

# 13 Sustainable development in the Sava Insurance Group

2020–2022

Sustainable development strategy adopted

**Sustainable development is one of Sava Insurance Group’s fundamental strategic orientations for 2017–2019 and the next strategic period. Sustainable development, i.e. corporate social responsibility, is a growing and increasingly important aspect of decision-making in all business segments.**

These efforts are reported in accordance with the international sustainability reporting standards Global Reporting Initiative (GRI) (Core option); the report provides a straightforward and honest overview of the character, values and strategic pursuits of the Company and the Group as a whole<sup>77</sup>.

In accordance with the GRI standards the Sava Insurance Group sustainability report 2019 analyses three aspects: economic, social and environmental.

### The essential contents of the Sava Insurance Group sustainability reporting<sup>78</sup>

<b>Economic aspects (GRI 200)</b>	Economic performance Market presence Indirect economic impacts Procurement practices Prevention of corruption
<b>Social aspects (GRI 400)</b>	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
<b>Environmental aspects (GRI 300)</b>	Waste disposal policy Energy Supplier assessment Emissions

<sup>77</sup> GRI 102-54, 102-51  
<sup>78</sup> GRI 102-47  
<sup>79</sup> GRI 102-46  
<sup>80</sup> GRI 102-45, 102-50, 102-52  
<sup>81</sup> GRI 102-55  
<sup>82</sup> GRI 102-48, 102-49  
<sup>83</sup> GRI 102-56

### About the report<sup>79</sup>

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 is prepared by Sava Re specialist services and all subsidiaries. The consolidated annual report incorporates all legal entities constituting the Sava Insurance Group<sup>80</sup>.

Sustainability reporting is integrated in individual sections of the annual report. Disclosures are specially indicated with interactive references. The section “Sustainable development in the Sava Insurance Group” provides disclosures and other specific 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 strategy.

The data on sustainable operation of the Group was 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>81</sup> at the end of 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>82</sup>.

Sava Re did not seek external assurance of the sustainability report in 2019<sup>83</sup>.



The 2030 Agenda for Sustainable Development, adopted at the United Nations Summit in September 2015, brings together 17 sustainable development goals in a well-balanced scheme.

## Non-financial statement

With the non-financial information reported in accordance with the GRI standards, the annual report of the Sava Insurance Group and Sava Re d.d. for 2019 complies with the

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, and with the Companies Act.

## 13.1 Sustainability as part of the strategy

In its strategic plan for the period 2017–2019, the Sava Insurance Group incorporated sustainable development as one of its key pursuits and made a commitment to make it an integral part of the business processes in this period. As evident in the report, the guidelines were followed in some areas, whereas in others the sustainable aspect is still being implemented. Business models for sustainable development and criteria for monitoring sustainable development indicators have not yet

been established everywhere, and the 2019 non-financial report does not yet allow for comparative analysis in all areas, but in some cases it presents data and facts consistent with the reporting principles.

As sustainable development remains one of our priorities in the next strategic period 2020–2022, we have prepared and adopted the “Sustainable development strategy” in cooperation with all Group subsidiaries.



Employees of subsidiaries Illyria, Sava Osiguranje (Montenegro) and of both North Macedonian subsidiaries also participated in blood drives in 2019.

The upcoming strategic period will thus centre around:

- the focus on the United Nations Sustainable Development Goal “Good health and well-being” – in 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 dialogue with different 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, which we are gradually and systematically integrating into the decision-making processes in the Group;
- adoption of key performance indicators and systematic measurement of the realisation of sustainable development goals;
- corporate actions and further promotion of corporate social and environmental responsibility.

All subsidiaries appointed their sustainable development owners responsible for the implementation of the sustainable development strategy and coordination of the tasks agreed.



### 13.1.1 Sustainable development strategy for the period 2020–2022

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

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

We will pursue this goal by supplying transparent and comprehensible products over a wide sales network with a well-trained sales force, through transparent and effective processes (business digitalisation). This will contribute to improved customer satisfaction and will boost satisfaction, innovation and motivation among our employees.

## 13.2 Stakeholder engagement<sup>84</sup>

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

Key stakeholder groups are a dynamic and constantly evolving category, with new stakeholder groups forming as the Sava Insurance Group develops and grows, and with them also the need for new information and communication channels. To this end, Sava Re organised workshops with members of specialist services in subsidiaries, in which we reidentified groups of stakeholders who play key roles in ensuring the ongoing health and success of the Sava Insurance Group.

At the same time we highlighted and discussed 17 key topics that had been recognised as important in our previous cooperation with stakeholders and as such as defining for the Sava Insurance Group strategic policy.

In the reporting period 2019 we thus, for the first time, directly engaged our key stakeholders in compiling the sustainability report, by asking them to participate in an online survey. This time, the groups of respondents were defined by Sava Re and Zavarovalnica Sava, but the plan is to engage all subsidiaries in the next sustainability reporting.



Subsidiary professional staff and sustainable development coordinators discuss the objectives of sustainable development and the larger strategic focus of the Group in a workshop.

Group sustainable development  
**Strategy**



health and well-being

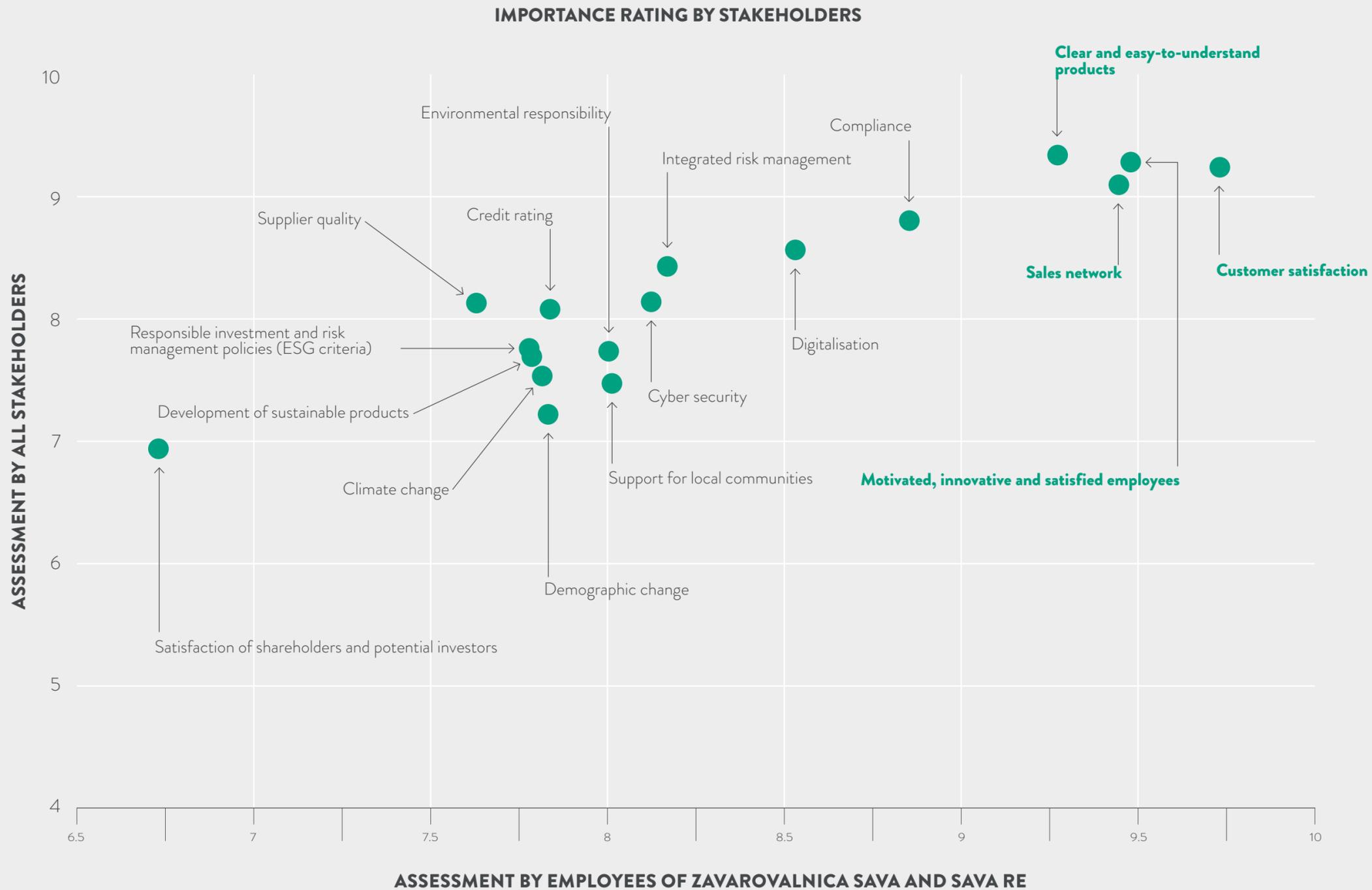
The topics and their materiality are shown in the graph to the right. The most important topics are:

