GRI 207-1.



## 14.4 Social aspect



### 14.4.1 Responsibility to employees<sup>110</sup>

The Sava Insurance Group is aware of its responsibility to employees and has made it a fundamental goal of its sustainable development strategy for the Group to be recognised by its stakeholders as a socially responsible and attractive employer in the region.

In 2021, we launched a Group-level employee-centred project, the employer brand called “Never Alone”. It shows our commitment to being both an employee- and customer-centric organisation. We wish to gain deeper insight into the needs of our employees, which will guide us in preparing activities for increasing staff satisfaction and commitment. The project stresses the importance of continuous internal communication, positive workplace climate, loyalty, and team spirit among employees. Special attention is also paid to managing and building good relationships between employees and their managers. To this end, we developed a single visual identity that was introduced in all Group companies.

The Group attaches significant importance to the health of employees and an honest and respectful attitude towards them. We invest many efforts in creating a positive and creative atmosphere in our daily routine, which stems from our strategic policies.

In 2021, we paid special attention to the health and safety of our employees. We work and communicate with them using a four-stage plan, which is activated in the

event of a state of emergency declared at the government or company level. We keep them informed of the measures currently in force in the company and announce the current stage of the plan on a weekly basis. We adhere to this plan in all Group companies, thus taking care to ensure the Company’s smooth operation and, most importantly, employees are informed in advance of these rules, measures, and instructions in force at the currently announced stage and can take appropriate action in any situation.

With the epidemic still ongoing and prompting ever new measures imposed by the competent institutions, we pay special attention to ongoing communication with our employees via email, intranet and regular virtual meetings of organisational units. Our employee satisfaction survey showed that our employees want to be kept up to date; they appreciate ongoing communication and useful information.

The provision of information was supported with a new internal website Covid-19 Info Point, where all the information that employees need – daily notices, instructions for handling various situations, instructions for safe work from home, frequently asked questions and answers, prescribed forms, telephone numbers of leaders, lists of participants in the crisis headquarters and similar – was collected in one place. The Covid-19 Info Point also serves as an archive of internal communication and public notifications published in advertising campaigns, on the blog, in social media, on our websites, etc.

We are aware that we can achieve our goals only with competent, qualified, experienced and motivated employees. In the Sava Insurance Group, we promote development and transfer of knowledge and skills. We create synergies by sharing knowledge and good practices between professional services and companies in the Group. In order to achieve this, we organise expert meetings for representatives of all companies at events or professional conferences, which serve as an opportunity to exchange knowledge and skills and allows us to inform each other about results and plans. In 2021, we held organised virtual meetings with which we additionally connected and improved mutual relations.

In the Sava Insurance Group, we build and promote the 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 “ImproveSava”, and organised innovation days, which also welcomed employees from other Group companies. All employees can submit, by completing an online form, 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.



#### 14.4.1.1 Employee benefits<sup>111</sup>

The Sava Insurance Group offers numerous benefits to our employees. All companies offer additional benefits to their employees, within their means, including preventive healthcare, teambuilding, and a motivating and positive working atmosphere, good work-life balance, and general wellbeing in the workplace. We provide a flexible working environment and working hours, as well as financial assistance in the event of personal distress of our employees.

In 2021, Sava Re organised numerous virtual meetings, such as virtual training courses, virtual coffee, virtual relaxation using the progressive muscle relaxation technique and Burst walking workouts, which allowed each employee to walk alone while enjoying the company of their co-workers via the MS Teams web app. In the summer, we organised a teambuilding event and a live picnic, taking into account all necessary safety and health-related measures. We had a new year's party as well, and although the circumstances pushed it online we enjoyed the delicacies delivered to our home addresses. We organised a show for our employees' children in December and sent them presents by post.

Every year Sava Re organises at least four events dedicated to health and recreation, with sports activities or workshops and lectures. In 2021, we organised a stress management and relaxation workshop, a cooking class with chef Štefelin, breathing exercises with Manca Izmajlova, and two health days to be spent as they wished. Employees had the option to go hiking, running, cycling or skiing.

Other Group companies offer similar activities as well as other benefits, within their means.

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.

The Sava Insurance Group is aware how important the work-life balance is for its employees. To this end we introduced a procedure that allows them to work from home in ordinary and extraordinary circumstances.

Zavarovalnica Sava is the recipient of the full Family-Friendly Company certificate and offers its employees paid leave for easing children into kindergarten, or taking them to school on the first school day (first to third grade of elementary school) and similar benefits. Sava Re does not hold the certificate, but it provides paid leave to employees introducing their children to kindergarten or accompanying them to school on the first day of school.



Closing event of the Committed to Steps project sponsored by Zavarovalnica Sava.

<sup>111</sup> GRI 103-01, 103-02, 201-03.



#### 14.4.2 Responsibility to consumers<sup>112</sup>

In 2020 we started and in 2021 continued to set up a catalogue of key performance indicators at the Group level, which will enable continuous monitoring of customer satisfaction.

Due to the pandemic in 2021, a great deal of effort was invested in accelerating achievement of the already set strategic goals:

- ensuring the continuity of services for our customers using new technological solutions (see section 14.1.2.1 “Customer in the Centre of all Processes and the digitisation of operations”),
- while ensuring maximum security (see section 14.1.2.3 “Cyber security”).

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, describing the procedures for providing information about insurance products or services where the local legislation so requires.

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:** For the fourth consecutive year, Sava Infond received the title “best fund management company for three-year performance” (Moje Finance magazine). Aleš Grbič received the title of best asset manager in Slovenia for the second year in a row. Five Infond funds received the best fund award in their category and seven funds received five stars for excellence in management.

- **Sava Penzisko Društvo (MKD):** At the IPE Awards ceremony 2021 the company was shortlisted in the “best pension fund in Central and Eastern Europe” category, which means that it was recognised as one of the four best pension funds in the wider CEE region.
- **Sava Pokojninska Družba:** In 2021, Sava Pokojninska Družba received all five stars for five-year performance (2016–2020) in Moje Finance magazine’s competition for the best performing guaranteed supplementary pension fund.



Sava Re Health Day, dedicated to hiking.

