

# 13 Sustainable development in the Sava Re Group

In 2018, Sava Neživotno Osiguranje from Belgrade sponsored a sailing regatta to support children in water sports.

The following is the second comprehensive Sava Re sustainability report prepared in accordance with the international sustainability reporting standards Global Reporting Initiative (GRI) (Core option); it provides a straightforward and honest overview of the character, values and strategic pursuits of the Company and the Group as a whole.<sup>73</sup>

## About the report<sup>74</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 has been prepared in cooperation with Sava Re specialist services. The consolidated annual report incorporates all legal entities constituting the Sava Re Group<sup>75</sup>.

<sup>73</sup> GRI 102-54, 102-51

<sup>74</sup> GRI 102-46

<sup>75</sup> GRI 102-45, 102-50, 102-52



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 Re 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 Sava Re and that 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 controlling 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 controlling company and EU-based subsidiaries. The GRI content index<sup>76</sup> at the end of the annual report offers a comprehensive overview of the type and scope of disclosures.

We have established that due to new findings, no indication or information from the previous report has changed, and the report therefore contains no corrections<sup>77</sup>.

For the time being, Sava Re has not decided to seek external assurance of the report<sup>78</sup>.

## Non-financial statement

With the non-financial information reported in accordance with the GRI standards, the annual report of the Sava Re Group and Sava Re d.d. for 2018 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, Sava Re 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 is clear from the report, the guidelines were followed in some areas, whereas in others the sustainable aspect is still being introduced. Business models for sustainable development and criteria for monitoring sustainable development indicators have not yet been established everywhere, and the 2018 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.

Since we are aware of the importance of the sustainable development guidelines, and the monitoring of indicators and the positive effects of sustainable operation, a strategy for the entire Sava Re Group is in preparation.

The Sava Re Group sustainability report for 2018 covers three specific areas that the Company and the Group with their activities impact – economic issues, social aspects and environmental aspects. As outlined below, stakeholders were not directly involved in the sustainable reporting process; therefore, the essential contents reported as such were identified by our professional services.

#### Essential contents of Sava Re Group sustainable reporting<sup>79</sup>

Economic topics (GRI 200)	Social aspects (GRI 400)	Environmental aspects (GRI 300)
Economic performance Market presence Indirect economic impacts Procurement practices Prevention of corruption	Recruitment and staffing levels Employee training and development Management and motivation Health and safety at work Relations with policyholders and cedants Relations with suppliers Local community Marketing and labelling	Waste disposal policy Energy Supplier assessment

### 13.2 Stakeholder engagement<sup>80</sup>

Below, the report lists the key 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. While we did not directly include our key stakeholders in the preparation of the sustainability report in the reporting period 2018, we recognised and highlighted, through their previous cooperation and based on the assessment and experience of our professional services, those areas of particular interest to them. As we are well aware of the importance of involving stakeholders in sustainable development and reporting, this will be one of the goals in future reporting.

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.

In the Sava Re Group, employees, policyholders, cedants, shareholders, prospective investors, regulators, unions, communities, suppliers and the media are recognised as the stakeholders that play a key role in its existence and successful operations.

<sup>76</sup> GRI 102-55

<sup>77</sup> GRI 102-48,102-49

<sup>78</sup> GRI 102-56

<sup>79</sup> GRI 102-47

<sup>80</sup> GRI 102-40, 102-42, 102-43, 102-44, 102-46

Stakeholders	Type of involvement	Content and objective
<b>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 (informal meetings, team building events, sports events, parties)</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 working environment and business process</li> <li>Two-way communication</li> <li>Culture building, improving relations</li> </ul>
<b>Policyholders/ cedants</b>	<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>
<b>Shareholders and prospective investors</b>	<ul style="list-style-type: none"> <li>Supervisory board meeting</li> <li>General meeting of shareholders</li> <li>Public notifications (SEOnet and www.zav-sava.si)</li> <li>Financial reports</li> <li>Letter to shareholders</li> <li>Electronic mail</li> <li>Meetings</li> <li>Investor conferences and webcasts</li> </ul>	<ul style="list-style-type: none"> <li>Equal access to information</li> <li>Clear dividend policy</li> <li>In-depth information on business operations</li> <li>Sustainable operations</li> <li>Strategic policy</li> <li>Credit rating</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>
<b>Trade unions</b>	<ul style="list-style-type: none"> <li>Regular meetings</li> <li>Cooperation (coordination) in preparation of internal acts</li> <li>Negotiations</li> </ul>	<ul style="list-style-type: none"> <li>Employee engagement in governance</li> <li>Collaboration</li> <li>Employee benefits</li> <li>Employee remuneration</li> <li>Ensuring a friendly working environment</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>
<b>Suppliers</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>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>
<b>Media</b>	<ul style="list-style-type: none"> <li>Press releases</li> <li>Press conferences</li> <li>Interviews</li> <li>Answers to journalists' questions</li> </ul>	<ul style="list-style-type: none"> <li>Providing information to the general public</li> <li>Strengthening the positive realistic image of the Company/Group</li> </ul>

### 13.3 Economic topics<sup>81</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 Re 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.

Distributed economic value of the Sava Re Group, as follows from the table below, amounted to EUR 560.9 million in 2018. 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.

#### Direct economic value generated and distributed of the Sava Re Group<sup>82</sup>

(EUR)	2018	2017	Index
<b>Other economic impacts</b>			
<b>Economic value generated*</b>	<b>567.3</b>	<b>519.8</b>	<b>109.1</b>
<b>Economic value distributed</b>	<b>560.9</b>	<b>508.8</b>	<b>110.2</b>
<b>Net claims incurred and other technical expenses</b>	344.1	313.6	109.7
<b>Expenses for financial assets</b>	9.6	11.9	80.8
<b>Other expenses</b>	2.9	2.8	103.6
<b>Operating expenses**</b>	103.1	87.7	117.6
<b>Dividend payouts</b>	12.4	12.5	99.5
<b>Income tax expense</b>	12.2	8.8	139.4
<b>Investments in the social community (prevention, donations, sponsorships)</b>	3.5	3.2	110.3
<b>Employee payments, allowances and benefits</b>	73.1	68.4	106.9
<b>Economic value retained</b>	<b>6.3</b>	<b>11.0</b>	<b>57.7</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

<sup>81</sup> GRI 103-1, 103-2, 103-3  
<sup>82</sup> GRI 201-1

## Sponsorship, donations and preventive actions<sup>83</sup>

Key indirect effects of the Sava Re Group are investments in sponsorships, donations and preventive activities. In this field, Zavarovalnica Sava is the Group leader.

