



Sustainable development policy of the Sava Insurance Group

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Pursuant to Article 2 of its rules of procedure, the management board of Sava Re d.d. adopted at its 61st regular meeting of 27 December 2022, with the consent of the supervisory board granted at its 18th meeting of 15 December 2022, the following document:

Sustainable development policy of the Sava Insurance Group

1 Preamble

This document refers to Sava Re d.d. (hereinafter: **Sava Re** or **the Company**) and functions as a reference document for subsidiaries that together with Sava Re as the parent company constitute the Sava Insurance Group (hereinafter: **the Group**).

The Sustainable development policy (hereinafter: the Policy) is adopted by the Company's management board with the consent of the Company's supervisory board.

The implementation of policy guidelines and recommendations in the Group is the responsibility of subsidiaries' management boards, which establish processes and a system of authorisations and responsibilities to ensure the realisation of the "Development strategy for the period 2023–2027", which defines key performance indicators.






The policy is aligned with the guidelines of the applicable Slovenian Corporate Governance Code for Listed Companies.

2 Aim of the policy

The purpose of the "Sustainability policy of the Sava Insurance Group" (hereinafter: **the Policy**) is to offer a regulated approach to business decision-making and practice, with the aim to create long-term value for the company, its stakeholders, and the environment in which the company operates. The Policy covers environmental, economic, social, and governance aspects, and is based on a balanced, global, and comprehensive approach.

A sustainable approach contributes significantly to building and maintaining trust among relevant stakeholders and the wider community. The Policy defines the Group's efforts to pursue business practices that are in the interest of all its stakeholders, the community, and the environment in which the Group operates. With the Policy, the Company promotes development across the integrated value chain and further develops cooperation with other relevant stakeholders.

The Policy includes guidance for the following sustainability areas:

-  management of environmental, social, and governance aspects;
-  respect for human rights;
-  sustainable operations;
-  sustainability features in the Group's products and services;
-  responsible asset and equity management.

3.1 Implementation and management of the sustainable development policy

The Policy is implemented based on the Group's strategic and annual sustainable development plans.

Strategy planning involves all Sava Re business lines and through them all of the business lines in its subsidiaries.

Strategy management means timely identification of impacts or changes in the natural and social environment, and their impacts on the Group's future business operations. At the same time, it identifies related risks and emerging opportunities.

The Group's strategy and in turn its sustainable development policy can only be implemented through a systematic approach together with defined authorisations and responsibilities at all decision-making levels.

Policy implementation and strategy management in the Group takes place in the following manner:

- S The Supervisory Board of Sava Re:** gives consent to the policy, strategic guidelines of the Group and Sava Re, and to annual plans of the Group and Sava Re, and monitors their implementation.
- S The Management Board of Sava Re d.d.:** oversees the implementation of the Group's policy and strategy, the implementation of strategic and operational goals, and establishes a system that ensures compliance with sustainability legislation and informs Sava Re's Supervisory Board thereof.
- S The manager of the sustainable development business line in Sava Re as the controlling company** is responsible for:
 - providing guidelines to business lines in preparing relevant reports,
 - coordinating between business lines and subsidiaries in preparing the sustainable development policy, strategy, and annual plans,
 - coordinating between business lines and subsidiaries in preparing relevant reports,
 - coordinating strategic and operational responsibilities between specific business functions and subsidiaries, and for setting up working groups and project teams in charge of specific sustainable development-related tasks,
 - monitoring the legislation, good practice, and topical developments in sustainable development, and for liaising with the competent business lines.
- S Business line managers** are responsible for developing and implementing the sustainable development strategy in their respective business lines, monitoring regulatory requirements for their respective areas, as well as for timely and effective compliance with regulatory requirements and the implementation of business solutions.
- S The subsidiaries' management bodies** are responsible for developing and implementing the sustainable development strategy in their companies based on the Group's sustainable development policy and strategic guidelines agreed within the Group.