<sup>112</sup> GRI 103-01, 103-02, 103-03.



#### 14.4.2.1 The Sava Insurance Group with a new 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. 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:

- The Group that works from the people and for the people.
- This interaction with people, from the people and for the people, is the key message of the campaign with which we position ourselves in the insurance industry. Our story emphasises what distinguishes the Sava Insurance Group from its counterparts – its closeness to the people. This is expressed already in the Group’s umbrella slogan “Among good people”.
- Good people make good stories.
- The slogan also communicates that with cooperation of employees from each of its companies the Sava Insurance Group tackles every challenge, every test and every situation together, while forging truly authentic relationships. Relationships that are based on what we all need – the awareness that we are heard, understood, and treated not only as clients, but as people

with their own stories. In television, radio, printed and digital media we emphasise that when people come together, listen to each other and help each other we can overcome any challenge or obstacle that stands in the way of realising our full potential. This touching story of small good deeds by good people was underlined with a unique creative touch – watercolours inspired by the course of the river that lent its name to the Group, the Sava.

- The story of the Sava Insurance Group is the story of us all.
- While successfully overcoming the challenges thrown at us and connecting its companies, the Sava Insurance Group also successfully pursued its mission. With its commitment and continuous progress it ensures security while building a modern, digital, customer-centric, community-minded and sustainability-oriented insurance group, demonstrating that any, even the most daring story, can come true in the company of good people.





### 14.4.3 Client communication and information<sup>113</sup>

Important milestones in communicating information to clients consisted in Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services 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 and Vita, Življenjska Zavarovalnica, Sava Pokojninska Družba) 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”.

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 customers 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 customers and potential customers.

The product approval process must identify for each insurance product 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.

The Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on the distribution of insurance products (hereinafter: the IDD directive), which was implemented with the amendment to the ZZavar-1a in early 2019, was thus supplemented with the Commission Delegated Regulation 2021/1257 of 21 April 2021, which regulates 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 the conduct of business and investment advice for insurance-based investment products.

In addition to the already established communication channels, Sava Insurance Group members are successfully adapting to paperless operations through the introduction of renewed self-service points (customer portals), and apart from the collection of data on the distribution of insurance products also the processes of collecting statements and consents based on electronic business are being introduced to enable the customer to easily and transparently monitor and independently archive the received business communication with the companies.

All subsidiaries post information on their products on their websites.

When advertising, customers are properly informed of the products. Product information is always available on official websites together with statutory notifications and related news. In the event of mass losses, Zavarovalnica Sava publishes a notice and provides instructions for policyholders, setting forth the right course of action.

The Covid-19 pandemic also notably affected customer information activities, as it required certain adjustments to the new circumstances: minimum physical contact and contents adapted to the health protection requirements.

Dialogue with customers and relevant activities are described in more detail in section 14.2 “Stakeholder engagement”.



#### 14.4.4 Compliance<sup>114</sup>

The Sava Insurance Group is obligated to comply with extensive legal and regulatory requirements as well as voluntary obligations. More than 2,500 employees working in Group companies are obliged to abide by these rules. The compliance function ensures that this commitment is implemented in practice by creating rules, raising awareness, monitoring compliance with the rules, and by upholding integrity.

##### 14.4.4.1 Organisation of the compliance function

Like the Sava Insurance Group, the compliance function is also decentralised. Each company has its 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 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.

##### 14.4.4.2 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 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 the reporting period, 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 and estimated costs, where relevant.

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

In 2022, the compliance function will continue to provide guidance and oversight in the implementation of EU sustainability regulations, including: regulation on sustainability-related disclosures in the financial services sector (SFRD); directive on non-financial reporting (NFRD) and the EU taxonomy regulation.

##### 14.4.4.3 Outsourced transactions

The Sava Insurance Group companies may outsource a function or activity that is critical or important for the company’s business, in order for this function or activity to be 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.





#### 14.4.5 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 maintains an internal online register of such complaints. A total of 6 complaints were recorded in 2021.

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

#### 14.4.6 Fair business practices<sup>115</sup>

The values and principles of ethical conduct are defined in the "Code of ethics of the Sava Insurance Group" (hereinafter: the "Code of Ethics"), which was adopted also 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 2021.

In the conduct of their business the Group's insurance companies comply with the provisions of the adopted Insurance Code to ensure business development, a professional underwriting process and business 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 high-quality (re)insurance protection.

Sava Re has also signed the Slovenian Corporate Integrity Guidelines, committing 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 Health Day, when we take care of ourselves and our well-being.

<sup>115</sup> GRI 102-16, 103-1, 103-2, 205-1, 205-3, 419-01.



Sava Re uses as its reference code the 2016 Slovenian Corporate Governance Code for Listed Companies, which was updated in 2021 and 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 and preserves, inter alia, the gender- and age-balance of all board members.<sup>116</sup> 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 prevention and elimination of violence, bullying, harassment and other forms of psychosocial risks in the workplace, including a protocol for recognising and resolving such risks.<sup>117</sup> In 2021, the Company 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 procedures and measures to be applied when a conflict of interest arises.<sup>118</sup>

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 standards of ethical conduct.

#### 14.4.7 Anti-corruption<sup>119</sup>

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 2021.<sup>120</sup>

#### 14.4.8 Protection of personal data<sup>121</sup>

The Sava Insurance Group is aware of the growing importance of ensuring the protection of privacy and personal data for customer and employee satisfaction, as well as the wider social implications of irresponsible management of personal data. In line with its commitments to high ethical standards, it will continue to focus its attention on this field in close connection with the provision of cyber security.

In 2021, Sava Re established a support function for privacy and personal data protection to facilitate the harmonisation and standardisation of privacy protection across the

Group. It adopted an umbrella “Privacy and personal data protection policy”, which first and foremost gives more weight to authorised data protection officers and integrates privacy as an important concern into all relevant business and support processes. It launched the optimisation and digitisation of personal data management, revised and updated certain internal acts, and strengthened cooperation between relevant stakeholders.