1. customer satisfaction;
2. products that are transparent and easy to understand;
3. motivated, innovative and happy employees;
4. sales network.

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

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. Additionally, we seek out opportunities to simplify access to information and opinion sharing, making use of information technology, which is unconstrained by time and space.

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



Stakeholders	Type of involvement	Objectives	The most important activities in 2019
<b>Sava Insurance Group employees</b>	<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>Two strategic conferences annually with representatives of all subsidiaries*</li> <li>Ongoing dialogue with employee and trade union representatives*</li> <li>Events, conferences, lectures, 24 in 2019*</li> </ul> <p>(more in the section "Responsibility to employees")</p>
<b>Customers include:</b> <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-long ongoing communication across the sales network*</li> <li>Interactive chats – on web pages*</li> <li>Twice yearly presentation brochure for cedants*</li> </ul> <p>(more in section "Responsibility to employees")</p>
<b>External sales network consisting of:</b> <ul style="list-style-type: none"> <li>insurance agencies</li> <li>insurance intermediaries</li> <li>banks</li> <li>business partners such as vehicle inspections, tourist agencies</li> </ul>	<ul style="list-style-type: none"> <li>Regular visits</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> </ul> <p>(more in section "Responsibility to employees")</p>
<b>Suppliers (services and materials)</b>	<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>Invitations to tender and supplier selections</li> </ul> <p>(more in section "Responsibility to employees")</p>
<b>Shareholders and prospective investors in POSR shares</b>	<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</li> <li>In 2019 there were 32 public notifications on the SEOnet system.</li> <li>Dividend payouts in June 2019</li> <li>Agreement on the provision of market-making services for the POSR share</li> </ul>
<b>Regulatory</b>	<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 Competition Protection Agency (CPA)</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with legislation</li> <li>Transparency of operations</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>
<b>Credit rating agencies</b>	<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>
<b>Media</b>	<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>The Sava Insurance Group had 1337 mentions in the media in 2019.</li> <li>Meeting at the press conference upon the publication of unaudited Company and Group results</li> </ul>
<b>Communities</b>	<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>

\* Data for Sava Re.

## 13.3 Economic aspect<sup>85</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.

EUR million	Sava Insurance Group				
	2019	2018	2017	2016	Index 2019/2018
<b>Other economic impacts</b>					
<b>Economic value generated*</b>	<b>620.5</b>	<b>567.3</b>	<b>519.8</b>	<b>516</b>	<b>109.4</b>
<b>Economic value distributed</b>	<b>647.0</b>	<b>560.9</b>	<b>508.8</b>	<b>475</b>	<b>115.3</b>
Net claims incurred and other technical expenses	421.5	344.1	313.6	285.7	122.5
Expenses for financial assets	6.1	9.6	11.9	8.6	63.6
Other expenses	4.6	2.9	2.8	2.5	158.7
Operating expenses**	111	102.8	87.7	90.7	107.9
Dividend payouts	14.7	12.4	12.5	12.4	118.7
Income tax expense	10.5	12.2	8.8	7.8	86.1
Investments in the social community (prevention, donations, sponsorships)	4.2	3.8	3.2	3	109.7
Employee payments, allowances and benefits	74.5	73.1	68.4	64.4	101.9
<b>Economic value retained</b>	<b>-26.6</b>	<b>6.3</b>	<b>11</b>	<b>41</b>	<b>-419.0</b>

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

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

Distributed economic value, as follows from the table, amounted to EUR 647.0 million in 2019. 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.

### 13.3.1 Sponsorship, donations and preventive actions<sup>86</sup>

Investing in prevention programmes reduces risks. Such programmes have a significant economic and social impact on the insurance

industry and are also prescribed by legislation (for more information see section 13.4 “Social aspect”).

#### Resources allocated to prevention

EUR	2019	2018	Index	As % of total in 2019
Zavarovalnica Sava	288,300	289,035	99.7	53.8%
Sava Neživotno Osiguranje (Serbia)	98,702	139,459	70.8	18.4%
Sava Osiguranje (Montenegro)	149,255	137,055	108.9	27.8%
<b>Total</b>	<b>536,257</b>	<b>565,549</b>	<b>94.8</b>	<b>100.0%</b>

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 contribute to

the general well-being also by supporting culture and education programmes and professional associations, and by helping the underprivileged groups in organising their activities.



Children present their views on life with the song and dance improvisation “Life is a Circus” at the music and dance performance “Committed to Steps” of Zavarovalnica Sava.

<sup>85</sup> GRI 103-01, 103-02, 103-03, 201-01

<sup>86</sup> GRI 201-01, 203-02

Zavarovalnica Sava contributed the most resources for sponsorships and donations provided by the Group (find out more in section 13.4 “Social aspect”)

### Sponsorships

EUR	2019	2018	Index	As % of total in 2019
Sava Re	5,000	12,524	39.9	0.2%
Zavarovalnica Sava	2,377,543	2,207,416	107.7	93.3%
Sava Pokojninska	12,376	11,150	111.0	0.5%
Sava Infond	36,317	35,238	103.1	1.4%
TBS Team 24	9,336	4,500	207.5	0.4%
Sava Životno Osiguranje (Serbia)	300	-	-	0.0%
Sava Neživotno Osiguranje (Serbia)	48,912	14,760	331.4	1.9%
Illyria Life	1,500	-	-	0.1%
Illyria	-	1,500	-	0.0%
Sava Osiguranje (Montenegro)	12,841	5,460	235.2	0.5%
Sava Osiguruvanje (North Macedonia)	41,998	8,074	520.2	1.6%
Sava Penzisko Društvo	1,855	-	-	0.1%
<b>Total</b>	<b>2,547,977</b>	<b>2,300,622</b>	<b>110.8</b>	<b>100.0%</b>

### Donations

EUR	2019	2018	Index	As % of total in 2019
Sava Re	24,750	15,320	161.6	2.3%
Zavarovalnica Sava	919,973	841,346	109.3	85.7%
Sava Pokojninska	9,200	8,150	112.9	0.9%
Sava Infond	13,500	20,410	66.1	1.3%
TBS Team 24	-	-	-	-
Sava Životno Osiguranje (Serbia)	-	320	-	-
Sava Neživotno Osiguranje (Serbia)	14,920	2,184	683.1	1.4%
Illyria Life	816	447	182.6	0.1%
Illyria	913	500	182.7	0.1%
Sava Osiguranje (Montenegro)	26,384	41,787	63.1	2.5%
Sava Osiguruvanje (North Macedonia)	2,358	22,750	10.4	0.2%
Sava Penzisko Društvo	60,061	2,370	2,534.2	5.6%
<b>Total</b>	<b>1,072,875</b>	<b>955,584</b>	<b>112.3</b>	<b>100.0%</b>

### 13.3.2 Infrastructure investments<sup>87</sup> and investment property

When investing, Sava Re and Zavarovalnica Sava adhere to the ESG (environmental, social, governance) principles 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 not the only criterion; sustainable impact is another factor that plays a pivotal role in investment decisions. 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 (green bonds). We do not make investments in nuclear energy, net fishing, production or trade in illegal products or services, or in products and services that (potentially) harm people or the environment. In addition, we no longer invest in military industries, the tobacco industry, adult entertainment or gambling. From the end of 2018, investments in green bonds, which totalled EUR 19 million, increased by EUR

6.4 million and reached EUR 25.4 million. These are bonds of supply and energy companies, as well as government bonds and bonds issued by financial institutions. What they all have in common is that the funds collected through the issue of bonds, finance projects and investments that meet criteria such as the ESG standards.