Management bodies in subsidiaries are responsible for setting up an adequate system for the management of the sustainable development policy and implementation of strategic guidelines (e.g. appointment of the management board member responsible for sustainable development and/or other person responsible for coordinating sustainable development issues, establishment of working groups or project teams).

The sustainable development college in Sava Re

The sustainable development college is appointed by the Sava Re management board. As a rule, the manager of the sustainable development business line convenes the college on a monthly basis and prepares an agenda and relevant materials for the meeting. The college consists of representatives of the relevant business lines of Sava Re, who consider:

- the implementation of the sustainable development strategy and communication of strategic sustainable development guidelines to subsidiaries,
- implementation of operational and strategic goals,
- the planning of operational tasks and monitor their implementation,
- monitoring of the developing and adopted legislation on sustainable development,
- the exchange of other important information in this area.

Working groups





The Sava Re manager of the sustainable development business line sets up working groups in charge of the implementation of regulatory requirements and of agreed business solutions. The initiative for their establishment can come from the business line or representatives of subsidiaries.

Project teams

When a task extends beyond the authorisations of a working group and when the conditions prescribed by the “Rules on project management” are met, the management board issues a resolution for the setting up of a project team. Depending on the objectives set for the project, the members of the project team may be representatives of Sava Re business lines and/or representatives of subsidiaries.

3 Fundamental policy guidelines

Group companies strive to be seen by their stakeholders as:

-  credible and socially responsible partners,
-  socially responsible asset and equity managers,
-  responsible and attractive employers,
-  socially responsible towards the wider community.

In pursuing its fundamental guidelines, the Group seeks maximum compliance to the greatest extent possible with:

- the United Nations sustainable development goals, i.e. Agenda 2030, whereby it focuses its decision-making on pursuing and achieving two goals in particular:
 - goal 3: Good health and well-being – by promoting a healthy lifestyle and the well-being of people of all ages. We pay special attention to the needs and interests of our customers (especially by offering suitable insurance and financial products and services);
 - goal 13: Climate action – take action to combat climate change and its impacts;
- international commitments:
 - The UN Global Compact, which consists of ten principles for responsible corporate governance in the areas of human rights, labour standards, the environment, and anti-corruption;
 - UN PRI with its six principles that support investors in responsible investment decision-making.

A sustainable approach makes important contributions to building and maintaining trust with relevant stakeholders and the wider community.

4 Sustainable business practice guidelines

4.1 Management of environmental, social, and governance aspects

4.1.1 Responsible, credible, and ethical corporate governance

Group companies have a transparent organisational structure with defined and consistent internal relationships based on the responsibilities and competences under the governance system, which in turn is based on an effective risk management system.

Responsibilities and competences in the governance system are presented in more detail in the “Corporate governance policy of the Sava Insurance Group”, with an emphasis on:

- the distribution of responsibilities, competences, and powers among the governance bodies, which are obliged to act in compliance with laws and other regulations, the articles of association, and internal rules,
- risk management,
- the presentation of corporate values and the code of ethics with a commitment to identifying conflicts of interests and assessing the independence of management and supervisory bodies, and of key functions and other responsible persons in accordance with the Company’s policies,
- fit and proper assessments of management and supervisory bodies and of key functions in accordance with the Company’s policies,
- the internal control system, and
- supervisory procedures aimed at ensuring transparent and effective governance with governance bodies of Group companies, business function holders, and key function holders.

In addition to the above, the Company has established frameworks that provide for the **diversity** of the management and the supervisory boards; the established **remuneration system** is competitive, transparent, and internally fair, and is based on ethical and sustainable practices and business operations. Any direct or indirect discrimination in this framework is prohibited.

4.1.2 Socially responsible to the environment

The companies of the Group are strongly embedded in the environment in which they operate, and monitor and identify challenges in the social and natural environment.

