

13
Sustainable
development
in the Sava
Insurance
Group



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About the report⁸²

In accordance with the GRI standards the Sava Insurance Group sustainability report 2020 analyses three aspects: **economic**, **social** and **environmental**.

The essential contents of the Sava Insurance Group sustainability reporting⁸³

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

The consolidated annual report refers to a single financial and calendar year and is prepared in accordance with the International Accounting Standards, the Companies Act, the Solvency II Directive and international sustainability reporting standards Global Reporting Initiative (GRI). The annual report is prepared by Sava Re specialist services and all subsidiaries. The consolidated annual report incorporates all legal entities constituting the Sava Insurance Group⁸⁴.

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’s 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 index⁸⁵ 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 corrections⁸⁶.

Sava Re did not seek external assurance of the sustainability report in 2020⁸⁷.

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 2020 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.

⁸² GRI 102-46.
⁸³ GRI 102-47.
⁸⁴ GRI 102-45, 102-50, 102-52
⁸⁵ GRI 102-55.
⁸⁶ GRI 102-48, 102-49.
⁸⁷ GRI 102-56

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13.1 Sustainable development strategy of the Sava Insurance Group

In its strategic plan for the period 2017–2019, the Sava Insurance Group already incorporated sustainable development as one of its key pursuits and made a commitment to make it an integral part of the business processes. 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.

13.1.1 Sustainable development strategy 2020–2022

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

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

The **#NeverAlone** slogan remains our guide in our approach to all stakeholders.

88 ESG criteria: ESG (Environmental, Social, Governance) implies socially responsible behaviour that could be said to meet the three criteria: environmental and social criteria, and responsible corporate governance.



Health Day: a Nordic walking course for Sava Re employees.

The upcoming strategic period will thus centre around:

- **the United Nations sustainable development goals of “good health and wellbeing”** and embedding them into our insurance products and services, to ensure healthy lives and promote well-being for all at all ages;
- **interests and expectations of the relevant interested parties and stakeholders**, as communicated to us through 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 criteria⁸⁸**, 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 operational implementation of the sustainable development strategy and coordination of the tasks agreed.

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13.1.2 Delivering the sustainable development strategy in the Sava Insurance Group and the integration of the ESG criteria into decision-making processes

In 2020, particular attention was paid to the introduction of the ESG criteria and the establishment of a system of key performance indicators. The year, marked by the Covid-19 pandemic, was thus dedicated to the testing of the proposed solutions. This new context has accelerated activities in some areas, while it also served to rearrange our priorities.

In this new situation, the Group put the safety and health of all employees and continuous communication with our customers first, in accordance with our business continuity plans.

In these new circumstances and in accordance with the adopted strategy of sustainable development, we focused on the following areas:

- introducing the ESG criteria into the client in the centre processes and establishing metrics to determine customer satisfaction,
- introducing the ESG criteria into product development and establishing relevant metrics, while implementing the European regulation on the supply of financial products, which enters into force on 10 March 2021,
- insurance underwriting and substantive assessment of the portfolio in terms of the ESG criteria,
- introducing the ESG criteria in the investment process in accordance with the aforementioned European regulation (SFDR – Sustainable Finance Disclosure Regulation),
- introducing the ESG criteria into the purchasing area,
- involving stakeholders, the identification of their interests and expectations, and an ongoing dialogue in new circumstances.

13.1.2.1 Customer in the Centre of all Processes and digitisation of operations (responsible attitude to consumers)⁸⁹

As our most important stakeholders, customers were engaged in the formulation of a sustainable development strategy through a survey and the setting of the priority objectives of the Group's strategic plan. Customers gave high priority to the following topics (more details on stakeholder involvement in section 13.1.3 “Stakeholder engagement”):

- compliance,
- products that are transparent and easy to understand,
- quality of sales network.

Their implementation depends on the responsiveness and transparency of processes and the offer of services and products via all possible sales or communication channels to provide the easiest access possible, which is based on process digitalisation and paperless operations.

In 2020, the situation as affected by the Covid-19 further accelerated the introduction of new communication channels that support remote operations and the uninterrupted provision of services to our customers. The introduction of video identification, remote signing and remote property damage surveying enabled customers to take out insurance policies, report claims, and communicate seamlessly with companies.