### Value of sponsorships of Sava Re Group companies

(EUR)	2018	2017	Index
Sava Re	12,524	500	2504.8
Zavarovalnica Sava	2,207,416	2,141,435	103.1
Sava Pokojninska	11,150	8,080	138.0
Illyria	1,500	5,000	30.0
Sava Neživotno Osiguranje (SRB)	4,760	3,057	482.8
Sava Osiguranje (MNE)	5,460	7,707	70.8
Sava Osiguruvanje (MKD)	8,074	9,813	82.3
<b>Total</b>	<b>2,260,884</b>	<b>2,175,592</b>	<b>103.9</b>

### Value of Sava Re Group donations

(EUR)	2018	2017	Index
Sava Re	15,320	21,110	72.6
Zavarovalnica Sava	841,346	739,594	113.8
Sava Pokojninska	8,150	7,555	107.9
Illyria Life	447	-	-
Illyria	500	3,000	16.7
Sava Životno Osiguranje (SRB)	320	-	-
Sava Neživotno Osiguranje (SRB)	2,184	7,887	27.7
Sava Osiguranje (MNE)	41,787	31,610	132.2
Sava Osiguruvanje (MKD)	22,750	2,935	775.0
<b>Total</b>	<b>935,174</b>	<b>817,055</b>	<b>114.5</b>

In 2018, the Sava Re Group allocated EUR 3.2 million in funds for sponsorships and donations, with 95% of the sum contributed by Zavarovalnica Sava. The total amount the Group allocated to these activities increased by 7% over 2017. The activities covered by sponsorships and donations are covered in the section describing the social aspects of sustainability.

Zavarovalnica Sava is paying increasing attention to preventive action<sup>84</sup>. Through timely action and adequate financial assistance, the company supports organisations and associations in eliminating the causes of loss, preventing hazards that might lead to new losses for policyholders, and in eliminating or mitigating the adverse effects of losses already incurred on insured property and people. This way, the insurance company also shows concern for the natural environment (fire prevention, prevention of pollution, traffic accidents and similar) and as a result contributes to lower expenses.

(EUR)	2018	2017	Index
<b>Prevention</b>	<b>289,035</b>	<b>257,335</b>	<b>112.3</b>

In 2018, Zavarovalnica Sava increased the amount of funds allocated for preventive activities by 12.3% compared to the previous year.

## Infrastructure investments<sup>85</sup>

When investing, Sava Re and Zavarovalnica Sava adhere to the environmental and social policy prescribed by the EBRD and follow the ESG (environmental, social, governance) principles through negative screening. When choosing potential investments, we prefer those that adhere to ESG principles, and to sustainable development, responsible investment and the like. Return on investment is not the only criterion, as sustainable impact as a criterion is increasingly associated with it (when possible or relevant).

<sup>83</sup> GRI 201-1, 203-2

<sup>84</sup> GRI 103-1, 103-2, 103-3, 201-1

<sup>85</sup> GRI 103-1, 103-2, 103-3, 203-1

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 in accordance with their environmental and social policies. We also invest in securities issued to fund green, environmental projects (green bonds). After the EBRD's entry into the ownership structure of the Company, we do not invest in nuclear energy, net fishing, production or trade in illegal products or services, and 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 2017, investments in green bonds increased from EUR 12 million by EUR 7 million to EUR 19 million in 2018. 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 like the ESG standards.

**Health Day (Dan za zdravje) is dedicated to preventive health care, maintaining vitality and the well-being of employees.**



Observance of the sustainability criteria is most evident in infrastructure investments. One of the most important criteria used to select a fund that invests in infrastructure projects (globally) is compliance with ESG standards – if the fund does not meet such standards, it is usually not shortlisted. Currently, all infrastructure funds in the portfolio meet the ESG criteria, meaning a positive impact on the environment and society, and some of them explicitly target infrastructure projects that involve renewable energy sources. In 2018, we provided capital commitments of more than EUR 22 million related to five different infrastructure funds, all of which fulfilled the ESG criteria, while two of them (EUR 6 million of commitments) will invest exclusively in infrastructure projects involving renewable energy sources. Investment in infrastructure funds will continue in 2019, and one of the key criteria will consist in fulfilling ESG standards.

We are also interested in direct infrastructure investments; we entered energy efficiency projects in Slovenia and Croatia through the purchase of receivables (projects designed to reduce energy consumption in public lighting, more efficient use of energy used to heat schools and kindergartens, and production processes).

In both Slovenia and around the world, sustainability aspects are increasingly taken into account when investing. This is also followed in the investments of Save Re and Zavarovalnica Sava, which is why in the future the principles of sustainability will be even more precisely defined in our investment policy.

## Risks and opportunities arising from climate change <sup>86</sup>

Climate change has a significant impact not only on the quality of life in general, but also on the insurance industry. Reinsurance and insurance play a critical role in creating security through additional risk spreading, as they help protect against random, unpredictable losses. At the same time, we also impact the natural environment in which we live. Investments in sustainable development and preventive activities (renewable energy sources, informing policyholders about what to do in case of disasters) certainly have a positive impact on the amount and level of claims resulting from climate change.

Losses are a natural phenomenon in our business. Managing this risk has been and will continue to be a particular challenge for the insurance industry.