Sustainability criteria are the most effectively integrated in infrastructure investments. In the past, compliance with ESG standards was one of the key selection criteria, but in the past year we tightened the criteria, and non-compliance with the ESG guidelines now constitutes ground for exclusion when making decisions on investments in infrastructure funds and direct infrastructure projects. Currently, all infrastructure funds in the portfolio meet the ESG criteria, which has a positive impact on the environment and society, and some of them explicitly target infrastructure projects that involve renewable energy sources.

In 2019, we provided capital commitments of EUR 25.5 million for four different infrastructure funds and one direct investment in energy efficiency solution for a school gym in the amount of EUR 107 thousand. All these funds meet the ESG criteria, with one of them investing exclusively in renewable energy sources in developing countries.

The Sava Insurance Group invested EUR 5 million in real estate funds and provided additional EUR 5 million in capital commitments. Real estate funds plan to reduce their energy, water and waste consumption by 10% by 2025; they are working to gain environmental certifications such as LEED, BREEAM in HQE, or pursue sustainable goals, including greenhouse gas reduction, which they regularly report on to the Carbon Disclosure Project (CDP).

In 2020, we plan to continue investing in renewable energy sources and energy efficiency projects, and tap into the potential of green bonds to strengthen our portfolio. In the strategic period 2020–2022 we decided to uphold the UN Principles for Responsible Investment (PRI), in the framework of which we will further develop the sustainability assessment methodology for investments.

In 2019 we saw an increase in losses due to natural disasters in Sava Re's international reinsurance portfolio, the most notable being two typhoons in Japan (Faxai, EUR 2.7 million, and Hagibis, EUR 5 million) and the tropical storm Dorian in the Caribbean (EUR 2.3 million).

In 2019, Zavarovalnica Sava measured a moderate level and frequency of storms, much like in the two and three recent years. In these terms, 2019 could even be defined as a more favourable year. Catastrophes (storm, hail, flood) accounted for 12,148 claims (+13%) totalling (claim payments and provisions) EUR 10.4 million, which was slightly less (-5%) than the year before.

As for other subsidiaries, 2019 did not stand out in terms of weather phenomena and related claims.

step towards the promotion of sustainability in partner relationships within the procurement process. When updating their internal acts governing the business procurement process, the companies in North Macedonia and Montenegro also integrated the mechanisms for monitoring suppliers' sustainability using questionnaires for high value purchases.

Group companies' suppliers are mainly providers of consulting services, IT tool maintenance and upgrading, office supplies, small tools, computer hardware, software and similar, and company cars. Recycled paper was included in Sava Re's stationery supply. The nature of business and the need to establish long-term partnerships in their own community require all Group companies to cooperate with local suppliers. The local market of an individual Group member represents the total geographical area of the country in which it is registered<sup>93</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.

The goal of the Group's purchasing policy is also to set up a joint list of suppliers in order to create synergies in the quality of goods, by building trust between partners and securing favourable commercial conditions. The first initiatives are limited to the local markets and strategic suppliers.

EUR million	31 Dec 2018			31 Dec 2019		
	Commitment*	Calls	Total	Commitment*	Calls	Total
Infrastructure funds	17.4	5.0	22.4	29.8	20.1	49.9
Real estate funds	5.0	0.0	5.0	5.0	5.0	10.0
Direct infrastructure projects	0.0	0.0	0.6	0.0	0.0	0.6
Green bonds	0.0	0.0	19.0	0.0	0.0	25.4

\* Off balance sheet

### 13.3.3 Risks and opportunities arising from climate change<sup>88</sup>

Globalisation and previously unimagined technological development have changed all our lives. Human activity, our growing need for energy supply through fossil fuels, and increasing greenhouse gas emissions are the main causes of climate change and have a visible impact on the environment. Measurements across the world provide evidence that the Earth is becoming warmer and glaciers smaller, while higher temperatures and increased evaporation drive the frequency and intensity of extreme weather phenomena (heat waves, droughts and storms), thus changing regional precipitation and climate patterns.

The insurance sector as the industry that offers insurance protection from natural disasters, thus faces the challenge of managing additional risks defined as the result of human activity in the last century, in particular the excess of greenhouse gasses in the atmosphere and intensive land use.

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, which is why we integrated sustainable development into our strategic plan 2017–2019 as one of its main orientations, while our main efforts remain focused on limiting exposure to the industries and sectors that play a big part in adding to environmental burdens.

<sup>88</sup> GRI 103-01, 103-02, 103-03, 201-02

<sup>89</sup> GRI 102-09, 103-01, 103-02, 103-03, 204-01, 308-01

<sup>90</sup> GRI 205-01

<sup>91</sup> GRI 205-01

<sup>92</sup> GRI 414-01

<sup>93</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 takes into account also a number of other internal acts defining procedures and other instructions, for example: the fleet management policy in the Group, rules on procurement, use and maintenance of company vehicles, systemic procurement procedure in the Sava Insurance Group, rules on company mobile phones and devices, and similar.

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



The new business premises in Montenegro boast a new energy-efficient heating and cooling system.

### 13.3.4 Financial assistance received from government<sup>94</sup>

The Group companies received no financial assistance from the government in 2019.

#### Definition of other government incentives

In 2019, Sava Re claimed a reduction in the payment of employer's contributions for pension and disability insurance for employing persons younger than 26 years of age for indefinite periods, namely for the first two years of employment. The company was entitled to a 50% refund on employer's contributions for pension and disability insurance for the first year of employment and up to 30% on contributions for pension and disability insurance for the second year. The total value of these refunds amounted to EUR 2,025 (2018: EUR 2,119).

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 the employees who have joined the pension scheme. Thus, it is entitled to a reduced income tax base in 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 amounts to EUR 102,416 (2018: EUR 96,378).

Zavarovalnica Sava receives a monthly bonus for employing more employees with disabilities than prescribed by the quota and also claims exemption from paying the pension and disability insurance contributions for these employees. These incentives in Zavarovalnica Sava for 2019 totalled EUR 104,163 (2018: EUR 122,393).

In 2019, Sava Pokojninska received funds from the Public Scholarship, Development, Disability and Maintenance Fund of the Republic of Slovenia for comprehensive support to enterprises for active aging of the work force in the amount of EUR 14,600 for 7 employees. This served as the basis on which the company shaped the Strategy for better management of older workers and their upskilling.

## 13.4 Social aspect



skilled and motivated employees are essential for reaching our goals.

### 13.4.1 Responsibility to employees

In the Sava Insurance Group we are aware of our responsibility to employees. The fundamental goal of our sustainable development strategy is to be recognised by our stakeholders as a socially responsible and attractive employer in the region. Survey results also demonstrated how important satisfied, innovative and motivated employees are. All groups of the key stakeholders ranked the importance of happy, innovative and motivated employees among first three of seventeen topics (see section “Involvement of stakeholders”).