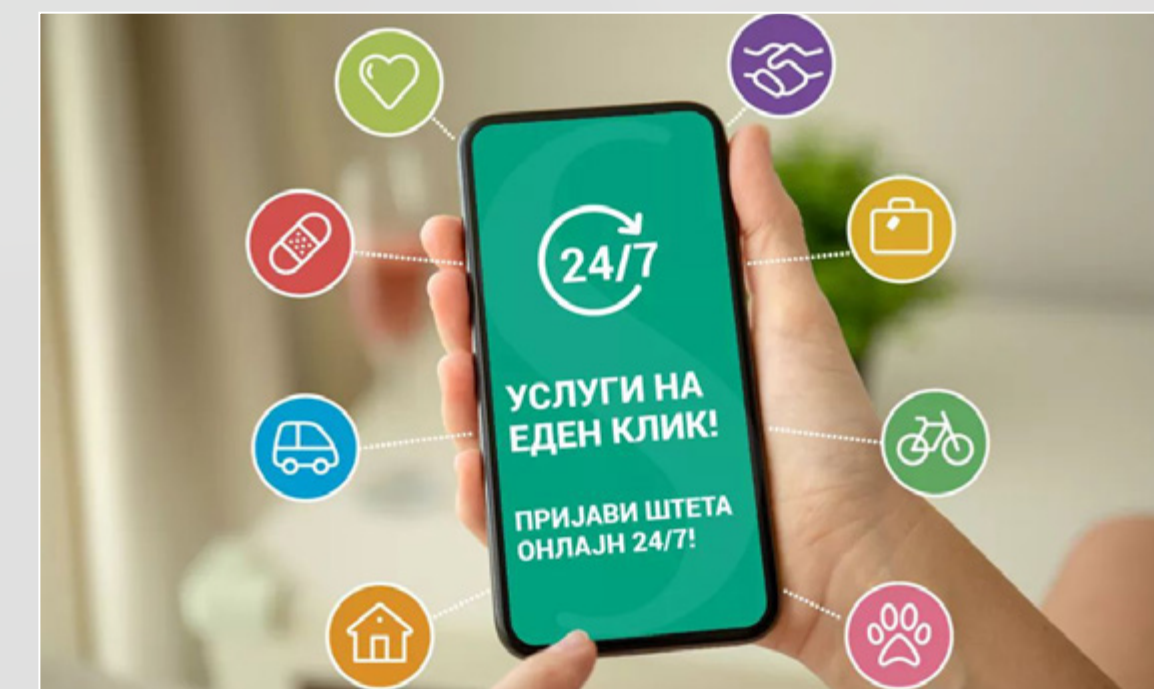
To ensure the quality of services, operational performance indicators are included in the processes, which allows us to optimise operations and deliver high quality services.

In 2020, the following new solutions for providing services to our customers were launched:

- the introduction of a remote signing provided customers with uninterrupted insurance cover when our sales points were closed, and made insurance services available during the lockdown resulting from the pandemic. This solution

also follows the client in the centre guideline, making the services we offer to our customers fast, accessible and easy. All GDPR requirements were included in the process;

- the introduction of the video identification of a customer in support of processes that require appropriate and reliable identification in accordance with the law, especially in life insurance and in concluding transactions in connection with investment services;
- the introduction of remote property damage surveying ensures better accessibility, speed, and ease of reporting claims when measures restricting movement are imposed. Namely, a customer documents the claim simply digitally, which makes it faster to process and in turn reduces the time that the appraiser would otherwise need;
- the introduction of the omni channel platform to consolidate all interactions with the customer, with the aim of providing an integrated approach and central information on the company's activities concerning the customer. This platform also comprises a new chat solution that enables the recording of a dialogue with the customer, which complements the mosaic and the efforts to record all events related to it.



Sava Osiguruvanje – online claims reporting.

⁸⁹ GRI 103-01, 103-02, 103-03.

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13.1.2.2 Product development and underwriting⁹⁰

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

- new opportunities in the development of innovative products and services,
- new, unknown risks and consequently the creation of new underwriting criteria (such as climate change and weather-related natural disasters).

In this regard, in accordance with the strategy:

- a system in which sustainable development is also assessed according to the predetermined criteria is gradually being established with the development of non-life and accident insurance products. This is formally supported by appropriate questionnaires and rules that define the product development process. The questionnaire aims to determine whether our offer has a direct or indirect impact on our customers' attitude towards the environment or more responsible social behaviour. Examples of such products in 2020:
 - ◇ overhaul of the product intended for light means of transport (one insurance for all forms of mobility and e-mobility for light means of transport, promotion of mobility without a car, bicycle, e-bicycle, scooters, e-scooters, etc.),
 - ◇ launch of the pet Insurance product (better quality of life: caring for a pet (dog and cat) results in greater physical activity, better social life, reduced stress);
- in the case of financial products, the SFDR regulation (Regulation 2019/2088), which clearly defines the

sustainability of these products by unifying the criteria for the entire European market also prevents misleading advertising of so-called green products;

- a system of the ESG criteria is being established in underwriting (insurance and reinsurance, especially in facultative underwriting) by introducing an exclusion and conditional exclusion list. Related activities performed in 2020:
 - ◇ in reinsurance business, a substantive assessment of the portfolio was prepared in order to determine the most important elements and the criteria for ESG reporting in reinsurance activities outside the Group,
 - ◇ in the facultative area, 30 cases were identified that required assessment whether an individual inquiry meets the requirements for conditional risk acceptance under the ESG criteria, which is the baseline for further activities based on the guidelines set in 2021;
- given the increasingly complex decision-making process in respect of the ESG criteria, an appropriate ESG data collection system is needed and, in relation to this, also appropriate information support to monitor the effects of introducing the ESG criteria and the need for reporting in accordance with regulations.

13.1.2.3 Investment process⁹¹

The 2020–2022 strategic period will be characterised by the implementation of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 laying down harmonised rules for financial market participants and financial advisers on transparency with regard to the integration of sustainability risks and the consideration of adverse impacts of sustainability in their processes and the provision of sustainability-related information with respect to financial products. The regulation imposes additional disclosure requirements on financial market participants regarding

investment policy or the integration of the sustainability aspect into their investment decisions, as well as disclosure regarding the consideration of sustainability in individual financial products.