In 2018, the international reinsurance portfolio of Sava Re was not affected by a significant number of natural disaster claims. The biggest of them were Typhoon Jebi in Japan (impact on the net result of reinsurance operations of EUR 5 million) and a much smaller flood claim in India (EUR 1.4 million). These events are not seen as a consequence of climate change, since their scope and frequency do not differ from similar events in past decades. Bearing this in mind, we do not plan any changes to the reinsurance strategy.

Zavarovalnica Sava suffered the biggest loss impact. Catastrophes (storm, hail, floods) accounted for more than 10,773 claims in 2018, totalling more than EUR 10.9 million (payments and provisions). Compared to 2017, the number of claims in 2018 decreased by approximately 27%, while the total amount (payments and provisions) remained at approximately the same level as in 2017. It can be concluded from the comparison that the claims that followed catastrophes in 2018 were far larger, reflecting the more powerful storms of 2018.

This resulted not only in financial losses, but also in an extremely increased workload, which in turn led to less responsive customer services and to the potential risk of diminished accuracy of claims processing. Excessive workloads also meant that certain development activities had to be suspended. In 2018, Zavarovalnica Sava also conducted regular and developmental project activities with which it optimised claims processing and introduced new approaches (online claim reporting, on-site valuation and calculation, guidance for clients, organisation of comprehensive loss remediation through active involvement of contractors). These novelties and developments are also expected to have a favourable impact on work organisation in mass loss events.

<sup>86</sup> GRI 103-1, 103-2, 103-3, 201-2

## Relations with suppliers and the purchasing policy <sup>87</sup>

Group companies coordinated purchasing policy and made it more uniform, which involves strategic guidelines and principles governing a transparent procurement process. The inclusion of an anti-corruption clause in all purchase contracts has been agreed.<sup>88</sup> When ordering, taking over and paying for goods, the principle of four eyes is applied, which ensures a high degree of individual control over the business purchasing process. Sava Re assesses the risk of inadequate execution of the purchasing process on a quarterly basis.<sup>89</sup> The Rules on the procurement procedure are accompanied by the Questionnaire on the sustainability of the Company<sup>90</sup>, which is intended for suppliers whose bids are collected through a tender (the value of goods exceeds EUR 50,000). A completed questionnaire is an important factor in the selection of a supplier and the first step towards the promotion of sustainability in partner relationships within the procurement process.

Group companies prioritise cooperation with local suppliers, and in the case of foreign producers, with local intermediaries or agents. Although some purchases are made outside Slovenia, they are limited (mainly to those goods and services that cannot be sourced in Slovenia or are not offered here at competitive prices).

The local market of an individual Group member represents the total geographical area of the country in which it is registered. 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. When selecting promotional materials and business gifts, we tend to opt for natural materials, local producers and international recognition of domestic initiatives (tea, honey, World Bee Day, etc.) as much as possible.

Present in all major towns across the Republic of Slovenia, Zavarovalnica Sava is by nature – its business being life and non-life insurance – obliged to work in cooperation with local suppliers; as a result it maintains good business relationships, something that is reflected also in terms of transaction costs, which are lower than they would be if the Company worked with suppliers outside Slovenia.

Sava Re 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 selection of suppliers, depending on the level of the estimated value of the goods. Special attention is put on 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: fleet management policy in the Sava Re Group, rules on procurement, use and maintenance of company vehicles, systemic procurement procedure in the Sava Re Group, rules on company mobile phones and devices, and similar.

Sava Re and Zavarovalnica Sava settle their liabilities in purchasing procedures within agreed due dates.

<sup>87</sup> GRI 102-9, 103-1, 103-2, 103-3, 204-1, 308-1

<sup>88</sup> GRI 205-1

<sup>89</sup> GRI 205-1

<sup>90</sup> GRI 414-1

## Anti-corruption activity and protection of personal data<sup>91</sup>

In accordance with the provisions of the Slovenian Corporate Integrity Guidelines, the Sava Re 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.

On 25 May 2018, the General Data Protection Regulation (GDPR) became directly applicable in the EU. The new rules apply throughout the EU, but also to companies outside the EU that do business with EU residents or process their personal data.

In 2018, the Sava Re Group companies in the Republic of Slovenia obtained a report by external experts on the review of the compliance of personal data processing, with an emphasis on the arrangement of personal data protection in compliance with the General Data Protection Regulation, and recommendations to address identified shortcomings. On the basis of the recommendations, the companies prepared changes to their rules on the protection of personal data, changes to the personal data catalogue and to the sample contract on personal data protection. Adjustments to the information system were also made.

The compliance officer in the Sava Re Group also obtained data from the subsidiaries (Montenegro, North Macedonia, Serbia and Kosovo) on possible amendments to the local legislation on personal data protection. Since individual Sava Re subsidiaries from outside the EU, for example support the resolution of claims for insurance companies from the EU, they are already subject to the GDPR requirements. In most countries outside the EU (countries of the Adria region), national legislation is also already being drawn up to transpose (in whole or in part) the provisions of the GDPR into national legal systems. The compliance officer will advise the subsidiaries outside the EU on the implementation of the GDPR and coordinate the transfer of best practices from companies in Slovenia.

Throughout the year, employees of Zavarovalnica Sava were offered guidance on the manner and importance of proper protection of personal data, and training was provided. All essential business measures dictated by the GDPR were adopted and a personal data protection officer was appointed. We received one request from the Information Commissioner for submission of clarifications. Zavarovalnica Sava reported one personal data breach to the Information Commissioner of the Republic of Slovenia.

## Cases of corruption and measures taken<sup>92</sup>

The Kazakhstan insurance regulator (Central Bank) contacted Sava Re in May 2018, requesting that 11 agreements on facultative reinsurance concluded with a Kazakh insurance company be verified for authenticity and validity. A review of the documentation revealed that almost all documents were forged, since Sava Re has no commercial relations with the insurance company mentioned, and does not conclude these types of transactions. We immediately responded to the regulator and offered our full cooperation. To reduce the risk of similar fraud, Sava Re decided to suspend reinsurance underwriting in Kazakhstan, unless offered business through an established international intermediary. In May, the two employees whose falsified signatures appeared on the treaties visited the police in Ljubljana to make an oral report or a proposal for prosecution. We informed the Insurance Supervision Agency of the requests received by foreign regulators. According to the information obtained, the Kazakh insurer was subject to a temporary (six-month) withdrawal of its license to perform insurance business, and the agent involved was fined in July.