4.1.2.1 Responsibility to the natural environment

Pursuing the goals to the maximum extent possible of the Paris Agreement and the European Green Deal, the Group closely monitors environmental challenges and is particularly focused on the risks associated with greenhouse gas emissions and global warming.

With the aim to introduce environmentally-friendly practices and to phase out energy- and carbon-intensive solutions, the Group joint the efforts to reduce the greenhouse gas footprint with an elaborate strategy that defines the goals, commitments, and an action plan.

Responsibility to the natural environment also underlines the “Sustainability investment policy of the Sava Insurance Group” and the “Sava Insurance Group guidelines for the responsible underwriting of environmental, social, and governance risks in non-life insurance”.

4.1.2.2 Responsibility to society and local communities

Through ongoing and mutual communication with customers and the wider community the Group and its subsidiaries identify the needs and potentials of specific local communities. This allows them to identify the projects that are to receive financial support through sponsorship and donations, with an emphasis on preventive projects and activities, which are particularly important for the insurance industry.

4.1.2.3 Corporate volunteerism – Heart for the World initiative

Group employees take part in wider social actions, focusing in particular on assisting disadvantaged social groups with active, ongoing participation in voluntary projects designed to help an array of organisations and institutions. Voluntary activities take place in the framework of the so-called Heart for the World initiative, which serves as an incentive for all Group employees to act responsibly toward people and the natural environment.

4.1.3 Ethical standards

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 also adopted by the Group’s subsidiaries and all employees are recommended to adhere to the Code, promoting it through their relationships with those stakeholders with whom they enter into partnerships. The general principles of the “Code of Ethics” represent the fundamental values of the Group, and include: fairness and compliance of business operations, transparency, the prevention of money-laundering and the financing of terrorism, and the prevention of the restriction of competition.

The Group has defined the principles and adopted guidelines regarding conflicts of interests in its corporate bylaws. Its goal is to identify, prevent, and manage the impacts of conflicts of interest that may arise in the performance of tasks and duties in the Company and the Group’s subsidiaries.

The oversight procedures aimed at preventing the risk of corruptive, unethical, or other illegal acts, or lack of integrity arising from the Company's business operations, its subsidiaries, suppliers, and contractors, are implemented predominantly via management bodies in Group companies, business function holders, and key function holders.

The Group monitors and assesses the impacts of the use of artificial intelligence and other new technologies on all stakeholders, and seeks to ensure that they are used fairly, responsibly, sustainably, and transparently, and cause no harm.

4.2 Respect for human rights

The Group has integrated respect for human rights in its operations in accordance with international conventions and applicable legislation, in particular:

- S** in the framework of corporate governance by adopting and implementing rules on the diversity of members of management and supervisory bodies,
- S** in human resources management by adopting and implementing internal rules on respecting a person's dignity and integrity, and on the prevention and elimination of psychosocial risks in the workplace,
- S** in the procurement of goods and services by screening suppliers or service providers with relevant questionnaires and by checking their references,
- S** in non-life underwriting by complying with the "Sava Insurance Group guidelines for responsible underwriting of environmental, social, and governance risks in non-life insurance",
- S** by introducing the principles of the UN Global Compact,
- S** in relation to customers as individuals by adopting and implementing internal rules on privacy and the protection of personal data.

In order to establish a single personal data protection standard, the Group adopted the "Privacy and personal data protection policy". This policy is implemented through the honest and transparent processing of the personal data of customers, employees, and other individuals at all levels of operations. Each Group company appoints an authorised personal data protection officer, and together they constitute the College of authorised data protection officers, which is the Group's expert consultative body.

4.3 Sustainability aspects in the Group's products and services

When developing new or introducing changes to the existing products and services in:

- S** non-life insurance,
- S** life insurance, and
- S** pension insurance




the companies performing insurance and reinsurance business in the Group assess direct or indirect sustainability-related impacts on the environment, society, or issues relating to employees and respect of human rights.