The Group is strongly committed to fostering and building honest and respectful relationships, and invests many efforts in creating a positive and creative atmosphere in its daily routine as well as in its strategic policies.

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. To achieve this we organise expert meetings for representatives of all companies at events, meetings or professional conferences, which serves as

the opportunity to exchange knowledge and skills and allows us to inform each other about results and plans. In 2019, we organised 24 events of this kind.

In the Sava Insurance Group we build and promote the culture of innovation. We organise meetings and innovation workshops, and collect proposals for improvements. Zavarovalnica Sava introduced the “Register of Continuous Improvements” which enables all employees to 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. Employees can also submit commendations, which promotes a positive attitude across the company. In 2019, the register received 25 requests.

Every year, the Montenegrin company Sava Osiguranje organises a competition for the most innovative proposals. These are reviewed by the appointed committee, which is also responsible for their implementation. Awards are conferred at an award ceremony meeting with all company employees.

### Employee benefits<sup>95</sup>

All companies offer additional benefits to their employees, within their capabilities, including preventive healthcare, team building, a motivating and positive working atmosphere, work-life balance and general wellbeing in the workplace.

They organise pre-New Year’s Eve social events, teambuilding programmes, excursions, meetings, new-year gifts for employees’ children and symbolic gifts for their employees upon jubilees and other occasions.

Once a week, Sava Re offers fruit to its employees and organises four events a year dedicated to health and recreation, with sports activities, workshops or lectures.

A medical examination is available for both men and women. The Company organises social events for all employees, including new year’s parties, picnics, celebrations of employees’ anniversaries, a day off for parents of first-graders.

All Slovenia-based companies pay voluntary supplementary pension insurance premium for their employees: Sava Re, Zavarovalnica Sava, Sava Pokojninska, Sava Infond and TBS Team 24. The North Macedonian insurers Sava Osiguruvanje and Sava Penzisko also pay into the voluntary pension scheme on behalf of their employees.



Beach volleyball: one of the activities Sava Re offered its employees in 2019 promoting health at the workplace.

# Sava Insurance Group



Launch of the new brand

Companies offer additional discounts to their employees for health and other insurance, and have a collective accident insurance scheme in place for their employees.

All companies are aware how important the work-life balance is for their employees.

Zavarovalnica Sava is the recipient of the full Family-Friendly Company certificate. Zavarovalnica Sava also offers paid absence from work for employees introducing their children into kindergarten or accompanying their child on the first day of school (from the 1st to the 3rd year of elementary school), and employees returning to work after a prolonged absence are offered assistance through interviews and a work reintegration plan.

Both Kosovar companies allow nursing mothers to leave work an hour early every day until their child is two years old.

Companies also offer discounts and other benefits to their employees who wish to join sports and recreational activities, visit cultural events and preventive medical check-ups.

Zavarovalnica Sava established a special association for its agents, the Zavarovalnica Sava Top Team, and agents are invited to join it based on their fulfilling the set criteria. In 2019, the Top Team had 43 members. They were invited to three gala cultural events and two major sporting events for business partners; they attended both sales conferences organised last year and received several quality business gifts.



A family run with the message #ActiveTogether was organised in March 2019 by the subsidiaries in Serbia in cooperation with the Athletic Association of Serbia.

## 13.4.2 Responsibility to consumers<sup>96</sup>

Customer satisfaction and customer relations are at the centre of every business decision in the Sava Insurance Group. Our goal is to offer them the best user experience. Owing to the Group's growth, also in terms of new insurance companies and companies operating in complementary services, we decided to test the strength of the brand that best describes our Group.

All our companies have a common denominator: they conduct insurance business or business ancillary to insurance. For this reason, we decided that the umbrella brand Sava Re Group be replaced in all corporate documents by Zavarovalna Skupina Sava in Slovenian and Sava Insurance Group in English. The new umbrella brand was first used in the financial report January–March 2019.

In 2019, the Sava Insurance Group made the first step towards expanding its offer of ancillary insurance services to meet the needs of its customers. In so doing, the Group keeps its sights set on its sustainable development goals and socially responsible investing, which is becoming the most important investment trend of the present and the future.

In 2019, the Sava Insurance Group took over Infond and became its sole owner, which has allowed the Group to further expand and develop its asset management operations.

One of the sub-funds under the umbrella fund Krovni Sklad Infond, which is managed by Sava Infond, is also a global equity sub-fund of developed markets Družbeno Odgovorni Delniški Podsklad Razvitih Trgov, the first Slovenian fund that invests in shares based on social responsibility criteria.

In its pursuit of the United Nations sustainable development goal “Good health and well-being” the Sava Insurance Group launched, in cooperation with Zavarovalnica Triglav, activities to take over the Diagnostični Center Bled d.o.o. (Diagnostic Centre Bled), an important healthcare provider in the Slovenian market. It is a company with an established brand and more than 25 years of business tradition. The acquisition of Diagnostični Center Bled, d.o.o. is an important step for the Sava Insurance Group in implementing its strategy towards the expansion to the private healthcare market in Slovenia.

We remain true to the promise that we made to our clients in 2016 under the slogan #NeverAlone. We are honest, accurate and understandable in our communication with customers.

To manage provision of services all companies have in place rules, protocols or instructions that have a pivotal role in ensuring the quality of services 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 (e.g. in the Republic of Serbia).

### 13.4.3 Client communication and information<sup>97</sup>

The adoption of Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on the distribution of insurance products (hereinafter: IDD directive) introduced significant changes in the development cycle of insurance services, especially in terms of selling insurance products in the insurance market.

With the aim of ensuring greater transparency and comparability of insurance, enhancing consumer protection and increasing confidence in the insurance market, the Company improved transparency in the development and sale of insurance products and product information provided to customers. The fundamental principles of the directive are the transparent operation of insurance companies and other sellers of insurance products in accordance with the best interests of policyholders, and the provision of fair, clear and non-misleading information about insurance

products.

The purpose of the new directive, which has applied since 1 October 2018, is to coordinate national rules concerning access to the distribution of insurance products and is aimed at minimum harmonisation, which means that it does not preclude Member States from maintaining certain traditional methods of selling insurance products or introducing more stringent provisions in order to protect customers, provided that such provisions are consistent with this directive. The IDD directive focuses on insurance distribution from the consumer (policyholders) protection perspective and stresses in particular the central role of insurance and reinsurance intermediaries in the distribution of insurance products. The IDD was transposed to the Slovenian legislation with the Act Amending the Insurance Act (ZZavar-1A) at the beginning of 2019.



The insurance product document is a form that contains all key information about the product. A customer can review the contents of the product in detail prior to entering into the insurance contract.

Insurance product  
information  
**document**



improved  
transparency  
and easier  
comparability



Our customers are also offered access to our services through modern media and technologies, which enables them to get better acquainted with the content of the product, take out insurance, and receive instructions on how to file an insurance claim.

In 2019, Zavarovalnica Sava adopted the “Rules regulating the distribution of insurance products”, which govern such distribution in order to prevent and mitigate damage for customers, support the management of conflicts of interest and ensure that customers’ objectives, interests and characteristics are taken into account.

One of the requirements of the directive is the insurance product information document (IPID). It is a short and stand-alone form with all key information about the product (e.g. insurance cover, excluded risks, restrictions). A customer is provided with better transparency and easier comparability of products. Prior to the conclusion of the contract, the agent must also determine the suitability of the insurance product for the client, and each policyholder must sign that they are acquainted with the content of the insurance product information document and that the insurance product has been fully and accurately presented.