Last year, Sava Re also received a request from the Russian regulator (Central Bank) to confirm the existence of reinsurance contracts with certain Russian insurance companies. In several cases, it turned out that Sava Re received a transaction from an intermediary that was not identical to the one indicated by the regulator. We suspect that all such cases involved illegal transfer of funds abroad. We cannot identify such cases without notification from a regulator or other authority. In relation to one of the above cases, the documentation in Sava Re was examined by the FARS at the request of the Russian tax administration. Sava Re provided a special financial office with the required documentation and additional explanations. The key function holder will continue to monitor such incidents and, if necessary, propose appropriate measures to prevent or limit the negative effects of such fraud, and to prevent similar cases in the future.

## Financial assistance received from government<sup>93</sup>

The Group companies received no financial assistance from the government in 2018.

<sup>91</sup> GRI 103-1, 103-2, 103-3, 205-1

<sup>92</sup> GRI 103-1, 103-2, 103-3, 205-3

<sup>93</sup> GRI 201-4

## Definition of other government incentives

Zavarovalnica Sava receives a monthly bonus for employing more employees with disabilities than prescribed by the quota and also claims exemption from paying the contribution for pension and disability insurance for these employees. These incentives in Zavarovalnica Sava grew by 8.7% over the previous year to a total of EUR 122.393.

In 2018, 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 (first employment), 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 2,119 (2017: EUR 8,369).

Sava Re also set up a collective voluntary supplementary old-age 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 with the Financial Administration of the Republic of Slovenia. Based on these contracts, the Company pays, for the employees who joined the pension scheme, a voluntary supplementary pension insurance premium. Thus, it is entitled to a reduced income tax base for the amount of the voluntary supplementary pension insurance premium paid in the tax year for its employees to the pension scheme provider. The total value of this tax relief amounts to EUR 96,378 (2017: EUR 84,077).

## 13.4 Social aspect

### 13.4.1 Responsibility to employees

The Sava Re Group nurtures common values as reflected in its efforts to create a positive work environment and sound business culture. We pursue them both through adopted strategic policies and in our daily work, behaviour, communication, relationships and decisions.

One of the Sava Re Group's strategic guidelines in the field of human resources management is to ensure a safe, diverse and sustainable work environment, one that respects the dignity and integrity of each employee. Our HRM policy dictates that HRM objectives be aligned with sustainable development policies of the Company and the Group, promoting equal opportunities and diversity of our workforce.<sup>94</sup>

For this reason, a leadership model was set up for the Sava Re Group, defining the key competencies expected of leaders in a modern organisational culture that promotes constructive collaboration, open communication, openness to change and continuous development. The leadership model serves as the basis for steering the development activities of leaders, who are key to creating and maintaining a secure, diverse and sustainable work environment.

At the end of 2017 we launched a management by objectives project, the aim of which is to establish a transparent goal-setting and tracking system that is based on the Company's strategy. We wish to establish a governance system that will enable managers to help direct their employees to attain certain strategic goals by helping them achieve employees' individual goals.

In accordance with the GRI standards, sustainable development with a view to human resources is monitored using the selected indicators. For more information on HRM, see section 10 "Human resources management" and section 20.3 "Human resources management".<sup>95</sup>

### Employee benefits<sup>96</sup>

Sava Re companies in Slovenia offer their employees payment of voluntary supplementary pension insurance premiums as part of the second-pillar pension scheme. In addition, Sava Re offers its employees a co-payment version of voluntary pension insurance premiums as part of the third pillar pension scheme. The amount of the payment varies among companies and is determined as a lump sum or as a percentage of the employees' gross salary.

Of the non-EU based members of the Group, the North Macedonian insurers Sava Osiguruvanje and Sava Penzisko pay into the voluntary pension scheme on behalf of their employees. Both companies pay insurance premiums for their employees as part of the second-pillar pension scheme. In addition, the pension company also pays its employees' voluntary health insurance.

Pension funds that are based on collective or individual voluntary pension insurance constitute the core activity of some members of the Sava Re Group. Therefore, we can say that we also contribute to greater awareness of the public good regarding the importance of such insurance.

Sava Re also pays collective accident insurance premiums for its employees, who are also protected through an additional business travel accident insurance scheme.

Sava Re and Zavarovalnica Sava employees and their family members can take out health insurance on particularly favourable terms.

<sup>94</sup> GRI 405-1

<sup>95</sup> GRI 102-41, 401-1, 403-2, 404-1, 404-3, 405-1

<sup>96</sup> GRI 103-1103-2, 201-3



Sava Re promotes the health and wellbeing of its employees by promoting regular health routines and activities at the workplace, and through measures designed to facilitate reconciliation of work and personal life. Paid absence from work for parents accompanying their first-graders on the first day of school, volunteerism, mentorship and gift sets for newborns are some of the better-known measures.

Zavarovalnica Sava, holder of a full family-friendly company certificate, carries out other selected measures that help employees improve their work-life balance. 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.

At the end of 2017, Zavarovalnica Sava started to market a supplementary health insurance plan. With the due diligence, they also took care of the health of the company's employees, who received an additional day off in 2018 – Day for Health. It is aimed at preventive health care and the wellbeing of employees.

**365 days to go! (Še 365 dni!)** is a preventive project dedicated to protecting children on their way to school and raising awareness among drivers that they have to pay attention to schoolchildren throughout the year.



**Committed to Steps (Predani korakom)** is a passionate project dedicated to raising awareness among people about the importance of every single step in life. It combines sponsorship of the Ljubljana Marathon, the Little Adventures of Marin Medak, and a donation to the University Rehabilitation Institute Soča.