In 2022, Sava Re will continue with activities aimed at the sustainable management of the privacy of employees, customers and the Group’s business partners, with an emphasis on the trends in the development of artificial intelligence and modern technologies. Due to the expected adoption of new legislation in the Republic of Slovenia in 2022 the personal data protection activities will probably also focus on adjusting to these changes.

The Sava Insurance Group companies have in place internal acts that prescribe the procedures and measures for the protection of personal data. The data is adequately protected through technical and organisational measures designed to ensure their confidentiality, integrity and availability. The companies subject to these measures also appointed data protection officers (DPOs) responsible for providing advice regarding and supervision over personal data protection. The companies strive to ensure open, transparent and straightforward communication with individuals whose data they process.

#### 14.4.9 Contributions to political parties<sup>122</sup>

In line with the adopted “Code of ethics” and the rules on sponsorship and donations, Sava Re does not finance political parties, nor does any of its subsidiaries.

<sup>116</sup> GRI 405-1.

<sup>117</sup> GRI 412-03.

<sup>118</sup> GRI 102-16.

<sup>119</sup> GRI 103-01, 103-02, 103-03, 205-01.

<sup>120</sup> GRI 205-03.

<sup>121</sup> GRI 103-01, 103-02, 103-03, 205-01, 418-01.

<sup>122</sup> GRI 415-01.



## 14.5 Responsibility to the community

The Sava Insurance Group has committed to social responsibility in its mission statement and values. The Group promotes quality of life and building relationships with care, integrity and respect. We are active in relation to our natural and social environment.

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 92% of all Group funds.

Certain members of our Group are the co-founders of the Network for Social Responsibility of Slovenia, members of the Institute for the Development of Social Responsibility and members of the Partnership for National Strategy and Social Responsibility.<sup>123</sup>

### 14.5.1 Sponsorships and donations by substance<sup>124</sup>

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 pro-

motion 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 2021 was up 10%, with the bulk of funds allocated to sports (81%).



The very successful Montenegrin water polo team, sponsored by the Montenegrin insurer Sava Osiguranje.

<sup>123</sup> GRI 102-13.

<sup>124</sup> GRI 103-01, 103-02, 103-03, 203-02.



### Sponsorships and donations by substance

Purpose (EUR)	2021	2020	Index
Humanitarian	53,829	40,241	133.8
Cultural	86,546	77,777	111.3
Sports	2,837,656	2,493,677	113.8
Education, training	71,711	70,769	101.3
Scientific	500	-	-
Social security	8,375	4,983	168.1
Disability	3,183	2,600	122.4
Health	19,615	110,806	17.7
Other*	414,653	380,526	109.0
<b>Total</b>	<b>3,496,068</b>	<b>3,181,379</b>	<b>109.9</b>

\* Sponsorship of other non-sport activities, donations for disaster protection and donations for other general-benefit purposes.

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 2021 went to:

- sports: main sponsor of Maribor Football Club, Croatian football club Rijeka and Football Club Rudeš, and main sponsor of Zlata Lisica (Golden Fox) World Cup ski race;
- culture: main sponsor of the biggest Slovenian festival, Ljubljana Festival, and sponsor of Festival Lent.

Other notable Group sponsorships:

- Water Polo and Swimming Federation of Montenegro
- Nova KBM Branik Volleyball Club
- Sava Infond Open junior tennis tournament
- Football Federation of North Macedonia
- Vardar Handball Club
- Athletics Federation of Serbia



Supporting top-class sport in Kosovo.



Supporting the Athletics Federation of Serbia.



### 14.5.2 Preventive action projects<sup>125</sup>

Preventive projects have a significant impact on the insurance industry as they reduce the likelihood of loss events and raise awareness with 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 the local legislation.

Such funds are available at Zavarovalnica Sava in Slovenia, Sava Neživotno Osiguranje in the Republic of Serbia, and Sava Osiguranje in Montenegro.

Zavarovalnica Sava invests in prevention, mainly in order to prevent fire hazards and increase road safety. At the local and national level, Zavarovalnica Sava 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 the acquisition of practical experience, and the 365 Days to Go! project that reminds motorists in the vicinity of schools and kindergartens that school-children are on the road all year round, not just at the start of the school year when this issue is most often discussed.

#### Resources allocated to prevention

EUR	2021	2020	Index
Sava Neživotno Osiguranje (SRB)	100,246	80,703	124.0
Sava Osiguranje (MNE)	109,103	106,763	102.0
Zavarovalnica Sava	306,700	513,550	60.0

The bulk of prevention funds in Serbia are allocated to fire protection.

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

Similarly, the subsidiary Sava Station in North Macedonia also has two vehicle inspection centres.

A comprehensive offer of vehicle inspection and registration compliant with strict technical standards, including sale of motor policies after vehicle inspection provided through our subsidiaries, contributes to better road safety.

Since 2019 Zavarovalnica Sava has been developing its Loneliness initiative, which tackles the problem of emotional distress and suicide, and raises awareness of the importance of mental health and problems that arise when mental health 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.

The initiative has won several prestigious awards:

- Netko, a symbol of online excellence award (Slovenian Chamber of Commerce and register.si) for the best social responsibility website and best project in 2020 in Slovenia,
- Prizma Award (Public Relations Society of Slovenia) – special award for excellence in communication,
- second place in the socially responsible projects category at WEBSSI competition Web Champions,
- silver prize in the social good category and silver prize in the digital communications category at the Slovenian Advertising Festival (SOF) (Slovenian Advertising Chamber).



Zavarovalnica Sava's special visitors delight the elderly in nursing homes.

<sup>125</sup> GRI 203-02, 413-01.