The process is presented in more detail in section 13.2.2 “*ESG investment guidelines*”.

13.1.2.4 Sourcing process⁹²

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. The goals of the purchasing process:

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

The purchasing process is described in more detail in section 13.3.4 “*Relations with suppliers and the purchasing policy*”.

⁹⁰ GRI 103-01, 103-02, 103-03, 305-01, 305-02, 305-03, 302-01.

⁹¹ GRI 103-01, 103-02, 103-03, 201-01.

⁹² GRI 103-09, 103-01, 103-02, 103-03, 204-01, 308-01.

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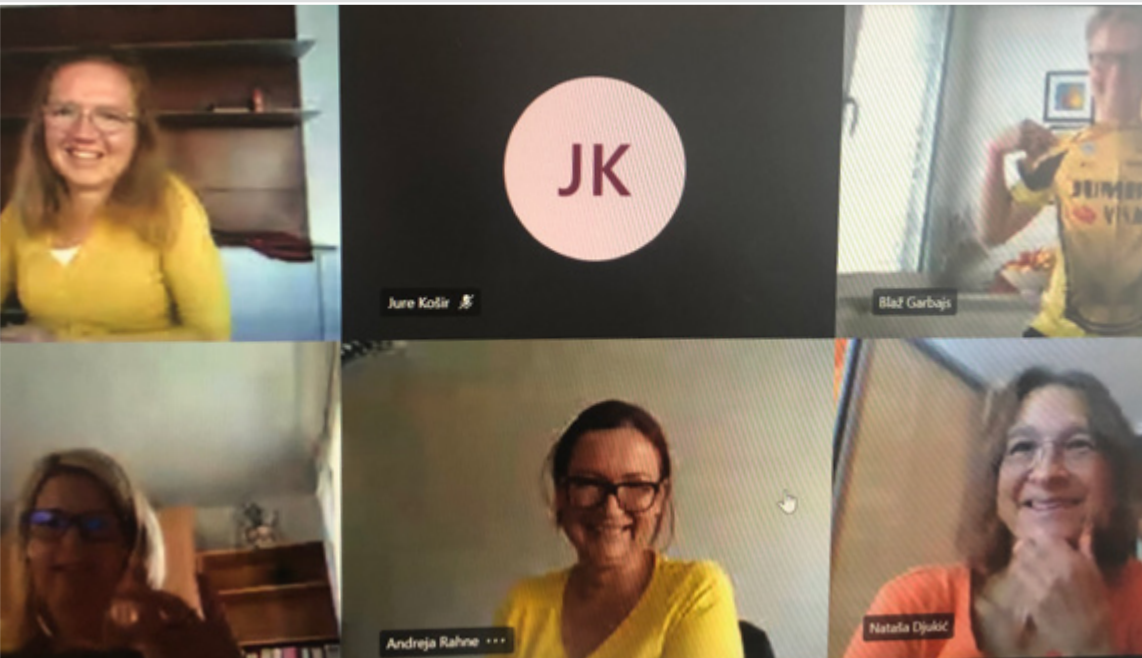
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13.1.2.5 Cyber security

The Covid-19 pandemic in 2020 led to changes in the work organisation, as it moved from workplaces to working from home. The new way of working and its scope required intensive efforts to establish and maintain the resilience of the IT infrastructure and the ability to prevent and control cyberattacks.



Cheering for Slovenian racers during the Tour de France.

In 2020, the Company’s security policy was overhauled, and an employee training programme was set up to identify and respond to attacks carried out via social engineering.

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

Security capacity upgrades for the period 2021 and 2022 were also outlined.

A fast and simple leap to the remote work scenario was made possible by the existing server infrastructure, which is well prepared for homeworking with secure VPN access. All users can actually work without any interruptions, and if anything untoward does happen the service desk is always available. A pandemic information portal is available to facilitate access to information.

In line with homeworking, use of the Microsoft Teams tool for teamwork has increased among employees. This also enables the quality introduction of the SAP system through outsourcers.

In 2020, a lecture on cyber security was held in which employees were instructed, in detail, on how to recognise an attack and how to deal with such, in particular in cases of false notifications and requests for the payment of various fictitious services that are sent by e-mail and contain incomplete documentation. The service desk regularly informs employees about suspicious e-mail and instructs them how to act when they receive such a message. Third-party access is also protected by appropriate protocols.

13.1.3 Stakeholder engagement⁹³

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

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

In those circumstances, it was particularly important to identify the needs of stakeholders for information or content. To this end, we repeated the 2019 online survey, but this time we conducted it in all of the countries where we are present, except in Montenegro, where the epidemiological situation was extremely poor and the survey could therefore have had a disturbing or negative impact on stakeholders.



Blood donor day in Montenegro runs in line with protective rules.

⁹³ GRI 102-40, 102-42, 102-43, 102-44, 102-46.