Zavarovalnica Sava established a special association for its agents called Zavarovalnica Sava Top Team, and agents are invited to join it based on their fulfilling the set criteria. In 2018, the ZS Top Team had 47 members who were invited to three gala cultural events and two major sporting events that we organised for our business partners. They also attended two sales conferences last year and received some valuable business gifts. A total of 22 members managed to meet the particularly high criteria required to win a trip.

Sava Re and Zavarovalnica Sava offer company-owned holiday facilities where the employees and their families can spend holidays on favourable terms. Every year, the company organises excursions for employees, and a special party in the run-up to Christmas. In the summer, employees compete in various sports events. And little children get a visit from Santa Claus at companies. On the occasion of International Women's Day, our female colleagues receive a symbolic gift.

Employees of Zavarovalnica Sava can benefit from sponsorships and become members of the newly established Zavarovalnica Sava Sport and Culture Society, which promotes active free time schemes for its members.

Best practices are shared with other Group companies. Non-EU based Group companies provide employees with various activities and benefits, including special discounts when taking out insurance, teambuilding activities, financial assistance for employees in case of an emergency, etc.

With its sports society Sava Sport Plus, Sava Osiguranje from North Macedonia raises awareness on the importance of an active lifestyle, and attracts also external members.

### 13.4.2 Responsibility to consumers<sup>97</sup>

Trust is the foundation of any quality long-term relationship. All Sava Re Group companies work to ensure that the “Nikoli sami” (Never alone) promise, the commitment made in 2016 and honoured ever since, is not mere words but a philosophy embedded in all our work and activities. In our communication with consumers we want to be honest, accurate and understandable.

Access to services is essential for users, so most of our insurance companies also offer online user support. Zavarovalnica Sava offers policyholders the option to report their claims online, to take out insurance, and to chat with an online consultant. The website also provides users the opportunity to share their opinions, proposals, commendations and complaints. The assistance centre provides assistance to policyholders who are travelling. Detailed information is always available online at [info@zav-sava.si](mailto:info@zav-sava.si) and from our toll-free phone helpline, at 080 19 20.<sup>98</sup>

**On Save Re Day, we devote our time to those who need it. We take the elderly out for a walk, spend time with asylum seekers, help people in care with shaping and landscaping the surroundings of the occupational activity centre, assist children in renovating their playgrounds ...**



### Client communication and information<sup>99</sup>

As regards their relationships with the insured, Group members follow the rules and procedures on complaints, which are compliant with the guidance issued by the European Insurance and Occupational Pensions Authority (EIOPA).

As the largest insurer in the Sava Re Group, 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.

We also fully comply with the Slovenian Personal Data Protection Act (ZVOP) and the regulations that require responsible handling of personal data of customers.

On 1 October 2018, the Insurance Distribution Directive (IDD) entered into force in all EU Member States. With the aim of ensuring greater transparency and comparability of insurance, enhancing consumer protection and increasing confidence in the insurance market, the directive provided for greater transparency in the development and sale of insurance and information 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. 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 (insurance cover, excluded risks, restrictions, etc.). 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 the insurance product has been fully and accurately presented.

Therefore, every effort is made to ensure transparency, clarity and access to information both in developing new products and in client notification. Zavarovalnica Sava does not make use of fine print.

Communication takes place via various channels adapted to different target groups. 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.

Insurance companies also avoid the fine print in advertising, offering their clients adequate information on the advertised product. Product information is always available on official websites together with statutory notifications and related news. In the event of mass losses, we publish a notice and give instructions, setting out for our policyholders the right course of action.

<sup>97</sup> GRI 103-1, 103-2, 103-3

<sup>98</sup> GRI 417-1

<sup>99</sup> GRI 103-1, 103-2, 417-1

In reinsurance underwriting business, we pay due regard to internal underwriting regulations, risk taking and claims processing, and internal underwriting policy. We maintain relationships with our business partners. Meetings are arranged during international conferences and individual meetings all over the world. From time to time, we organise the Sava Summer Seminar, a training programme in reinsurance-related areas, in an effort to provide our business partners with an insight into our activities and the characteristics of our business. Participants attend from across the world, including Asia, Africa and a number of European countries. At the seminar, participants deal with topics related to reinsurance, actuarial science, modelling and solvency-related issues, also through practical examples and a closing workshop.

The Sava Pokojninska pension company reports on all regulated information on supplementary pension insurance of all of the bodies (Information Commissioner of the RS, Insurance Supervision Agency, Ministry of Labour, Family, Social Affairs and Equal Opportunities) that appear on its website (pension scheme, rules on pension fund management, appendix to the management rules, investment policy statement) or on the websites of national bodies.

In most countries outside the EU where some of the Sava Re Group companies are based, labelling and product or service information is governed by the law with minimum requirements. All these companies have websites that provide all information regarding their services. They also have channels established to communicate with different target groups (phone, email, social networks, etc.).



### 13.4.3 Fair business practices<sup>100</sup>

The values and principles of ethical conduct are defined in the “Code of ethics of the Sava Re Group” (hereinafter: the Code of Ethics), which has also been adopted by the Sava Re subsidiaries. The general principles of the Code of Ethics represent the basic values of the Sava Re 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 of Ethics or other binding rules are obliged to report violations to the compliance function holders. No violations of the Code of Ethics were found in 2018.

In the conduct of its business, the Company 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 insurance protection.

**The Sharing Christmas project always inspires everyone, both the elderly and participating employees, with warmth, hope and happiness. In 2018, we once again warmed their hearts and gave them priceless memories.**



<sup>100</sup> GRI 102-16, 103-1, 103-2, 103-3, 205-1, 205-3

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, the Company also adopted a policy on the diversity of the management and supervisory boards of Sava Re, which governs and preserves, inter alia, the gender- and age-balance of all board members.<sup>101</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. In 2018, the Company recorded no such cases.

The Company 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.