Zavarovalnica Sava complies with all provisions of the Consumer Protection Act and other acts governing communication of information to clients entering into investment (insurance) contracts. Applicable legal provisions and regulatory frameworks are observed also when pursuing development activities.

Therefore, every effort is made to ensure transparency, clarity and access to information both in developing new products and in client notification.

At Sava Re we are aware of the role of effective dialogue with our reinsurance customers, so we pay regular visits to our partners and take part in international (re) insurance conferences.



## Management and supervisory board diversity policy



for gender- and age-balance

To increase international brand awareness we organise training programmes (Sava Summer Seminar) in which we host our existing and prospective partners from around the world and introduce them to the topical developments in reinsurance, actuarial science, modelling and solvency-related issues.

All subsidiaries post information on their products on their websites, whereas in Serbia customers receive product information prior to signing the policy and confirm this by signing the so-called pre-contractual notification.

All Group companies communicate with their customers through various channels that are adapted to different target groups and comply with the local legislation. Customers are placed at the centre in order to build partnerships with them that will permeate all aspects of their lives. This can only be ensured through a wide range of insurance products and with services that are readily available at any time. We inform our customers and communicate with them personally as well as through modern media and technology, including websites, email, written notifications, call centres or contact phones, online chats, social networks, SMS and similar. All companies have established an expansive sales network through their branch offices that offer customers access to their services.

When advertising the Group provides relevant information on advertised 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.

## Complaint resolution

When handling policyholders' complaints, Group members abide by the rules and procedures on complaints resolution, which are compliant with the guidance issued by the European Insurance and Occupational Pensions Authority (EIOPA).

The complaints handling procedure in place in Zavarovalnica Sava is harmonised with the "Guidelines on complaints-handling by insurance undertakings" and "Report on best practices by insurance undertakings in handling complaints", which were adopted by the European Insurance and Occupational Pensions Authority – EIOPA and also comply with the statutory obligations regarding the out-of-court resolution of consumer disputes. The complaints handling system rules are laid down in the applicable "Complaints resolution rules". These rules regulate the procedure for the resolution of complaints submitted by policyholders, the insured, prospective insured, injured parties and other beneficiaries of insurance contracts regarding the misunderstandings and disputes arising from underwriting, and insurance or compensation payments, which are referred to the complaints committee. In 2019, the committee processed 2,641 complaints. Most of them concerned the amount of compensation paid, and grounds for refusal when compensation was denied.

Companies outside Slovenia also have in place internal rules, prescribed procedures and instructions for monitoring and handling complaints in accordance with the local legislation.

## 13.4.4 Fair business practices<sup>98</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 are obliged to report them to the compliance function holder. No violations of the "Code of ethics" were determined in 2019. Annual plan 2020 for the Sava Insurance Group compliance function holder envisages the renewal, i.e. updating of the "Code of Ethics of the Sava Insurance Group".

In the conduct of its business the Company also complies with the provisions of the adopted "Insurance code" to ensure business development, a professional underwriting process and business conduct. The Company's 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 the illegal and unethical conduct of its employees, compliance with legislation, rules and values as well as in the highest ethical standards. Sava Re's reference code is the Corporate Governance Code for Listed Companies adopted by the Ljubljana Stock Exchange, the Slovenian Directors' Association and the Managers' Association of Slovenia on 27 October 2016.

At the end of 2017, Sava Re also adopted a policy on the diversity of the management and supervisory boards of Sava Re d.d., which governs and preserves, inter alia, the gender- and age-balance of all board members<sup>99</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. No such cases were reported in 2019.

<sup>98</sup> GRI 102-16, 103-1, 103-2, 103-3, 205-1, 205-3, 419-01

<sup>99</sup> GRI 405-01

## Code of ethics of the Sava Insurance

Group



values and  
principles of  
ethical  
conduct

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.

The Sava Insurance Group updates the system and rules governing the conflicts of interest on an ongoing basis, in particular by raising awareness, building knowledge and standards of ethical conduct.

In 2019, Zavarovalnica Sava adopted the new “Code of ethics” that covers all business areas of the insurance company. The Code provides a framework for the Company’s commitment to legal compliance, fairness and ethical conduct; it expresses and implements the general principles and fundamental values of Zavarovalnica Sava and the rules of conduct that govern its employees’ daily work. The Code applies to all Zavarovalnica Sava employees and other stakeholders associated with its operations.

The disputes arising from violations of the insurance code, good business practices and fundamental standards of insurance practice are processed by the complaints resolution officer. In 2019, the complaints resolution officer processed 57 complaints that mainly concerned unprofessional conduct in handling insurance claims, incorrect data submitted with the insurance contract, protection of customers’ rights and benefits, and the complaints procedure <sup>100</sup>.

If a customer finds that the insurer was in breach of the insurance code and other good business practices and fundamental standards of the insurance profession, they may also lodge a complaint also with the insurance ombudsman at the Slovenian Insurance Association. In 2019, we received 14 complaints from the ombudsman. The complaints mainly refer to the handling of claims and delays in claims resolution<sup>101</sup>.

Zavarovalnica Sava has in place a system of reporting to the Office of the Republic of Slovenia for the Prevention of Money Laundering and an internal line for reporting suspected money laundering or terrorist financing to allow for prompt notification of the anti-money laundering and counter terrorist financing officer (hereinafter: AML/CTF officer) regarding the transactions or business relationships that show signs of suspected money laundering or terrorist financing. This area is governed by the internal “Rules on prevention of money laundering and terrorist financing” and in subordinate operative internal acts.

All other Group companies also introduced anti-money laundering measures, both by adopting internal rules and by employee training on the relevant local legislation.

Zavarovalnica Sava also adopted the Slovenian Corporate Integrity Guidelines and thus confirmed its commitment to abide by and ensure transparency and corporate integrity, zero tolerance for the illegal and unethical conduct of its employees from the top down as the fundamental principles underlying the Company’s operations.

In its contracts Zavarovalnica Sava lays down provisions on the conflict of interests, data protection, professional secrecy, general purchasing conditions and the anti-corruption clause.

Zavarovalnica Sava’s “Code of ethics” provides for anonymous reporting of improper conduct and breaches of the Company’s values within its “Speak Out” (“Spregovori”) system. They also prepared an implementing act defining the process of reporting suspected improper conduct, the issues covered

### 13.4.5 Anti-corruption<sup>102</sup>

In accordance with the provisions of the Slovenian Corporate Integrity Guidelines, the Sava Insurance Group purchasing policy and internal rules of an individual company in the Republic of Slovenia, the anti-corruption clause is incorporated as a mandatory contractual provision in legal relations with contractual partners, along with the general purchasing conditions of individual companies, protection of confidential data and provisions governing the protection of personal data.

by the system, established reporting channels, a whistle-blower protection system and reporting on adopted measures. The proposed solution, i.e. the report and report handling procedure complies with the EU whistle-blower protection directive that was adopted at the end of 2019. Efficient internal procedure for handling unfair conduct can protect the Company against serious damage to its image in case of an external report indicating the Company’s failure to sanction, eliminate or prevent unfair conduct through internal mechanisms. In the process of establishing the “Speak Out” breach reporting system the Company also appointed a corporate integrity committee. A breach reporting system is in place also in the Republic of Croatia.

In 2019, the committee received one breach notification, which subsequently turned out to be unfounded.

The Sava Re “Rules on the management of conflicts of interest” prescribe the procedures and rules relating to receiving gifts, entertainment and hospitality.

The Sava Insurance Group did not record any corruption cases in 2019. A detailed and transparent gift policy limits the opportunities for unjustified grievances and distrust in employees’ honesty in performing their daily job responsibilities.