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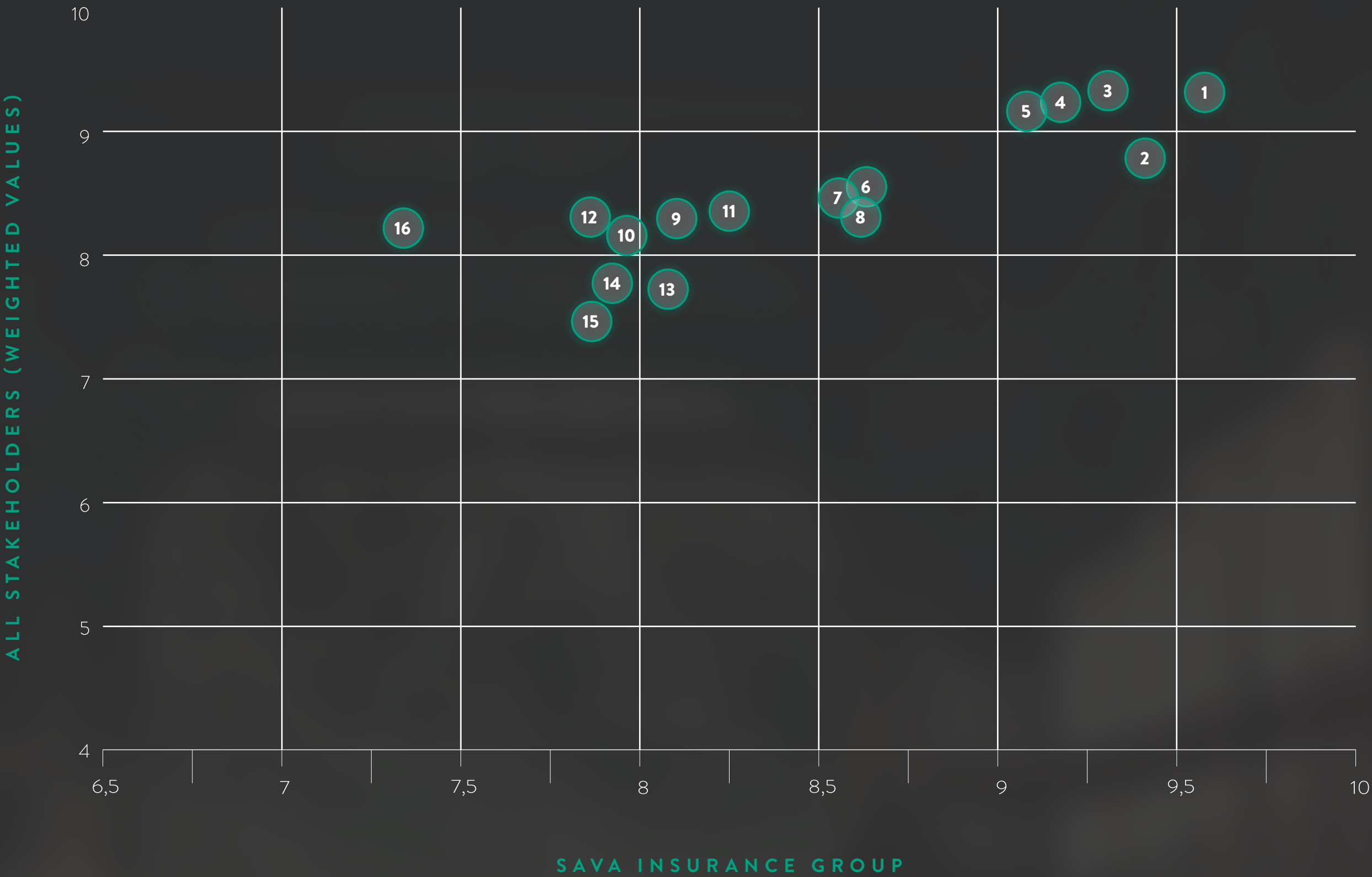
The results showed that the first five points considered essential from the point of view of the Sava Insurance Group and stakeholders are:

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

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

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, and has allowed for continuous communication with all stakeholders during the pandemic. In 2020, traditional forms of integration, i.e. physical contact and social gatherings, have been assumed by new technologies. 2020 was special, not only in our communication with all stakeholders, but the Covid-19 pandemic also particularly marked the content of the information sent to stakeholders, especially employees and customers.