Zavarovalnica Sava has in place a system to manage conflicts of interest. Using a written statement on disclosure of a conflict of interest, employees may report any conflict to their manager who examines the relevant situation, assesses the threat and proposes any measures to the compliance function holder. The compliance function analyses all received disclosures of the conflict of interests and issues a decision imposing measures relating to the disclosure of the conflict of interest. Last year a total of 67 disclosures of conflicts of interest were processed. Most of the disclosures referred to potential conflicts of interests in claims settlements, with regard to which only insignificant or minor risk of conflict of interest was assessed, meaning that a conflict of interest is extremely rare. Relevant measures were put in place in all discussed cases, ensuring consistent management of conflicts of interest.

In accordance with the rules, a clause on the management of conflicts of interest is included in contracts with contractual partners.

The scope of work of the office of the Sava Re management board also includes corporate security and fraud prevention and detection. Pursuant to the Sava Re compliance policy, prevention of fraud is one of the main responsibilities of the compliance function holder.

Based on the recommendations made by the internal audit and also by the Insurance Supervision Agency, the Sava Re compliance officer prepared certain amendments to the compliance policy of Sava Re as well as of the Group companies. In order to avoid unnecessary duplication, both policies were combined into a single policy divided into three content sets. The first set refers to the compliance monitoring function in Group companies, the second set addresses specifics applicable solely to Sava Re d.d, while the third set refers to implementation of the compliance monitoring function at the level of the Sava Re Group. Some important policy changes consist in: planning activities, reporting on work and reporting on results and findings have been added as the main elements of the compliance system; the main areas of the work of the compliance function are redefined, in particular in the sense that the thematic areas relating to the controlling company and those relating to subsidiaries are separated; the content of the individual audit report is added (main findings of the audit, recommendations, the responsible person and deadlines for remedying the identified deficiencies); semi-annual reporting is introduced; cooperation with other key functions is put in place, etc. The Sava Re management board approved the proposed changes, and the consent of the supervisory board was also obtained. No major inconsistencies were detected in 2017.<sup>102</sup>

**The collection of used clothing at Sava Osiguruvanje is part of the Kopče project, which opened its first distribution point for used clothing in the centre of Skopje.**



<sup>101</sup> GRI 405-1

<sup>102</sup> GRI 419-1

Pursuant to the Sava Re Group corporate governance policy, the recording of complaints addressed to Sava Re and relating to the operations of subsidiaries is also included in the scope of business functions. After complaints have been examined, they are submitted to subsidiaries for resolution. In the reporting period, the compliance officer established an online register of such complaints. Nine complaints were recorded in 2018.

Sava Re Group companies regularly and upon request report to local insurance regulators. As a public limited company, Sava Re also reports to the Securities Market Agency in accordance with the Financial Instruments Market Act (ZTFI), implementing regulations and the internal rules on trading in POSR shares.

In 2018, Zavarovalnica Sava received 54 reports that were processed by the complaints resolution officer. Most of them referred to violations of the insurance code and good business practices. In the cases examined, it was found that most of the complaints were unsubstantiated, and only in some cases were minor irregularities identified. Sava Re did not receive any such complaints.

Zavarovalnica Sava introduced a “Register of continuous improvements”, which enables all employees to submit, by completing an online form, a report of an incident, inconsistency, deficiency or error that might relate to compliance of business operations, business processes, insurance products, 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 2018, the register of continuous improvements received 23 requests. The online form does not allow for anonymous reports. A register of incidents in which employees enter perceived incidents is in the testing phase in Sava Re. In so doing, the Company encourages its employees to report all incidents that occur, and to take a constructive approach to future incident prevention.

In 2018, Zavarovalnica Sava implemented basic compliance standards that serve as a basis for further development of the compliance function. A regular, semi-annual reporting system has been established for the compliance function holders to report on significant compliance activities and identified inconsistencies. No major instances of non-compliance were detected in either Sava Re or Zavarovalnica Sava in 2018.<sup>103</sup>

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

In line with the adopted Code of Ethics and the Company’s rules on sponsorship and donations, Sava Re and Zavarovalnica Sava do not finance political parties.

## 13.4.4 Responsibility to the community

Sava Re Group companies are aware of the importance of involvement in the environment in which we operate, and therefore we behave responsibly and beyond the formal boundaries of our core business. We firmly believe in cooperation, and therefore support projects that help institutions financially or through volunteering, and that allow us to become part of social development. Having already developed an extensive business network, Group companies can more easily recognise the needs and potentials of local communities in their respective countries. Certain members of our Group are among the co-founders of the Network for Social Responsibility of Slovenia, and members of the Institute for the Development of Social Responsibility and of the Partnership for National Strategy and Social Responsibility.<sup>105</sup>

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

In 2018, Sava Re adopted the “Rules on sponsorships and donations”, which replaced its “Sponsorship and donations policy”. The rules upgraded the procedure dealing with the applications received and the method of allocating funds. A committee was also set up to handle applications, oversee and allocate the funds planned for donations and sponsorships.

The Company promotes social responsibility in the process of sustainable development, and strengthens its visibility, acts ethically and restores the environment, in particular by supporting and investing in education, development (emphasis on socially disadvantaged groups and individuals), humanitarian activities, health and social care (emphasis on socially vulnerable groups and individuals), ecology, and in areas that promote the development and growth of the economy, with an emphasis on start-up companies that develop innovative solutions.

At the end of the year, Sava Re intends to make a major donation to a selected charity using the funds planned for donations or the funds planned for business gifts. Employees give proposals for such a donation and vote on it.

<sup>103</sup> GRI 419-1

<sup>104</sup> GRI 415-1

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

<sup>106</sup> GRI 103-1, 103-2, 103-3, 203-2

As the largest member of the Group, present in direct business and active in two EU markets, Zavarovalnica Sava has a long-standing reputation and tradition as a socially responsible activist – also through its predecessors Zavarovalnica Maribor, Zavarovalnica Tilia, Velebit Osiguranje and Velebit Životno Osiguranje. Decisions on sponsorships and donations are dictated by the adopted “Rules on sponsorship and donations”.

The goals and criteria measuring sponsorship performance are clearly defined. Sponsorship is viewed as a partnership that benefits both sides. Sponsorship activities constitute one of the pillars of the company’s activity and are also integral to its traditional market presence. They are therefore closely connected to the company’s operations and market presence, enhancing the brand in the environment in which it operates.