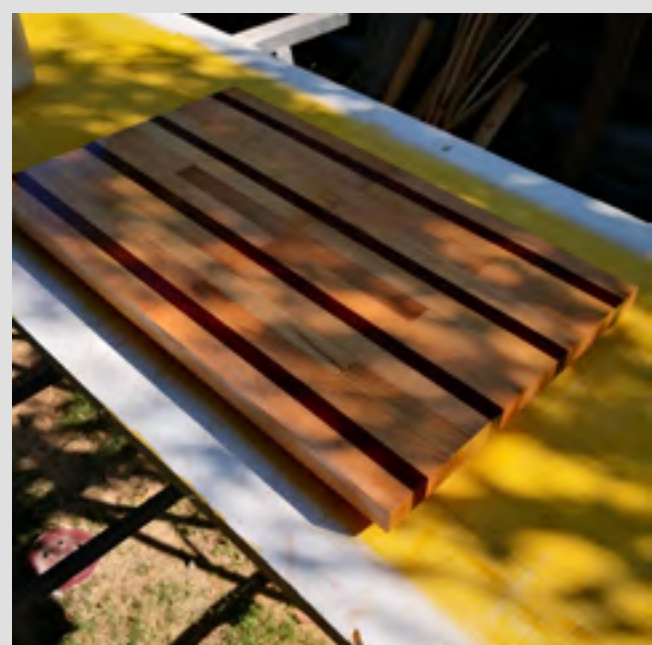


### 14.5.3 Corporate volunteerism – Heart for the World<sup>126</sup> initiative

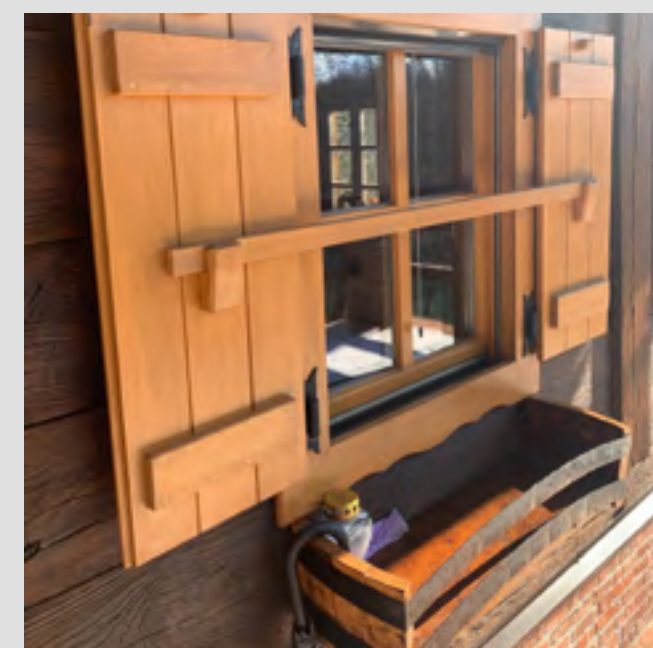
The Sava Insurance Group supports corporate volunteerism. Its major volunteer project in past was the Sava Insurance Group Day, when employees went outdoors for clean-up actions or helped the elderly and with local community projects while enjoying each other's company. The event was scheduled to be implemented for the tenth time in 2020 but was cancelled on the recommendation of the medical experts due to the outbreak of the Covid-19 pandemic, so we redesigned it in 2021 to adapt to the new circumstances.

As Covid-19 restrictions prohibited socialising in larger groups, we asked the Sava Insurance Group employees to tackle environmental and social challenges at home or with their families. Our employees documented their activities with photographs and wrote down their thoughts, poems and similar. Their contributions were presented in a digital exhibition and the best ideas were rewarded. At the same time, we organised lectures on pressing sustainability issues such as waste management and greenhouse gas emissions.

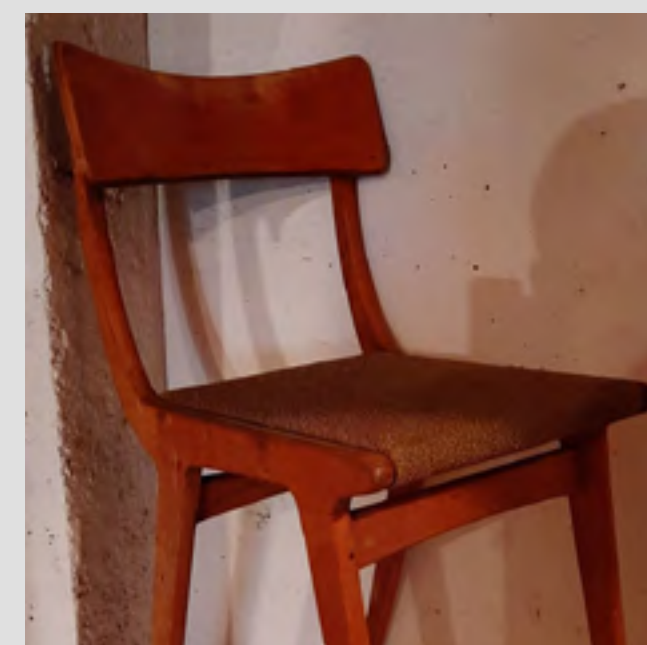
At Christmas, Save Re employees in cooperation with Slovenian Philanthropy invited the elderly residents of two nursery homes for a Christmas coffee. As we could not do it in person, we asked our employees to send them good wishes, which we delivered with an enormous Christmas card.



The challenges of the Heart for the World initiative: recycling old parquet flooring (Dean Hrvatin, Zavarovalnica Sava).



The challenges of the Heart for the World initiative: recycling old barrels (Krešimir Vrbič, Sava Osiguranje, Croatia).



The challenges of the Heart for the World initiative: stories of three generations to be remembered by the fourth. Renovation of 55-year-old chairs (Nika Matjan, Sava Re).

<sup>126</sup> GRI 103-1, 103-2, 103-3, 413-1.





Conforming to the epidemiological circumstances and recommended preventative measures our companies organised other activities as well, including the traditional blood drives, and park and riverbank clean-ups.

Volunteerism thus became a months-long activity that we aspire to turn into an ongoing, year-round effort by all employees, a proposition for all employees to always act responsibly, both with people and the environment. With this in mind, we gave the Sava Insurance Group Day a new name in 2021 and called it the Heart for the World initiative.

#### 14.5.4 Commitments to external initiatives<sup>127</sup>

In the Sava Insurance Group, we participate in initiatives promoting ethical conduct and environmentally, socially and economically sustainable business practice. 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.

All Sava Insurance Group companies take part in the activities of the Heart for the World initiative. Among other things, we delighted the elderly with potted plants, explored recycling options, cleaned up our surroundings, planted trees, donated blood and held lectures on ecological topics for our staff.