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



LEGEND

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

Stakeholders	Type of involvement	Objectives	The most important activities in 2020
Sava Insurance Group employees	<ul style="list-style-type: none"> Employee participation (workers' council and unions) Internal formal events (strategic conferences, professional and educational events) Internal informal events Internal training/consultations Management by objectives (annual appraisal interviews) Internal web and print media Thinking out of the box Electronic mail Personal contact Opinion polls/questionnaires Sports societies 	<ul style="list-style-type: none"> Information, awareness Stimulating ideas to improve the work environment and business processes Two-way communication Culture building, improving relations, fostering a good organisational climate 	<ul style="list-style-type: none"> Two strategic conferences annually with representatives of all subsidiaries Ongoing dialogue with employee and trade union representatives Events, conferences, lectures Regular provision of information to employees on coronavirus-related measures by e-mail, regular departmental meetings via MS Teams Covid-19 Info Point – intranet portal Addresses by the chairman of the management board of Sava Re to all employees of the Group by e-mail
Customers include: <ul style="list-style-type: none"> the insured policyholders injured parties cedants investors in mutual and pension funds 	<ul style="list-style-type: none"> One-to-one counselling Meetings Compliments and complaints Websites, blogs Contact centre Market communication through different channels Expert meetings/conferences Events 	<ul style="list-style-type: none"> Service quality Customer focus Information Quick problem solving Customer-friendly attitude Identifying actual market needs Modern sales channels 	<ul style="list-style-type: none"> Year-long ongoing communication across the sales network Interactive chats – on web sites Electronic monthly publications (Sava Infond sent to 16,000 addresses) Direct mail Twice yearly presentation brochure for cedants Regular communication to clients of all relevant information in the context of the Covid-19 pandemic
External sales network consisting of: <ul style="list-style-type: none"> insurance agencies insurance intermediaries banks business partners such as vehicle inspections, tourist agencies, etc. 	<ul style="list-style-type: none"> Regular contacts Professional training Meetings/events 	<ul style="list-style-type: none"> Product and offer expertise Keeping up to date with developments in business processes Keeping up to date with developments in laws and regulations governing the business Building genuine partnerships 	<ul style="list-style-type: none"> Ongoing communication Communication regarding measures and health protection in the context of the Covid-19 pandemic
Suppliers (services and materials)	<ul style="list-style-type: none"> Tenders Invitations to participation Questionnaires Meetings Presentations 	<ul style="list-style-type: none"> Selection of the most appropriate supplier in accordance with the criteria Environmentally friendly materials Paperless operation Digitisation of operations Payment reliability Honouring agreements Delivery of waste disposal certificates Supporting local economy 	<ul style="list-style-type: none"> Standing invitations to tender and supplier selections
Shareholders and prospective investors in POSR shares	<ul style="list-style-type: none"> The general meeting of shareholders Regularly through public notifications (SEOnet of the Ljubljana Stock Exchange) Regularly on the website (www.sava-re.si) At least once a year in the letter to shareholders Regularly via email (ir@sava-re.si) Regularly in individual meetings and through conference calls Regularly at investment conferences at home and abroad 	<ul style="list-style-type: none"> Equal access to information Clear dividend policy and yields In-depth information on business operations, annual plan and strategic policy Sustainable operations 	<ul style="list-style-type: none"> Regular and transparent communication with shareholders and investors, participation in eight events In 2020, there were 44 public notifications on the SEOnet system.
Regulatory	<ul style="list-style-type: none"> Regular and extraordinary reporting to the Insurance Supervision Agency (ISA) and Securities Market Agency (SMA) Regular and extraordinary reporting to the Competition Protection Agency (CPA) 	<ul style="list-style-type: none"> Compliance with legislation Business transparency Security of policyholders Compliance 	<ul style="list-style-type: none"> Consistent tracking of changes in legislations, regulatory measures and recommendations
Credit rating agencies	<ul style="list-style-type: none"> Regular annual review of the financial position, operations and business results 	<ul style="list-style-type: none"> Improved credit rating 	<ul style="list-style-type: none"> AM Best confirmed the credit rating “A” (stable) S&P confirmed the credit rating “A” (stable)
Media	<ul style="list-style-type: none"> Regularly through press releases At least once a year at the press conference Periodically through interviews Regularly through answers to journalists’ questions 	<ul style="list-style-type: none"> Providing information to the general public Regular and transparent information on business operations Strengthening the positive realistic image of the Company/Group Maintaining regular and positive relationships 	<ul style="list-style-type: none"> Responsive and timely communication with the media The Sava Insurance Group had 1520 mentions in the media in 2020 (14% more than in 2019)
Communities	<ul style="list-style-type: none"> Direct contact with local decision makers Support to non-profit organisations through sponsorships and donations Support for preventive actions Employee assistance 	<ul style="list-style-type: none"> Involving the company/employees in local communities and society at large Co-financing of projects important for the local community Enhancing security through preventive actions Infrastructure investments Awareness raising among the population 	<ul style="list-style-type: none"> Section “<i>Sponsorship, donations and preventive actions</i>” Section “<i>Responsibility to the community</i>”

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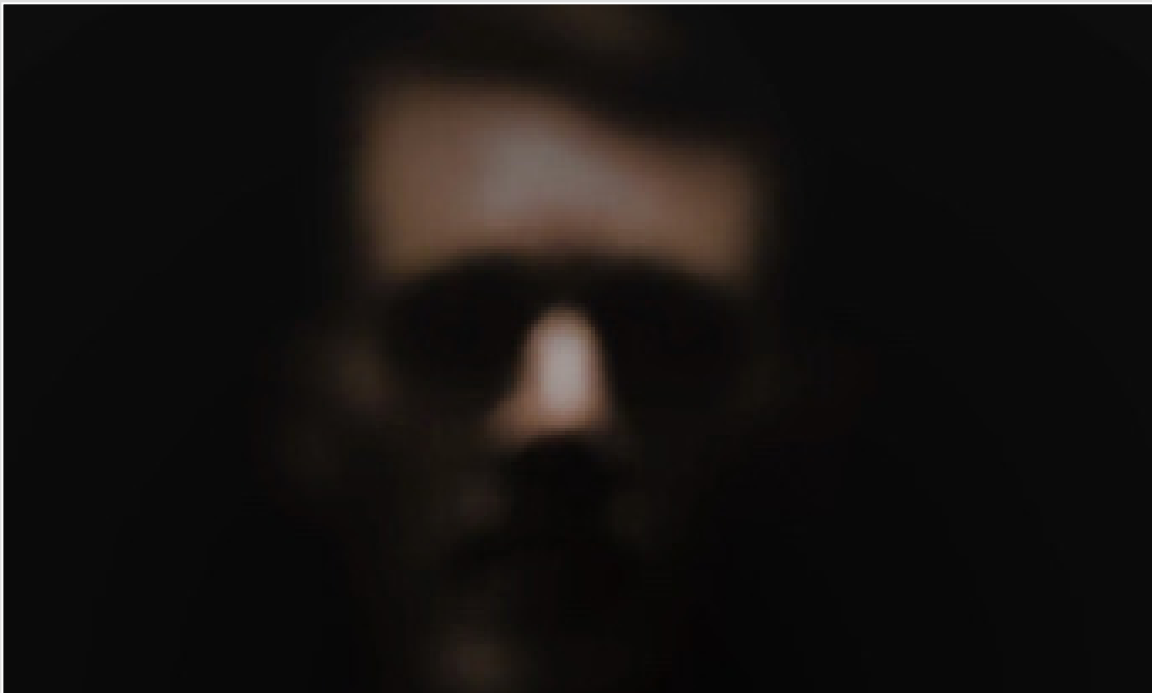
13.2 Economic report⁹⁴