In the process of approving any type of insurance products, in terms of distribution, determination of the target market, management, and control of insurance products, the companies referred to in the previous paragraph take into account sustainability factors and goals, and perform said activities in compliance with local regulations.




In the process of distributing any type of the insurance products under the first paragraph, they provide to customers, in accordance with applicable regulations, pre-contractual disclosures with transparent information on sustainability factors, with zero tolerance for *greenwashing*.

The Group companies underwriting insurance and reinsurance risks comply with the “Sava Insurance Group guidelines for responsible underwriting of environmental, social, and governance risks in non-life insurance”.

All companies promote efforts aimed at the healthy lifestyle and well-being of all at all ages as well as efforts aimed at compliance with other sustainability goals, and develop a comprehensive offer of products that complement the above-mentioned insurance services, in particular with:

-  financial products,
-  assistance services, and
-  health services.

Irrespective of the above, all Group companies establish and maintain:

-  reliable relations with stakeholders,
-  quality process management,
-  high ethical standards in business operations.

4.4 A socially responsible asset and capital manager

The Group regulates the sustainable approach to investing with the “Sustainability investment policy of the Sava Insurance Group”, which defines how the environmental, social, and governance aspects are integrated into investment decisions.

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 Group believes that certain industries do not share its ambition to invest responsibly and sustainably and are therefore excluded from its investment options.

The Group companies regularly monitor compliance of their investments and implement measures in accordance with the “Sustainability investment policy of the Sava insurance Group”.

The Group companies that offer financial products adopt their strategic plans for the development and management of sustainable financial products in accordance with the Group’s sustainability guidelines.

4.5 Sustainable operations

4.5.1 A responsible, reliable, and credible partner to its stakeholders

The Group establishes and builds an open relationship with its stakeholders, and monitors their interests and needs, which it satisfies and monitors at the strategic and operational levels. Trust and mutual understanding with individual stakeholder groups is thus strengthened on the basis of fair and balanced communication and inclusion.

The most important stakeholder groups are:

- S customers (the insured, policyholders, injured parties, retrocessionnaires, investors in pension and mutual funds, users of assistance and health services),
- S employees,
- S the external sales network (insurance agencies, insurance and reinsurance intermediaries, banks, and other business partners in sales, such as technical inspection providers and tourist agencies),
- S suppliers of materials and services, e.g. towing and repair services or damage assessment centres, etc.,
- S shareholders and prospective investors in Save Re shares,
- S regulators,
- S credit rating agencies,
- S media,
- S wider social communities.

To identify priority content and ensure that the information provided to the interested parties and stakeholders is material for them, activities are carried out such as surveys, meetings, market research, etc., which reveal interests and the needs for information.

As a responsible partner the Group assesses the impact of its business decisions on the relationship with a particular stakeholder group, while keeping track of the developments in its environment and assessing their impact on its sustainable development business plans, and in turn on its business performance.

The Group makes public disclosures relating to important sustainable development issues, the methods of cooperation with stakeholders, and implemented activities in the annual sustainable development plan.

4.5.2 Responsible and credible work process management

The Group builds its credibility by implementing and developing effective, customer-friendly, and transparent business processes with clearly defined responsibilities and authorisations of process providers.

By designing its processes in this manner, it facilitates the implementation of the sustainable development policy across the entire value chain and additionally enhances cooperation between the Group companies and other relevant stakeholders.

Process optimisation involves in particular digital transformation, where the Group focuses on satisfying customer needs and expectations.

When establishing and optimising processes, it facilitates paperless operation, increases its energy-efficiency, reduces waste, organises remote meetings to reduce the number of business trips, and encourages working from home when the nature of work so allows.

4.5.3 A socially responsible and attractive employer

The Group provides for a positive and stimulating work environment, while strictly complying with labour legislation and collective agreements and taking account of employees' status and their treatment in general.