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

#### 14.5.5 Membership in associations<sup>128</sup>

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 Investments).

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

<sup>127</sup> GRI 102-12.  
<sup>128</sup> GRI 102-13.



## 14.6 Environmental aspect<sup>129</sup>

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 in the insurance sector. The Group is aware this requires urgent action in daily operations, both in practice and in strategic terms.

### 14.6.1 Waste disposal policy<sup>130</sup>

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. As 2021 was still marked by Covid-19 and hybrid working arrangements, the amount of waste generated and paper used could not be compared to the previous years.

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 Sava Insurance Group generated the following waste in 2021.

#### Waste generated by Zavarovalnica Sava in 2021

Category or type of waste	Quantity (kg)
15 01 01 Paper and cardboard packaging	400
20 01 01 Paper and cardboard	26,760
20 01 39 Plastics	80
20 03 07 Bulky waste	640
17 05 04 Soil and stones other than those mentioned in 17 05 03*	7,035,000
08 03 18 Waste toners other than those mentioned under 08 03 17	277
<b>Waste generated in 2021</b>	<b>7,063,157</b>

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

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

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

Type of waste	2021	2020	2019
20 01 01 Paper and cardboard	26,760	54,325	84,445

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.

<sup>129</sup> GRI 103-01, 103-02, 103-03.

<sup>130</sup> GRI 103-01, 103-02, 103-03, 306-02.



### 14.6.2 Energy consumption<sup>131</sup>

Energy consumption and energy efficiency is both an environmental and economic concern.

In 2020, the energy audit was performed in Sava Re and a report was drafted with proposals for improving its energy efficiency. On the basis of the findings of the energy audit and the calculation of its carbon footprint, an action plan to improve the Company's carbon footprint was adopted consisting of the following measures: home-working, 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 assessed also in terms of energy efficiency.

A more significant investment in reducing energy consumption was the arrangement of new business premises for the Kosovo subsidiary Illyria in Pristina, which integrated modern, energy-efficient solutions in the final design. The renovation of Illyria Life business premises will also contribute to energy savings for our other subsidiary in Kosovo, Illyria Life, with new lighting fixtures and a cooling and ventilation system.

Several measures are being implemented also in property and fleet management.

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

As part of fleet management, Zavarovalnica Sava considers carbon dioxide emission values when purchasing

new vehicles and takes care to regularly and adequately service its vehicles with tried and tested suppliers. In addition, it has established internal reporting that provides oversight of the use of company vehicles. In the event of any discrepancies, measures are taken to normalise fuel consumption (notification of users).

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

Zavarovalnica Sava also works with electric car-sharing service providers who offer such arrangements to employees, thus limiting their negative environmental impact.



Sava Re employees invite nursing home residents to a virtual Christmas coffee, sending them good thoughts and wishes.

131 GRI 302-01.





### 14.6.3 Emissions – carbon footprint of the Sava Insurance Group for 2021<sup>132</sup>

The calculation of the carbon footprint for 2021 includes 16 companies of the Sava Insurance Group:

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

Calculation of the carbon footprint took into account direct emissions from fossil fuels used for the heating of offices and fuel combustion in company-owned vehicles, and indirect emissions from power consumption, district heat production and business travel using vehicles not owned by companies. Calculation of the carbon footprint for 2021 included a larger number of companies that collected energy consumption and transportation data for

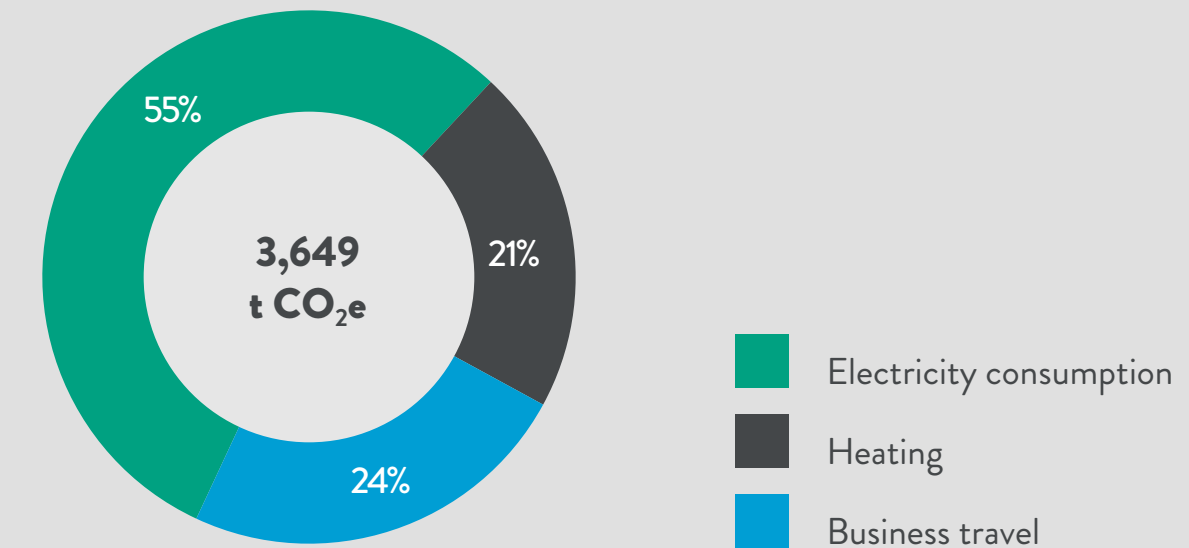
the first time. The Group-level pilot carbon footprint calculation below is therefore an assessment of its environmental impact, and the accuracy of the calculation will be systematically improved in the coming years.

The estimated carbon footprint of the Group in 2021 is 3,649 tonnes of CO<sub>2</sub> equivalent (t CO<sub>2</sub>e). This means 1.51 t of CO<sub>2</sub> equivalent per employee or 78 kg CO<sub>2</sub> equivalent per square metre of office space.