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.

Distributed economic value of the Sava Insurance Group, as follows from the table below, amounted to EUR 664.6 million in 2020. 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.

EUR million	Sava Insurance Group					
	2020	2019	2018	2017	2016	Index 2020/2019
Other economic impacts						
Economic value generated*	707.3	620.5	567.3	519.8	516.0	114.0
Economic value distributed	664.6	647.0	560.9	508.8	475.0	102.7
Net claims incurred and other technical expenses	446.0	421.5	344.1	313.6	285.7	105.8
Expenses for financial assets	13.1	6.1	9.6	11.9	8.6	215.0
Other expenses	3.3	4.6	2.9	2.8	2.5	71.6
Operating expenses**	119.9	111.0	102.8	87.7	90.7	108.0
Dividend payouts	0.0	14.7	12.4	12.5	12.4	0.0
Income tax expense	11.4	10.5	12.2	8.8	7.8	107.7
Investments in the social community (prevention, donations, sponsorships)	3.9	4.2	3.8	3.2	3.0	93.4
Employee payments, allowances and benefits	67.0	74.5	73.1	68.4	64.4	90.0
Economic value retained	42.7	-26.6	6.3	11.0	41.0	-160.8

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



Zavarovalnica Sava's Loneliness project helps people in mental distress.

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⁹⁴ GRI 103-01, 103-02, 103-03,201,01.

13.2.1 Sponsorship, donations and preventive actions⁹⁵

With the outbreak of the coronavirus pandemic in 2020, our strategic focus on the United Nations’ global goal – health and well-being – acquired even greater importance. This new situation also affected our donations.

At the onset of the epidemic, Sava Re made a donation to the Administration of the Republic of Slovenia for Civil Protection and Disaster Relief in the amount of EUR 62,500 in order to help contain further spread and help rectify the consequences.

In the year of the epidemic, Zavarovalnica Sava also participated in a preventive campaign to help the Civil Protection of the Republic of Slovenia. Part of the resources for prevention was intended for the purchase of respirators and other necessary material to prevent the spread of the virus or mitigate the effects of the epidemic.

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.

- 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.
- Despite the precarious situation brought about by the global crisis caused by the pandemic, the Group supported the environment to much the same extent as in the previous year. Total resources devoted to environmental protection were only down 8%.

Sponsorships, donations and prevention activities are described in more detail in section 13.3 “Social aspect”.

⁹⁵ GRI 201-01, 203-02.

Sponsorships, donations and preventive activities*

EUR	2020	2019	Index
Sponsorships	2,164,519	2,585,221	84
Donations	1,016,860	1,105,307	92
Prevention	701,016	536,257	131
Total giving back to the community	3,882,395	4,226,785	92

* In 2019 and 2020, Zavarovalnica Vita was also taken into account to ensure comparability between the two years.



Sava Osiguranje, Serbia, is the official sponsor of the Athletics Association of Serbia. Ivana Španović is a Serbian long jumper, the reigning world indoor champion.

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13.2.2 ESG investment guidelines⁹⁶

When investing, the Sava Insurance Group adheres to the ESG principles (ESG – environmental, social, governance) through negative screening. When choosing investments we favour those that comply with the ESG principles, the principles of sustainable developments, responsible investment and similar. Return on investment is an important but not sole criterion, as risk analysis also takes account of the sustainability criterion, which is important in investment decisions. In building our investment portfolio we avoid investing in securities that might have harmful effects of any kind either on people or the environment, or that in any way deviate from the ESG principles. Part of our funds are invested in debt securities issued by international organisations such as the EBRD, the World Bank and the European Investment Bank, as we believe that these organisations invest in environment-friendly projects and promote development in accordance with their environmental and social policies. We also invest in securities issued to fund green, environmental projects (so-called green bonds) and sustainable bonds (sustainability bonds), which are intended to finance green and social sustainability objectives of issuers and are issued primarily by governments and local authorities.