In 2018, Zavarovalnica Sava allocated EUR 2.2 million for sponsorships, with investment into sports activities declining by almost 7% compared to 2017. Sports activities were allocated 76% of the funds, with the remaining 24% going to other fields.

Donations form an integral part of the commitment to the wider community in which Zavarovalnica Sava operates. In 2018, donations increased by 13.8% compared to the previous year.

**Zavarovalnica Sava donations by substance**

	2018	2017
Charity	2.1%	1.6%
Arts	15.1%	11.3%
Science	0.4%	n/a
Education	3.7%	3.0%
Sports	70.7%	70.4%
Social security	0.8%	0.3%
Disability	0.3%	0.3%
Healthcare	1.7%	3.1%
Protection against disasters	0.4%	1.6%
Other	4.8%	8.3%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

**Major sponsorships, donations and projects**

Since a healthy lifestyle can have a very positive impact on business results, Zavarovalnica Sava allocates a large proportion of its sponsorship funds and donations to this area. It promotes sports at all levels, from recreation to professional sports.

- 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 on the importance of a balanced lifestyle.

Other Group companies also actively work together with local communities and support them through sponsorships and donations, with a focus on investments into sports activities. However, as none of them has a sponsorship and donations policy in place and since their contributions are minimal, they were not included in this report.

**Preventive action projects<sup>107</sup>**

Most of the assets go to fire prevention, and Zavarovalnica Sava thus supports a number of fire brigades both at the local and national levels.

Cooperation with the national automobile association (AMZS) is crucial, and Zavarovalnica Sava maintained good relations with it in 2018, contributing to better road safety. Two major projects:

- The “Najboljši za volanom 2018” (Best Driver 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 “Še 365 dni!” (365 Days to Go!) 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.

<sup>107</sup> GRI 203-2, 413-1

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

The Sava Re Group supports corporate volunteerism (corporate charity). Its major volunteer project is the Sava Re Day, which has been bringing together employees from all Group members for eight years running. 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 build awareness of the importance of sustainability among our employees.

In 2018, 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 Save Re and Zavarovalnica Sava. The Save Re Day was held on 6 April 2018 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).

### In the framework of Sava Re Day 2018 Sava Re employees participated in the following volunteer activities

Organisation	Activities
Home of Slovenian Philanthropy – Viška Hiška Ljubljana	participation in the preparation of gardens for planting, rough landscaping, preparation of external walls for graffiti, consolidation of the parking areas, the making of a composter and painting of the workshop
Livada LAB – urban learning laboratory	physical removal of invasive plants that grow in the surrounding area
Shelter for abandoned animals, Ljubljana	spring cleaning of the surroundings, kennels and similar
Shelter for abandoned animals, Horjul	landscaping, preparation of kennels, stacking textile

On Sava Re Day, Zavarovalnica Sava helped at more than 50 locations, with more than 860 employees participating. Later, a survey was conducted among the employees, which revealed that as many as 98% of the respondents are happy to participate in the Sava Re Day and that 80% of superiors encourage their employees to take part. In the future, most of the participants want to be part of the activities that are related to underprivileged people.

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.

In addition to Sava Re Day volunteer activities, Zavarovalnica Sava carried out two additional humanitarian projects in 2018 with the participation of its employees:

- The extremely well received “Sharing Christmas” event, an intergenerational social event, was organised for the third time last year. Residents of the old people’s home in Novo Mesto were enchanted by a Christmas fairy tale – a workshop that focused on baking biscuits and gift wrapping worked together with the Slovenian “Santa for a Day” initiative.
- 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.

Both projects touched the hearts of everybody involved.

## Commitments to external initiatives<sup>109</sup>

In the Sava Re 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.

## Membership in associations<sup>110</sup>

Sava Re is active in several professional associations: Slovenian Insurance Association, Slovenian Directors’ Association, Chamber of Commerce and Industry of Slovenia, British-Slovenian Chamber of Commerce, Sors – meeting of insurance and reinsurance companies, Maritime Law Association of Slovenia, The Slovenian Institute of Auditors, CFA Institute, and Business Angels of Slovenia.

<sup>108</sup> GRI 103-1, 103-2, 103-3, 413-1

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

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

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

Responsibility to the natural environment is understood through our own actions and by encouraging various stakeholders to respect established social principles and adopted practices aimed at protecting the environment. To this end, we adjusted a part of our business processes, and through various mechanisms and by supporting environmental protection initiatives, we embedded employee awareness of this responsibility into our business environment.

Guidelines that Sava Re has already implemented in the work process:

- Electronic pay slips
- Documents for the management board, supervisory board and committees in electronic form
- Office supplies that are recycled or manufactured using certified environmentally-friendly materials
- Each employee receives a water bottle
- Employees use city passenger transport services for business travel in the city, and the Urbana public transport card is available
- The Company leases two central printers
- Waste separation

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

Separate waste collection (paper, packaging and municipal waste) is ensured in most locations in Slovenia. Waste is collected by approved or registered waste processors or collectors. In terms of the responsibility to the environment and in line with the purchasing policy, our suppliers and service providers are required to deliver proof of proper disposal of waste generated in mutual cooperation<sup>113</sup>.

When examining and selecting the archives in 2018, Sava Re ensured adequate waste separation and carefully excluded the part to be recycled. All types of waste were transported to registered landfill sites and a sales agreement was made concerning waste paper. Sava Re employed a system of waste separation with an appropriate layout and number of containers for efficient general waste separation, but as we are not the sole owner in the office building, we do not have information on the amount of individual types of waste generated. In 2018, Sava Re decided for the first time to order half of the office paper from recycled materials.

Old electronic devices (computers, batteries, printers, monitors, telephones and similar) are collected by an authorised contractor that ensures e-waste is recycled and non-ferrous scrap metal is properly collected.

In Zavarovalnica Sava, where waste is recorded by type and quantity, the volume of waste has decreased by 3,816 kilograms in 2018 compared to the previous year.