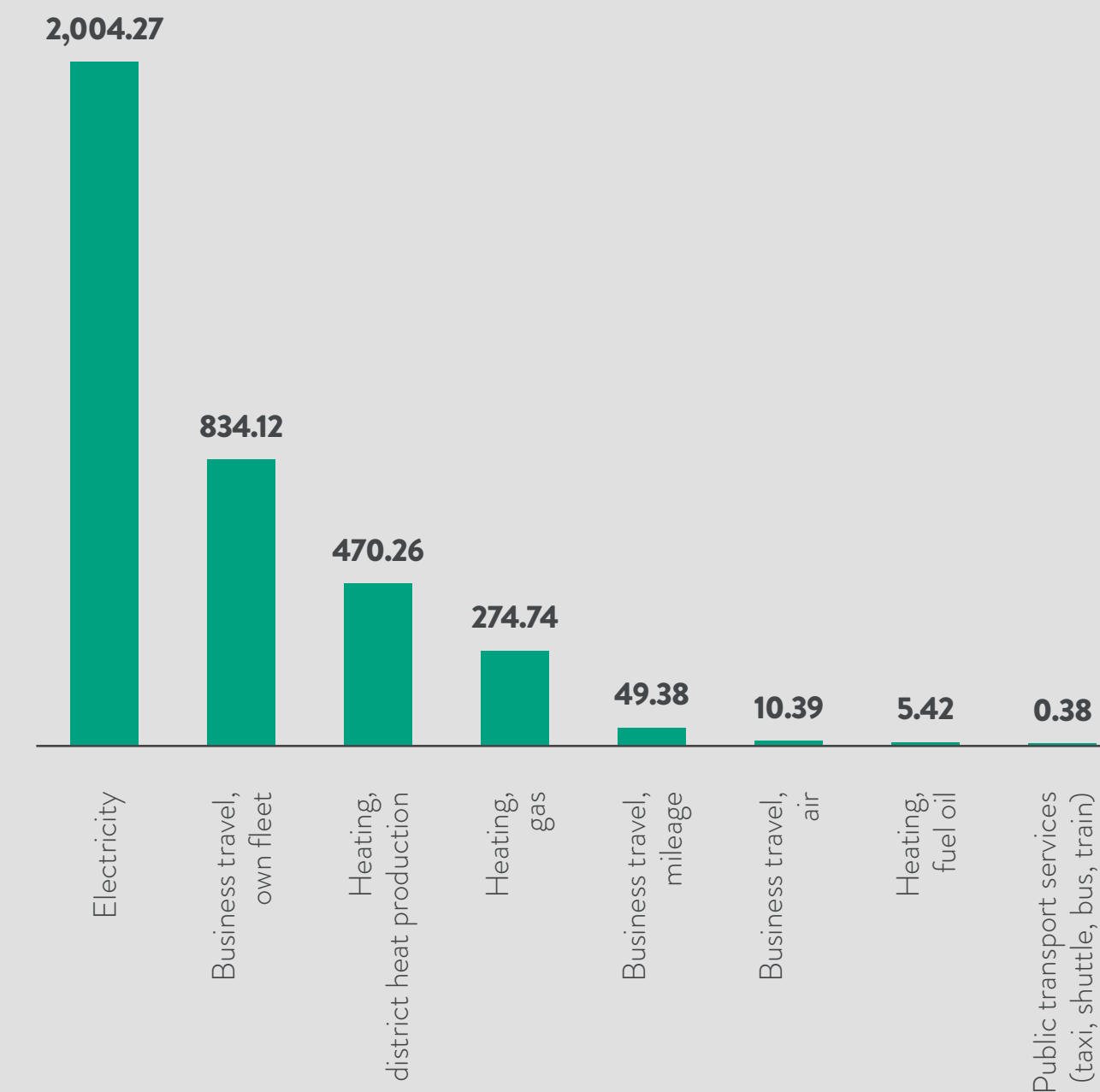
The largest source of greenhouse gas emissions in 2021 was electricity consumption (55%), followed by business travel (24%) and heating (21%); it should be noted, however, that two companies use electricity for heating.

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. Their total carbon footprint in 2021 was 7% higher than the previous year, when travel restrictions were in place and many employees worked from home. Average emissions from electricity consumption per employee in these companies increased by 5%, as well as average emissions per square metre from heating of business premises. The biggest contribution to the higher carbon footprint in 2021 was the 15% increase in emissions from business travel.

Estimated percentage of emissions from electricity consumption, heating, and business travel – Sava Insurance Group



Estimated percentage of emissions from electricity consumption, heating, and business travel – Sava Insurance Group (t CO<sub>2</sub>e)



<sup>132</sup> GRI 103-01, 103-02, 103-03, 305-01, 305-02, 305-03.



## 14.7 Reporting under Regulation (EU) 2020/852 in conjunction with Delegated Regulation (EU) 2021/2178

### 14.7.1 Non-life insurance

The Sava Insurance Group offers the following insurance coverages:

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

EUR	Gross premiums written			Net premiums earned		
	2021	2020	Index	2021	2020	Index
Medical expense insurance	10,894,787	8,618,154	126.4	8,875,579	8,007,906	110.8
Income protection insurance	2,628,428	4,067,973	64.6	2,197,660	2,890,279	76.0
Workers' compensation insurance**	23,382,419	20,482,577	114.2	22,818,609	20,435,810	111.7
Motor vehicle liability insurance	127,700,580	133,985,565	95.3	123,475,030	135,518,450	91.1
Other motor vehicle insurance	135,424,687	127,039,777	106.6	128,913,705	123,767,411	104.2
Marine, aviation and transport insurance	14,942,917	21,188,419	70.5	14,312,756	15,418,427	92.8
Fire and other damage to property	174,039,022	167,349,148	104.0	144,998,489	136,147,404	106.5
Assistance	19,449,450	16,732,851	116.2	18,328,700	16,797,810	109.1
<b>Total (1-8)</b>	<b>508,462,290</b>	<b>499,464,464</b>	<b>101.8</b>	<b>463,920,528</b>	<b>458,983,497</b>	<b>101.1</b>
Other non-life	38,188,872	46,473,705	82.2	27,862,348	30,169,915	92.4
<b>Total non-life</b>	<b>546,651,162</b>	<b>545,938,169</b>	<b>100.1</b>	<b>491,782,876</b>	<b>489,153,412</b>	<b>100.5</b>
Life insurance	183,247,246	133,811,136	136.9	182,427,208	133,305,267	136.8
<b>Total</b>	<b>729,898,408</b>	<b>679,749,305</b>	<b>107.4</b>	<b>674,210,084</b>	<b>622,458,679</b>	<b>108.3</b>

\* Included are gross premiums written or net premiums earned of Group insurers, and those of the reinsurer relating to non-Group business.