From the end of 2019, investments in green and sustainability bonds, which totalled EUR 25.4 million, increased by EUR 57 million and amounted to EUR 82.4 million at year-end 2020. Exposure increased in almost all sectors, most notably in the sector of supply companies and government and financial institutions. In 2020, the outbreak of the pandemic significantly accelerated the issue of sustainability bonds and the offering of such, which had a favourable effect on the additional selection of ESG bonds available for investments. Common to all of the investments shown in the table below is the fact that the funds collected are used to finance projects and investments meeting certain criteria, such as the ESG standards.

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

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

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

Real estate investments in our portfolios integrate ambitious

environmental, social, and governance commitments. The most important goals are to drastically reduce the consumption of energy and water and decrease greenhouse gas emissions, as well as the efficient processing of waste. The managers of these funds have various certificates, including LEED, BREEAM, WELL and HQE. As part of the social goals, the funds strive to strengthen local communities and cities, and the construction of residential real estate takes account of the fact that these buildings are surrounded by green areas for social gatherings and promote healthy living, that real estate users have guaranteed access to social and educational institutions and actively participate in sustainable mobility projects, etc.

In 2021, we plan to continue investing in renewable energy sources and energy efficiency projects as well as sustainable real estate investments. Moreover, we intend to include ESG bonds in the portfolio as much as possible. Under the new legislation entering into force in 2021, we will also comply with the uniform rules regarding the transparency of the integration of sustainability risks into processes and take due account of impacts compromising sustainability when making investment decisions.

The table below lists all of the Group's investments where the ESG guidelines are followed.

Type of investment (EUR)	Uncalled commitment	Called up already	Total	Total investments called up or already made as a % of the Group's total investment portfolio
Infrastructure funds	25,981,109	27,161,550	53,142,659	1.8%
Real estate funds	-	14,500,000	14,500,000	0.9%
Direct infrastructure projects	-	574,482	574,482	0.0%
Private debt funds	6,000,000	0	6,000,000	0.0%
ESG (green & sustainable) bonds	-	82,404,551	82,404,551	5.4%
Bond mutual funds	-	3,494,416	3,494,416	0.2%
Total	31,981,109	128,134,999	160,116,108	8.3%

⁹⁶ GRI 103-01, 103-02,103-03, 203-01.

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13.2.3 Risks and opportunities arising from climate change⁹⁷

Climate change poses a serious risk to society, the economy, and to a large extent also to the work and operations of insurance and reinsurance companies.

Global temperatures are now about 1° C above pre-industrial levels, and without appropriate mitigation strategies put in place, global warming could reach 3° C or more by the end of this century. The harmful effects of global warming on nature and human systems are already visible today, and with no further international climate action, the average global temperature will keep increasing, as will the unpredictability of damage or the risk of natural disasters. It will also result in higher levels of risk in underwriting and thus the need to change business strategies.

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

In 2020, the international reinsurance portfolio saw no significant deviations in claims in connection with natural disasters, despite the earthquakes in Croatia and Turkey. Only one event resulting from a natural disaster exceeded EUR 1 million for the Sava Re net account in 2020.

Zavarovalnica Sava recorded 3 natural disaster claims in excess of EUR 1 million. The number of such claims was higher than in 2019.

⁹⁷ GRI 103-01, 103-02, 103-03, 201-02.
⁹⁸ GRI 102-9, 103-1, 103-2, 103-3, 204-1, 308-1.
⁹⁹ GRI 205-1.
¹⁰⁰ GRI 205-1.
¹⁰¹ GRI 414-1.
¹⁰² GRI 204-01.

Other subsidiaries did not experience 2020 as exceptional in terms of meteorological phenomena and related claims.

13.2.4 Relations with suppliers and the purchasing policy⁹⁸

The Sava Insurance Group companies coordinated and unified the purchasing policy, which provides strategic guidelines and principles governing a transparent procurement process. Internal acts prescribe the inclusion of an anti-corruption clause in all purchase contracts.⁹⁹ When ordering, taking over and paying for goods, the principle of four eyes is applied, which ensures a high degree of individual control over the business purchasing process. Sava Re assesses the risk inherent in purchasing on a quarterly basis.¹⁰⁰ The “Rules on the procurement procedure” are accompanied by the “Questionnaire on the sustainability of the company”¹⁰¹, which is intended for suppliers whose bids are collected through tenders (if the value of goods exceeds EUR 50,000). The 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, and was revised in 2020 within the general purchasing conditions. The revised general purchasing conditions also emphasise the concern for the sustainable development of the Company. The revised questionnaire and general purchasing conditions were sent to all Group subsidiaries, with encouragement to adopt and use them. 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.¹⁰²

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.

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

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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. The “Sava Re rules on procurement, use and maintenance of company vehicles” and the “Sava Re rules on the use of information technology assets” were overhauled in 2020. The “Sava Re rules on the procurement procedure” are also under review.

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

13.2.5 Financial assistance received from government¹⁰³

The Group companies received no financial aid from the government in 2020

13.2.5.1 Definition of other government incentives

In 2020, Sava Re claimed a reduction in the payment of employer’s contributions for pension and disability insurance for offering first employment to persons younger than 26 years of age for indefinite duration, namely for the first two years of employment. The company was entitled to a 50% refund for the first year of employment and up to 30% on the employer’s contributions for the second year. The total value of these refunds amounted to EUR 2,175 (2019: EUR 2,025).