<sup>100</sup> GRI 416-02

<sup>101</sup> GRI 416-02

<sup>102</sup> GRI 103-01, 103-02, 103-03, 205-01

### 13.4.6 Protection of personal data<sup>103</sup>

The Sava Insurance Group companies registered in the Republic of Slovenia have in place internal acts that prescribe the procedures and measures for the protection of personal data and define the persons responsible for specific personal databases as well as persons that may process certain personal data due to the nature of their work. The data is properly 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.

In 2019, the Sava Insurance Group compliance officer enquired with compliance officers of non-EU subsidiaries as to whether their company had adopted an internal personal data protection act and whether this act had been reviewed by the local regulator, and if so, what their findings consisted of. The compliance officer found that all non-EU based companies had adopted internal personal data protection acts and regularly adapted them to legislative changes. The companies did not report any deficiencies observed by the local data protection supervisor. Based on this information the compliance officer finds that the companies are familiar with the personal data protection legislation and that the risk of violating this legislation is adequately managed.

The Sava Insurance Group compliance officer enquired with compliance officers of non-EU subsidiaries as to whether the General Data Protection Regulation (GDPR), which became directly applicable in the EU on 25 May 2018 (and applies also to non-EU companies that do business with EU residents or process their personal data) would be transposed to the local legislation in their respective countries.



Sava Osiguranje in Montenegro are awarded the Iskra Philanthropy Award by the Montenegrin Fund for Active Citizenship in special recognition of the company's donor, humanitarian and volunteering activities.

According to the information received the GDPR had already been adopted by two countries and two were planning to adopt it by the end of 2019. The compliance officer will continue to follow up on the adoption of the new data protection legislation in Montenegro and the Republic of North Macedonia, and will coordinate, if so required, the transfer of good practices from the companies in Slovenia (in particular Zavarovalnica Sava) to the subsidiaries based in non-EU countries.

The largest Group company, Zavarovalnica Sava, fully complies with the GDPR and the Personal Data Protection Act (ZVOP), both of which require responsible handling of customers' personal data. Its appointed data protection officer (DPO) complies with the adopted "Rules on the role and responsibilities of the data protection officer (DPO)". The Company defined the fundamental principles and rules of conduct concerning personal data protection in its "Privacy policy" and the "Rules on personal data protection". The rules define the responsibilities of the data protection officer, their deputies and assistants (DPO team) and the DPO's consultants. The DPO team meets twice a month in regular meetings to discuss the topical issues concerning personal data protection in Zavarovalnica Sava.

In 2019, Zavarovalnica Sava adopted the "Workplace privacy policy", which serves as the fundamental principle guiding Zavarovalnica Sava as an employer and data controller in ensuring privacy and lawful processing of personal data, and as a reference for employees in exercising their rights.

Sava Infond has in place the "Employee code of ethics and due diligence act", "Rules on personal data protection", "Information systems security policy" and a legal notice for the company's customers published on its website [www.infond.si](http://www.infond.si) – Personal data protection in Sava Infond, d.o.o.

Two breaches or so-called self-reports via the prescribed breach notification form for an identified (potential) major personal data breach were forwarded to the Information Commissioner of the Republic of Slovenia in Zavarovalnica Sava in 2019.

No such incidents were reported for other subsidiaries.

### 13.4.7 Contributions to political parties<sup>104</sup>

In line with the adopted "Code of ethics" and the rules on sponsorship and donations, Sava Re and Zavarovalnica Sava do not finance political parties, which applies to all subsidiaries in the Group.

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

<sup>104</sup> GRI 415-01

## 13.5 Responsibility to the community

The Sava Insurance Group members forge strong ties with the community in which they operate, establishing a partnership with their environment and society. They support their communities through projects with which they help institutions financially or with volunteer work, and thus actively participate in the broader social context.

Having already developed an extensive business network, Group companies can more easily recognise the needs and potentials of local communities. 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>105</sup>



With Zavarovalnica Sava's Violet Little Ones (Vjolčnitamali) project the dreams of young sports fans come true. The project enables them to go to the football pitch hand-in-hand with their football idols at every home game.

### 13.5.1 Sponsorships and donations by substance<sup>106</sup>

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

that drive the growth and development of the economy, especially startups that develop innovative solutions.

Sava Re and The Sava Insurance Group also have in place the rules governing the giving back to the community through sponsorship and donations. Sava Osiguranje (North Macedonia) also has sponsorship and donations policies in place.

#### The Sava Insurance Group donations by substance

EUR	2019	As % of total in 2019
Humanitarian donations	16,467	1.8%
Donations to arts	139,185	15.1%
Donations for scientific purposes	2,500	0.3%
Donations for educational purposes	21,700	2.4%
Sports donations	689,861	75.0%
Social security donations	1,311	0.1%
Disability donations	2,294	0.2%
Healthcare donations	12,131	1.3%
Donations for protection against disasters	4,700	0.5%
Other donations	29,825	3.2%
<b>Total</b>	<b>919,973</b>	<b>100.0%</b>

The Sava Insurance Group as the biggest sponsor in the Group promotes a healthy lifestyle, mainly by supporting sports at all levels – from recreation to professional sports.

<sup>105</sup> GRI 102-13

<sup>106</sup> GRI 103-01, 103-02, 103-03, 203-02

The most important sponsorships and donations comprise:

- Football: main sponsor of Maribor Football Club and the Croatian football club Rijeka.
- Handball: sponsor of Handball Club Koper and Handball Club Maribor.
- Tennis: [general sponsor and partner of Tennis Slovenia](#).
- Running: sponsor of Konjice marathon, main sponsor of Novo mesto ½ marathon, [diamond sponsor of Ljubljana marathon](#).
- Skiing: main sponsor of Zlata lisica (Golden Fox).
- Volleyball: sponsor of Nova KBM Branik Volleyball Club.
- Arts: main sponsor of the biggest Slovenian festival, Ljubljana Festival, and sponsor of Festival Lent.
- The “Committed to Steps” (“Predani korakom”) project, which combines sponsorship of the Ljubljana Marathon, Male avanture Marina Medaka and a donation to the University Rehabilitation Institute, raises awareness of the importance of a balanced lifestyle.

In 2019, we launched the “Loneliness” (“Osamljenost”) project, an initiative aimed at training the employees at the Contact-Assistance Centre how to respond to calls from people in distress. Other companies with call centres will be invited to join the initiative. We will show them how the loneliness issue was addressed at Zavarovalnica Sava, because we believe everyone should have access to support when they need it the most.

Other subsidiaries also support their local communities with sponsorships and donations, becoming increasingly recognised as socially responsible companies. These efforts have won several companies numerous commendations as well as awards. One of the more prominent is the Iskra Philanthropy Award that was conferred on Sava Osiguranje in Montenegro by the Fund for Active Citizenship (Fond za aktivno građanstvo).



With Zavarovalnica Sava’s Violet Little Ones (Vijolčnitamali) project the dreams of young sports fans come true. The project enables them to go to the football pitch hand-in-hand with their football idols at every home game.

### 13.5.2 Preventive action projects<sup>107</sup>

Preventive projects have a significant impact on the insurance industry as they reduce the likelihood of loss events and raise awareness of the general public of the importance of protection of property and health of our clients and the wider community. For this purpose the insurance companies create special funds for such projects, in line with the local legislation. Such funds are in place in Slovenia, the Republic of Serbia and Montenegro.

In Zavarovalnica Sava, most of these assets go to fire prevention, as the company supports a number of fire brigades both at the local and the national level.

The bulk of prevention resources in Serbia is also allocated to fire protection.