\*\* Rating.



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

EUR	Gross premiums written		Net premiums earned	
	2021	As % of total	2021	As % of total
Medical expense insurance	10,894,787	1.99%	8,875,579	1.80%
Income protection insurance	2,628,428	0.48%	2,197,660	0.45%
Workers' compensation insurance**	23,382,419	4.28%	22,818,609	4.64%
Motor vehicle liability insurance	127,700,580	23.36%	123,475,030	25.11%
Other motor vehicle insurance	135,424,687	24.77%	128,913,705	26.21%
Marine, aviation and transport insurance	14,942,917	2.73%	14,312,756	2.91%
Fire and other damage to property	174,039,022	31.84%	144,998,489	29.48%
Assistance	19,449,450	3.56%	18,328,700	3.73%
<b>Total (1-8)</b>	<b>508,462,290</b>	<b>93.01%</b>	<b>463,920,528</b>	<b>94.33%</b>
<b>Other non-life</b>	<b>38,188,872</b>	<b>6.99%</b>	<b>27,862,348</b>	<b>5.67%</b>
<b>Total non-life</b>	<b>546,651,162</b>	<b>100.00%</b>	<b>491,782,876</b>	<b>100.00%</b>
<b>Life insurance</b>	<b>183,247,246</b>	<b>100.00%</b>	<b>182,427,208</b>	<b>100.00%</b>
<b>Total</b>	<b>729,898,408</b>		<b>686,574,317</b>	

\* Included are gross premiums written or net premiums earned of Group insurers, and those of the reinsurer relating to non-Group business.

\*\* Rating.

#### 14.7.1.1 Sava Insurance Group's activities for responsible underwriting of environmental, social and governance risks

Aware of the impact of environmental risks, the Sava Insurance Group has focused also on adopting acts that will contribute to responsible underwriting of environmental, social and governance risks in (non-life) insurance business – hereinafter “ESG-risks”.

To achieve this goal the Group adopted the guidelines (“Sava Insurance Group's guidelines for responsible underwriting of environmental, social and governance risks in non-life insurance business” – hereinafter: the Guide-

lines), designed to ensure that the Group companies act responsibly and in accordance with environmental, social and governance values when underwriting.

Grounded in established international experience the Guidelines define several key potential risk categories (e.g. risks related to mining, coal-fired power stations, extraction of oil and natural gas, construction of large hydroelectric power plants and dams, certain negative impacts of nuclear energy, tobacco production, fishing and animal husbandry, and healthcare), which guide insurance companies in assessing which ESG risks in particular to take into account when underwriting policyholders.

They are classified by their level of risk (not applicable, potential risk, potentially increased risk, etc.) and activity, e.g. mining, which allows an insurance company to assess whether underwriting represents a higher or lower level of risk. In other words, in case of increased risk, an insurance company is alerted to give it special consideration when underwriting a policy.

Along with the system of authorisations, which are to be introduced by an insurance company into its own underwriting processes based on the Guidelines (underwriting and ESG risk assessment), we will gradually develop a system of reporting on the relevant underwriting activities as well as on the measures that an insurance company has adopted or plans to adopt, with regard to the adoption of additional policies, rules, questionnaires and similar. These measures will facilitate both the policyholders and an insurance company in raising underwriting standards for these risks.

In addition to the Sava Insurance Group insurance companies, which will use the Guidelines in primary insurance business, the Guidelines also apply to Sava Re, which will ensure compliance with the Guidelines as well as observe them in individual reinsurance arrangements.



## 14.7.2 Investment

2020 saw the adoption of Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment. The Regulation establishes 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. 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 Sava Insurance Group carefully monitors the development and implementation of sustainability-related regulations and policies, and sustainability policy will play an important part in investment decision making. With this in mind, the “Sustainability investment policy of the Sava Insurance Group” was adopted in 2021, and the tables below show the estimated data on compliance of the Group’s investments with taxonomy, and exposure of the Group’s portfolio to investments on the list of excluded sectors, which are specified in the sustainability investment policy.

### 14.7.2.1 Data methodology and assessment of compliance of investments with taxonomy

Investments of national and supranational issuers and central banks are excluded from the data shown, and types of investments cover all bonds and equities. Mutual, infrastructure and real estate funds are excluded. A large

majority of the Sava Insurance Group alternative funds comply with the sustainability policy criteria. Also excluded from the data shown are companies with 500 employees or fewer, because they are not subject to sustainability reporting.

The Sava Insurance Group does not use derivative financial instruments.

Exposure to national and supranational issuers and central banks totals EUR 759,704,436.

The estimated data on compliance of investments with taxonomy are provided by Bloomberg services, and data coverage is ensured for 65.6% of the bond and equity investment portfolio of the Sava Insurance Group. This part of the portfolio is 37.4% taxonomy-aligned, and the total bond and equity investment portfolio is 24.5% taxonomy-aligned. At 21.4% the percentage of taxonomy-aligned investments is the highest in life, and the lowest in guaranteed funds. The data represent the assessed taxonomy compliance.

### Availability of assessed taxonomy compliance data

	Compliance with the taxonomy	No data available	Total
Non-life	157,195,093	115,464,935	272,660,028
Life	250,444,467	98,232,763	348,677,230
Unit-linked, guaranteed**	19,670,136	10,134,090	29,804,227
Investment portfolio*	427,309,696	223,831,789	651,141,485
As % of portfolio	65.6%	34.4%	100.0%

\* Bond and equity investments.

\*\* Guaranteed unit-linked investments include investments covering investment life insurance liabilities for which insurance companies cover the guaranteed unit value.