#### Waste collection in Zavarovalnica Sava by type and volume

Type of waste (in kilograms)	2018	2017
Mixed municipal waste	94,687	69,915
Biodegradable waste	5,402	4,669
Paper and cardboard packaging	n/a	12,965
Mixed packaging	5,957	5,321
Glass packaging	1,310	1,441
Paper and cardboard	62,082	86,680
Plastics	214	1,030
Metals	1,310	50
Waste printing toners	n/a	827
Discarded electrical and electronic equipment containing hazardous components	890	n/a
Discarded electrical and electronic equipment	4,390	n/a
Sawdust, shavings, cuttings, wood, particle board and veneer	1,700	n/a
Grease and oil mixture from oil/water separation containing only edible oil and fats	1,140	n/a
<b>Total</b>	<b>179,082</b>	<b>182,898</b>

All waste was collected by authorised or registered waste collectors or processors at Zavarovalnica Sava's locations. Discarded electronic devices are collected by outside repairers who service them, or they are taken over by registered waste collectors or processors at the location of Zavarovalnica Sava. The amount of waste batteries is negligible (this waste is therefore collected for several years before it is handed over to the municipal waste service / waste separation).

Zavarovalnica Sava used remanufactured cartridges for printing and copying in 2018 and did not generate any additional waste.

Sava Pokojninska separates waste according to the instructions of the local utility company (separate collection of paper, bio-waste, plastic, metal, tetrapack). Waste is collected centrally in the business centre, while other types of waste are not generated by Sava Pokojninska. A contractual supplier collects discarded electronic devices and disposes them appropriately.

<sup>111</sup> GRI 103-1, 103-2, 103-3, 201-2

<sup>112</sup> GRI 103-1, 103-2, 103-3, 306-2

<sup>113</sup> GRI 414-1



## Paper consumption

Average daily paper consumption (sheets of A4 paper) per employee (data refers to the company headquarters)

	2018	2017
Sava Re	8.94	8.54
Zavarovalnica Sava*	28.9	29.6
Sava Pokojninska	n/a	n/a
Sava Neživotno Osiguranje (SRB)	12.46	12.7
Sava Životno Osiguranje (SRB)	12	11
Sava Osiguruvanje (MKD)	30	41
Illyria	13	15
Illyria Life	n/a	n/a
Sava Osiguranje (MNE)	26	24
Sava Penzisko Društvo	16	15
<b>Total</b>	<b>147.30</b>	<b>156.84</b>

\* The data refers to the company's headquarters and all its business units in Slovenia.

## Energy consumption<sup>114</sup>

The primary energy sources for Sava Re are electricity and fossil fuels. In the renovation of business premises at Baragova street we agreed with the tenant to renovate and reorganise some of the existing systems by installing new energy-saving systems (cooling system, lighting) and to improve the energy efficiency of the existing systems (replacing the heating system regulation).

Zavarovalnica Sava uses primarily electricity for its operations (lighting, air-conditioning) and gas (heating). In 2018, Zavarovalnica Sava moved its premises in Celje and partly in Ljubljana. One of the key criteria in searching for or building new premises is energy efficiency. Due to the poor thermal insulation of the company's registered office at Cankarjeva 3 in Maribor, the obsolete equipment and installations and huge heat losses and the associated CO<sub>2</sub> emissions, Zavarovalnica Sava is considering a more suitable solution and premises that will be more user-friendly and environmentally friendly.

Group companies do not use renewable energy, and with the exception of Sava Pokojninska, a separate system for efficient capture and breakdown of such data has not been used. Carbon footprint measurements have not yet been performed. Since we are aware of the importance of such data in making progress towards sustainable development, we intend to establish an application for real estate monitoring and management in the next two years, which will enable the monitoring, collection, classification and processing of data on energy consumption, including calculations of the carbon footprint.

<sup>114</sup> GRI 302-1

## Key sustainable development guidelines and objectives

The Group has prepared a sustainability report for the second time. Part of the objectives set in the first report were achieved.

The sustainable development principles have been incorporated into some business processes (recruitment, sponsorships and donations, fair practices, etc.), while they are gradually introduced into other processes (purchasing process, investment management policy, etc.).

In 2018, employees were encouraged to live a healthy lifestyle and take care of their personal and professional growth and development through various measures.

By investing in prevention, sponsorship and donations, and through voluntary projects, we took care of local environments and do our best to help less privileged target groups.

In 2019, we will continue to maintain good practices that are already followed in the area of sustainable development. The following serve as the key guidelines we wish to follow and thus exercise a more sustainable impact on society and the environment in which we operate.

### Key sustainable development guidelines and objectives for 2019

Sustainable development strategy	<ul style="list-style-type: none"> <li>• Development of a Group sustainable development strategy</li> <li>• Introduction of the sustainability principles into all Group companies</li> <li>• Appointment of sustainable development owners in all Group companies</li> <li>• Establishment of a network of sustainable development owners in the Group</li> </ul>
Responsibility to employees	<ul style="list-style-type: none"> <li>• Identification of psychosocial risks among employees</li> <li>• Implementation of preventive activities based on findings related to psychosocial risks</li> <li>• Evaluation of employee commitment to and adoption of appropriate measures</li> </ul>
Responsibility to the community	<ul style="list-style-type: none"> <li>• Participation in preventive projects and programmes</li> <li>• Identification of less privileged groups in our environment to help them</li> <li>• Promotion of corporate and employee volunteerism</li> </ul>
Sustainable operations	<ul style="list-style-type: none"> <li>• Establishment of a common investment management policy of the Group</li> <li>• Adherence to environmental, social and governance principles of sustainable development in investments</li> <li>• Inclusion of sustainability criteria in the product development process</li> <li>• Development or renewal of at least one insurance product that promotes sustainable development</li> </ul>
Environmental impacts	<ul style="list-style-type: none"> <li>• Establishment of a system for monitoring energy consumption</li> <li>• Greenhouse gas emission reduction</li> <li>• Waste minimisation</li> </ul>