It strives to recruit and retain best talent and provides for their development and training. It develops systems for effective employee management and motivation, and in the process identifies engaged employees. Develops collective agility by developing new agile work patterns, by promoting a modern organisational culture, and ensures a safe, diverse, and sustainable work environment.

By carefully planning and implementing their communication strategy the Group and the Group's subsidiaries build and maintain a reputable employer brand.

The Group promotes a culture of sustainability based on values such as the focus on diversity, equality, inclusion, and the well-being of employees.

4.5.4 Promotion of innovations for sustainable business

Group companies promote a culture of sustainability through various forms of training and by raising employees' awareness of environmental and social issues, and of sustainable development goals. All companies participate in corporate volunteerism activities with the Heart for the World initiative.

Group companies also (formally or informally) establish systems for collecting proposals for process improvements and improvements in the product and services offer. Proposals are aimed at improving processes with paperless operations, increased energy efficiency, waste reduction, or by improving existing or developing new products with integrated sustainability factors.

4.5.5 Consumer protection

When offering, selling, or otherwise marketing their products and services all Group companies operate in line with the national laws and regulations.

When handling customer complaints, Group companies abide by the rules and procedures on complaint resolution, which comply with local legislations and regulators' guidelines.

4.5.6 Tax policy

As a socially responsible organisation the Sava Insurance Group:

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

In the strategy period 2023–2027 the Group will develop “The Sava Insurance Group tax policy”, which will be available on its website.

4.5.7 Responsible management of information security and cyber risks

The Group and its information security committee monitor, assess, and manage in particular those risks arising from the management of large volumes of data in cyber environments, including business data, and personal customer and employee data. Aware of the rapid changes in cyber environments, it duly protects information and data on all its stakeholders, and does so by setting up and maintaining relevant technical and organisational solutions, and by developing and educating its employees.

5 Sustainability risk management

The Group has established a risk management system based on the three lines of defence model, and has integrated sustainable risk management into this system.

In the framework of this system the Group identifies, assesses, monitors, and manages short-term and strategic risks related to sustainable development with regard to qualitatively and/or quantitatively defined goals in terms of the time limits set on their realisation.

The risk management function is responsible for setting up effective risk management processes and for coordinating of the risk management processes already in place in the Group, as well as for the appropriate integration of sustainability risks in these processes.

The Group assess sustainability risks also in the framework of regular reporting on these risks (risk report, ORSA report, the Group's solvency, the financial condition report, and other reports).

6 Sustainable development planning and reporting

In its strategic plan the Group qualitatively and quantitatively defines the main sustainable development goals.

The Group periodically reports on the activities and progress in sustainable development in its annual sustainable development report, which is an integral part of the annual business report, and in other periodic reports in accordance with the law and adopted international commitments in order to provide for the timely and straightforward communication of the Company's sustainability indicators.

The annual sustainability report complies with the international GRI (Global Reporting Initiative) standards and is available on the Company's website.

The Group also makes public disclosures in accordance with legislative requirements and other commitments.

7 Transitional and final provisions

This Policy constitutes a reference document for designing policies in the Group's companies.

Adjustments and deviations from framework policies of the Group are documented and reported in line with the procedure of adopting and reviewing policies in the Group, as set out in the Group governance policy.

This Policy becomes effective upon adoption by the Management Board and applies from 1/1/2023.

The administrator of this Policy reviews, on an annual basis, its compliance with business strategy, the corporate governance policy, other policies in the Company's governance system and other internal documents, legislation, and other regulations.

This document is to be posted on the Company's website (www.sava-re.si) in both Slovenian and English.

Group companies shall align their bylaws and processes with the Policy within one year of its adoption.

Ljubljana, 12/27/2022

The Management Board of Sava Re d.d.

Marko Jazbec,
Chairman of the Management Board

Polona Pirš Zupančič,
Member of the Management Board

Peter Skvarča,
Member of the Management Board