### Assessed compliance with taxonomy

	Compliance with the taxonomy	Compliance with the taxonomy as % of portfolio with available data
Non-life	9.4%	14.3%
Life	14.0%	21.4%
Unit-linked, guaranteed**	1.1%	1.7%
Investment portfolio*	24.5%	37.4%

Source: Bloomberg data

\* Bond and equity investments.

\*\* Guaranteed unit-linked investments include investments covering investment life insurance liabilities for which insurance companies cover the guaranteed unit value.



#### 14.7.2.2 Compliance of bond and equity investments with the “Sustainability investment policy of the Sava Insurance Group”

In 2021, the Sava Insurance Group adopted the sustainability investment policy with a list of exclusions identifying the industries in which the Sava Insurance Group would no longer invest, and reduced its existing exposure to such investments. The sustainability investment policy defines 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.

#### Value of investments aligned with the sustainability policy

31 December 2021	Value of investments aligned with the sustainability policy	Value of investments not aligned with the sustainability policy	Value of investments with insufficient data	Total
Non-life	232,879,577	12,203,997	27,576,454	272,660,028
Life	300,884,765	36,361,035	11,431,431	348,677,230
Unit-linked, guaranteed**	26,385,867	2,278,178	1,140,182	29,804,227
<b>Investment portfolio*</b>	<b>560,150,208</b>	<b>50,843,210</b>	<b>40,148,067</b>	<b>651,141,485</b>
<b>As % of portfolio</b>	<b>86.0%</b>	<b>7.8%</b>	<b>6.2%</b>	<b>100.0%</b>

\* Bond and equity investments.

\*\* Guaranteed unit-linked investments include investments covering investment life insurance liabilities for which insurance companies covers the guaranteed unit value.

#### Number of investments aligned with the sustainability policy

31 December 2021	Number of investments aligned with the sustainability policy	Number of investments not aligned with the sustainability policy	Number of investments with insufficient data	Total
Non-life	229	14	24	267
Life	351	35	19	405
Unit-linked, guaranteed**	45	5	3	53
<b>Investment portfolio*</b>	<b>625</b>	<b>54</b>	<b>46</b>	<b>725</b>

Source: Moody’s ESG Solutions (Vigeo Eiris) and own calculations.

\* Bond and equity investments.

\*\* Guaranteed unit-linked investments include investments covering investment life insurance liabilities for which insurance companies covers the guaranteed unit value.

For more information on sustainable investments and the sustainability investment policy, see section 14.3.2 “ESG investment guidelines”.



## 14.8 Key sustainable development guidelines and objectives for 2022

The first strategic period since the adoption of the first sustainable development strategy of the Sava Insurance Group expires in 2022.

Lessons learned from the outbreak of the 2020 pandemic and new experience will need to be evaluated and used as guidance and the basis for strategic decisions on sustainable development. We have also seen major shifts in regulations governing this area, and these will have a strong impact on our future development. There will be increased disclosure requirements and information will be harmonised for all market entities.

Our key guidelines and objectives for 2022 will be:

1. Integration of adopted regulations into our business operations and the establishment of an adequate reporting system  
This refers mainly to SFDR, CSRD, and taxonomy regulation with the relevant technical standards, which will require obtaining and compiling relevant reporting data.
2. Two regulations will come into force in August 2022:  
the Commission Delegated Regulation (EU) 2021/1257 amending Delegated Regulations (EU)

2017/2358 and (EU) 2017/2359 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;

The Commission Delegated Regulation (EU) 2021/1256 amending Delegated Regulation (EU) 2015/35 as regards the integration of sustainability risks in the governance of insurance and reinsurance undertakings.

3. Ensuring adequate and timely reporting in accordance with the principles of adopted international pledges UN Global Compact and PRI
4. Developing a sustainable development strategy for the next strategic period and relevant policies
5. Further integration of the ESG criteria into decision-making processes and consequently the design and improvement of a system of key performance indicators for individual business areas
6. Promotion of corporate volunteerism under the Heart for the World initiative and responsibility to the community



A clean-up campaign as part of the Heart for the World initiative in North Macedonia.



### Select Sava Insurance Group sustainability performance indicators

Sava Insurance Group	2021	2020	Index 2021/2020
<b>Environmental aspect</b>			
CO <sub>2</sub> e emissions per employee (in tonnes)*	1.51	n/a	-
Number of products that promote environmental responsibility	4	2	200
Number of claims reported online (paperless operations)	50,094	29,862	168
<b>Social aspect</b>			
Employees involved in annual performance appraisal interviews	50%	12%	417
Women as % of all employees	54%	56%	96
Employee turnover rate	17%	15%	113
Average hours of employee training	23	20	115
Number of occupational accidents	7	5	140
Number of insurance products that can be purchased online	8	3	267
Number of insurance products that promote preventative action	2	1	200
Investments in the social community – prevention, donations, sponsorships (EUR million)	4,012	3,882	103
<b>Governance aspect</b>			
Proportion of women on companies' management boards	18%	n/a	-
Economic value generated (EUR million)	767	707	108
Economic value distributed (EUR million)	680	679	100
Economic value retained (EUR million)	87	29	300

\* Based on the data collected, we carried out our first assessment of CO<sub>2</sub>e emissions in all Group companies in 2021.

### Select Sava Re sustainability performance indicators

Sava Re	2021	2020	Index 2021/2020
<b>Environmental aspect</b>			
CO <sub>2</sub> emissions per employee (in tonnes)	1.36	1.60	85
Annual electricity consumption per employee (kwh/employee)	1,371	1,570	87
<b>Social aspect</b>			
Employees involved in annual performance appraisal interviews	100%	93%	108
Women as % of all employees	65%	65%	100
Employee turnover rate	7%	10%	70
Average hours of employee training	19	19	101
Number of occupational accidents	-	-	-
Investments in the community (sponsorships, donations, prevention)	35,558	92,205	39
<b>Governance aspect</b>			
Proportion of women on the management board	25%	25%	100
Proportion of women on the supervisory board	17%	17%	100
Number of independent members on the Sava Re supervisory board	100%	100%	100