Noteworthy in terms of road safety is our cooperation with the national automobile association AMZS, through which Zavarovalnica Sava contributed to better road safety in 2019 as well. Two major projects:

- The “Best Driver in 2018” (“Najboljši za volanom 2018”) project was aimed at young drivers – raising awareness of the importance of road safety, and the acquisition of practical experience.
- Prior to the beginning of the new school year, the “365 Days to Go!” (“Še 365 dni!”) project informed drivers in the vicinity of schools and kindergartens that children would soon be back at school. The slogan made it clear that one needs to be very careful in traffic throughout the year.



Employees of both subsidiaries based in North Macedonia attend a day dedicated to financial literacy: –a workshop on insurance organised for primary school pupils in front of the Ministry of Finance.



Opening of a new Sava Station vehicle inspection unit in North Macedonia in November 2019.

Montenegrin companies allocate the bulk of these resources to road safety, with Sava Osiguranje (Montenegro) being the owner of the subsidiary Sava Car with which it has established a joint network of ten vehicle inspection centres.

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

A comprehensive offer of vehicle inspection and registration, with car insurance taken out upon vehicle inspection provided through our subsidiaries, contributes to better road safety.

In Zavarovalnica Sava road safety measures are taken also when using company vehicles. Pursuant to the internal “Rules on procurement, use and maintenance of company vehicles” all new company vehicles must have an integrated hands-free phone system. This reduces the risk of negative consequences of using a mobile phone while driving. All company vehicles in Zavarovalnica Sava are fitted with a fire extinguisher, although this is not yet mandatory in the Republic of Slovenia.

# Sava Re Day



delivering  
on our  
**#NeverAlone**  
pledge

## 13.5.3 Corporate volunteerism<sup>108</sup>

The Sava Insurance Group supports corporate volunteerism. Its major volunteer project is Sava Re Day, which has been bringing together employees from all Group members for nine years running and which most genuinely embodies our promise “Never alone” – in good spirits, with busy hands and a sympathetic ear for people who need our help. In collaboration with local organisations and associations we invest our efforts in helping less privileged groups and individuals in our society through intergenerational programmes and by assisting in renovations or minor repair and maintenance jobs. We believe that we can significantly help local communities by involving employees in such projects, and at the same time raise awareness of the importance of sustainability and environment protection among our employees. Sava Re Day is not only about corporate social responsibility, it also promotes social responsibility in each and every employee.



Save Re Day embodies our promise “Never alone” through volunteerism, making those in need around us happier.

In 2019, the Save Re Day was part of the pan-Slovenian Day of Change organised by the Slovene Philanthropy – Association for the Promotion of Voluntary Work, under the auspices of Sava Re and Zavarovalnica Sava. The focus of the Day of Change was “Eliminate discrimination”, so the Slovene Philanthropy prepared activities involving various discriminated target groups. The Save Re Day was held on 5 April 2019 (several open-air activities had to be put off due to bad weather) and attended by all Group companies operating in Slovenia and the Croatian branch of Zavarovalnica Sava. Other Group companies organised the Save Re Day as close as possible to World Water Day (22 March).



On Sava Re Day, Sava Osiguranje (Montenegro) employees clean the city park in Berane, repaint benches and plant trees.

**In the framework of Sava Re Day 2019 Sava Re employees participated in the following volunteer activities**

Organisation	Activities
<b>Inclusive hike in the hills with disabled people</b>	A hike to Planina nad Vrhniko with disabled people of different ages and disabilities
<b>Day with the homeless</b>	Setting up living quarters and painting at the homeless day centre and the homeless shelter
<b>Working with asylum seekers and refugees</b>	Painting and furnishing the asylum centre
<b>Working with people with mental health problems</b>	Furnishing the premises for Altra day-centre users. Altra is a humanitarian organisation providing community mental health services and programmes.

On Sava Re Day, Zavarovalnica Sava helped at more than 38 locations, with more than 800 employees participating.

Alongside them were also employees from Sava Pokojninska and TBS Team 24.

Given the response of employees and external organisations, Sava Re Day was once again a success. The objective – to help those in need through personal engagement and to raise awareness of the importance of sustainability – was clearly achieved.



The slogan of the fourth Zavarovalnica Sava event “Sharing Christmas” was “Sharing Christmas, sharing knowledge”. It is extremely encouraging to see how children absorb knowledge from their elders and how happy the elderly are to pass it on.

In addition to Sava Re Day volunteer activities, Zavarovalnica Sava carried out two additional humanitarian projects in 2019 with the participation of its employees:

- The “Sharing Christmas”, an intergenerational social event, was organised also in 2019 and was extremely well received.
- The second project, which takes place in December, is the “Christmas Dinner for All”. The aim of the project is to invite employees to donate food for the less privileged in the local communities of the insurance company’s business units. The project’s mission goes beyond the donation of food; it aims to raise awareness about poverty in our communities and the importance of caring for each other, while building relations among socially sensitive staff members.

In the framework of their humanitarian projects all non-EU companies organise Sava Re Day, in which our employees also participate with a helping hand. In North Macedonia, 27 employees from both companies took part in the run with children with Down syndrome, 29 employees donated blood, some of them restored benches in the city park and planted trees.

Sava Osiguranje (Montenegro) employees participate in blood drives twice a year. Their contribution to Sava Re Day was the renovation of the city park in the city of Berane, with 110 employees participating in the project.

**13.5.4 Commitments to external initiatives<sup>109</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.

Sava Re’s reference code is the Corporate Governance Code for Listed Companies adopted by the Ljubljana Stock Exchange, the Slovenian Directors’ Association and the Managers’ Association of Slovenia on 27 October 2016.

**13.5.5 Membership in associations<sup>110</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).

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

<sup>109</sup> GRI 102-12

<sup>110</sup> GRI 102-13

## 13.6 Environmental aspect<sup>111</sup>

Concern for the natural environment, environmental issues, climate change and related weather phenomena have a profound impact on the global insurance industry. Environmen-

tal 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.

### 13.6.1 Waste disposal policy<sup>112</sup>

Sava Re has in place a waste separation system undergoing ongoing improvements. Also, the Company takes measures to reduce waste. One of those is a water bottle for each employee. We are going paperless, reducing paper consumption and waste paper. We have

electronic pay slips, and materials for management bodies and similar are prepared only in electronic form. 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.

#### Waste collection in Zavarovalnica Sava by type and volume (in kilograms)

Type of waste	2019	2018
Mixed municipal waste	106,562	94,688
Biodegradable waste	3,693	5,402
Mixed packaging	6,133	5,957
Glass packaging	1,310	1,310
Paper and cardboard	84,445	62,082
Discarded electrical and electronic equipment containing hazardous components	–	890
Discarded electrical and electronic equipment	–	4,390
Plastics	279	214
Metals	314	1,310
Grease and oil mixture from oil/water separation containing only edible oil and fats	–	1,140
Sludges from oil/water separators	1,200	–
Oily water from oil/water separators	3,500	–
Sawdust, shavings, cuttings, wood, particle board and veneer	–	1,700
Mixed construction and demolition waste	69,998	–

Data by year is not entirely comparable, as the measurement methodology changed in 2019. As much as 20% of data on municipal waste is an estimated volume assessed relative to the cost of utility services due to the change in the invoicing by public utility companies.

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

<sup>112</sup> GRI 103-01, 103-02, 103-03, 306-02

Mixed utility and biodegradable waste, and mixed and glass packaging in Zavarovalnica Sava is collected by the local municipal companies.

Other waste in Zavarovalnica Sava branch offices was collected by authorised or registered waste collectors or processors.

The large volume of mixed construction and demolition waste is due to the renovation of large business premises and is not associated with regular business processes.

Discarded electronic devices are collected by service providers who replace them, or their contractors who service them; if not, they are taken over by registered waste collectors

or processors of such waste at the location of Zavarovalnica Sava.

As our battery consumption is low, batteries are collected for several years before they are properly consigned.

Zavarovalnica Sava uses remanufactured cartridges for printing and copying. The supplier collects the empty cartridges and reconditions them for reuse.

Slovenia-based companies separate waste according to the instructions of the local utility company. Non-EU based companies have an electronic waste disposal service provider, whereas waste separation and removal are provided by public utility companies.

### 13.6.2 Paper consumption

The table below shows average daily paper consumption (sheets of A4 paper) per employee

	2019	2018	Index
Sava Re	8	9	86.6
Zavarovalnica Sava	29	29	99.7
Sava Pokojninska	23	27	83.1
Sava Infond	16	17	97.2
TBS Team 24	13	n/a	–
Sava Životno Osiguranje (Serbia)	11	12	91.7
Sava Neživotno Osiguranje (Serbia)	10	12	83.6
Illyria Life	n/a	n/a	–
Illyria	13	13	100.0
Sava Osiguranje (Montenegro)	23	26	88.5
Sava Osiguruvanje (North Macedonia)	30	30	100.0
Sava Penzisko Društvo	17	16	107.3

\* The data in the table refer to company headquarters except for Zavarovalnica Sava, which includes all business units in Slovenia.



### 13.6.3 Energy consumption<sup>113</sup>

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

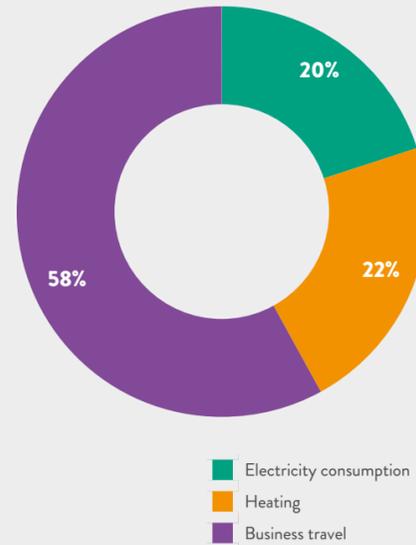
In 2019, Sava Re selected a qualified contractor to perform the Company's energy review and prepare a report with proposals for improving its energy efficiency.

The Sava Insurance Group remains committed to sustainability also in investing and maintenance of investments.

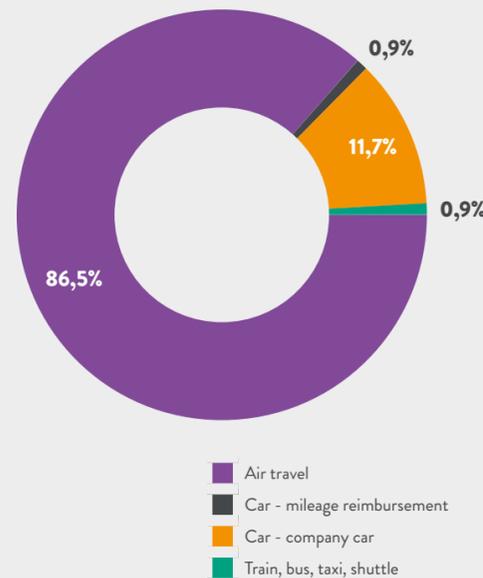
When buying new business premises in Montenegro, the project group that negotiated with the seller paid particular attention to having the facility fitted with energy efficient devices (lights, energy efficient window coverings, furniture in light, warm colours, meters monitoring consumption and similar). The new premises also come with a modern energy efficient heating and cooling system.

The rationale behind maintaining or replacing investments is always assessed also in terms of energy efficiency. For example, when Zavarovalnica Sava replaced the cooling gas aggregate in its business building in Novo Mesto with an electric one, it considerably reduced its gas consumption, while Sava Osiguranje (SRB) installed a recuperator and thus increased energy efficiency.

Share of emissions of Sava Re attributed to heating, electricity consumption and business travel in 2019



Share of emissions attributed to different type of travel at Sava Re in 2019



A more significant investment in reducing energy consumption was moving Zavarovalnica Sava's business premises to the address Tivolska 48, where the two-pipe heating system was replaced during renovation with a four-pipe system, which enables simultaneous heating of cold offices and cooling of warm

offices on the south-facing side. To ensure sufficient energy for heating and cooling we had an additional energy-efficient heat pump installed. All connections to the central consumption meter in the building (water, heating, cooling) are fitted with meters that accurately measure and monitor consumption.

### 13.6.4 Emissions<sup>114</sup>

In 2019, the Sava Insurance Group took the first steps towards introducing a methodology for calculating its carbon footprint. The methodology is based on the Greenhouse Gas Protocol, the most widely used greenhouse gas accounting standard.

In 2019, we thus calculated the carbon footprint for Sava Re and Sava Pokojninska Družba. Our goal for the next strategic period is to have all Group companies adopt the methodology.

The calculation demonstrated that the majority of emissions generated by Sava Re come from business travel (58%), especially air travel, which is not surprising given the international character of its business operations. The share of emissions attributed to energy consumption (20%) is almost the same as that attributed to heating (22%).

The share of emissions attributed to business travel is even higher at Sava Pokojninska (88% of total emissions), mainly on account of car travel. On the other hand, the emissions they generate through energy consumption and heating are below average emissions generated by organisations with similar office activity.

Indirectly, the Group can contribute to emission reduction also through its investment policy and by investing in green projects. Three such projects resulted in 940 tons less CO<sub>2</sub> emissions a year. These projects are:

- Municipality of Novigrad – public lighting renewal with energy saving and energy efficient light bulbs, which generated energy savings and halved the CO<sub>2</sub> emissions.
- Company GKN Driveline Zreče – heat energy supply and installation of a gas boiler, which completely eliminated emissions.
- Municipality of Dobropolje – installation of a biomass boiler and supply of raw materials to heat a kindergarten, school and subsequently a gym (added in 2019) reduced emissions by 97%.

<sup>113</sup> GRI 302-01

<sup>114</sup> GRI 103-01, 103-02, 103-03, 305-01, 305-02, 305-03

## 13.7 Key sustainable development guidelines and objectives

In its 2018 report the Sava Insurance Group presented its sustainability goals, most of which have been achieved:

- The sustainable development strategy was adopted, with all Group companies involved in its drafting.
- We established a network of sustainable development owners, with all companies actively joining their efforts.
- We organised a number of preventive projects and actively participated in projects taking place in our communities through sponsorships and donations.
- Through numerous benefits and measures we motivated employees for a healthy lifestyle and preventive health care.
- We integrated ESG criteria into our processes, primarily into our investment policy, but they are being introduced also into underwriting and development of insurance products and services.
- Our first measurement of greenhouse gas emissions took place and we are preparing measurements for all Group companies.
- We invested in energy efficiency improvements.

### 13.7.1 Objectives for 2020

The adopted sustainable development strategy will be launched in financial year 2020. Based on the Global Sustainable Development Goals set by the United Nations, the Sava Insurance Group decided that in the next strategic period the sustainable development activities will be linked to health and well-being.

In the main, the sustainable development activities will be:

- progressive integration of ESG criteria as a decision-making tool, in particular in product development, assumption of risk and investment management, and production of associated documentation;
- systematic measurement of the realisation of sustainable development goals and a catalogue of key performance indicators for 2020 for economic, social and environmental aspects;
- agreeing and coordinating corporate campaigns with all subsidiaries, which will be aimed at promoting a healthy and quality lifestyle.
- involvement of stakeholders in the identification of the relevant content that will inform sustainable development objectives with the participation of stakeholders from the entire Group;



#### INVOLVEMENT

of stakeholders in the identification of the relevant content



#### ESG CRITERIA

progressive integration of ESG criteria



#### SYSTEMATIC MEASUREMENT

of the realisation of sustainable development goals



#### CORPORATE CAMPAIGNS

aimed at promoting a healthy and quality lifestyle