We were granted a partial 30% exemption from the payment of

employer’s contributions for employees who reached the age of 60, and the exemption from the payment of the employer’s share of contributions for insurance regarding the employment contracts concluded for an indefinite period. The total value of these refunds amounted to EUR 11,126.

Sava Re also set up a collective voluntary supplementary pension insurance scheme funded by the employer and has a contract in place on the accession to the pension company’s pension scheme, registered in the pension scheme register at the Financial Administration of the Republic of Slovenia. Based on these contracts, the Company pays a voluntary supplementary pension insurance premium for those employees who have joined the pension scheme and is thus entitled to a reduced income tax base for the amount of the voluntary supplementary pension insurance premium paid in the tax year for its employees to the pension scheme provider. The total value of this tax relief amounts to EUR 182,754 (2019: EUR 102,416).

In accordance with the legislation on the measures to mitigate and rectify the consequences of Covid-19, Sava Re claimed gross salary refunds in the amount of EUR 3,412 in 2020.

The Group has examined any Covid-19-related impacts on government assistance received. Five companies received state aid totalling EUR 234,468, including exemption from contribution payments, childcare and quarantine subsidies, crisis allowance, and sick leave due to force majeure.

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



Home office.

¹⁰³ GRI 201-04.

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13.3 Social aspect

13.3.1 Responsibility to employees¹⁰⁴

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

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

In 2020, particular care was given to the health of all employees, which is why the standard work environment was moved to the homes of our employees quickly and efficiently throughout the Group. We drafted a four-phase plan to use in the event of a state of emergency being declared at the state or company levels. The plan was communicated to all employees. We adhere to this plan in all Group companies, thus taking care to ensure the Company's smooth operation and, most importantly, employees are informed in advance of these rules, measures, and instructions in force at the currently announced stage and can take appropriate action in any situation. We also make sure that employees receive weekly updates on epidemic-related changes as they apply to both the competent institutions and the Company.

The slogan **#NeverAlone** gained additional importance and dimension in the year of the pandemic, together with the

awareness of the essence of this message. During the pandemic and the locking down of public life, special attention was paid to the effort to keep employees informed by e-mail, intranet, and at regular virtual department meetings. Satisfaction surveys were conducted to assess employees' satisfaction with the content, method, and frequency of information. The results show that employees are very satisfied with the method, content, and frequency of information, and that they sincerely want continuous communication and relevant information.

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

We are aware that we can achieve our goals only with competent, qualified, experienced and motivated employees. In the Sava Insurance Group we promote development and transfer of knowledge and skills. We create synergies by sharing knowledge and good practices between professional services and companies in the Group. In order to achieve this we organise expert meetings for representatives of all companies at events, meetings, or professional conferences, which serve as an opportunity to exchange knowledge and skills and allows

us to inform each other about results and plans. In 2020, we held organised virtual meetings with which we additionally connected and improved mutual relations.

In the Sava Insurance Group we build and promote the culture of innovation. Companies have established formal and informal systems for collecting innovative proposals. At the end of November 2020, Zavarovalnica Sava established a new method of collecting innovative proposal or suggestions for improvement, called "ImproveSava" which replaced the "Register of Continuous Improvements".

All employees can submit, by completing an online form, proposals for improvements or innovations, express their approval or report an inconsistency, deficiency or error. Proposals or reports may relate to business processes, insurance products, compliance of business operations, risks and internal controls, as well as employees and internal relationships.

13.3.2 Employee benefits¹⁰⁵

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

In 2020, we again organised many virtual meetings, despite the epidemic. We had virtual teambuilding event and a New Year's



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Wooden bridge over the Sava, 98.5 metres long.

¹⁰⁴ GRI 103-01, 103-02, 103-03.

¹⁰⁵ GRI 103-01, 103-02, 201-03.

social event. The gift-giving event for children was safe and successful despite the epidemic, as all gifts were sent by post.

Every year Sava Re organises four events dedicated to health and recreation, with sports activities or workshops and lectures. Anxious to take care of the health of our employees, we organised testing over the summer period for all those interested in identifying a past Covid-19 infection.

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

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

The Sava Insurance Group is aware how important the work-life balance is for its employees. This proved to be extremely important, especially during the epidemic, as we made it easier for employees to maintain a strong work-life balance with fast and active approaches.

Zavarovalnica Sava is the recipient of the full Family-Friendly Company certificate and 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). Sava Re does not hold the certificate, but provides paid leave to employees introducing their children to kindergarten or accompanying them to school on the first day of school.

106 GRI 103-01, 103-02, 103-03.
107 103-01, 103-02, 417-01.

13.3.3 Responsibility to consumers¹⁰⁶

Customer satisfaction and customer relations are at the centre of every business decision in the Sava Insurance Group. The activities are therefore directed at offering the best user experience, and these efforts are the main focus of the strategic plan.

We remain true to the promise we made to our clients in 2016 under the slogan #NeverAlone: we are fair, accurate and understandable in our communication with customers. A start was made in 2020 to set up a catalogue of key performance indicators at the Group level, which will enable continuous monitoring of customer satisfaction in the strategic period.

- Due to the pandemic in 2020, a great deal of effort was invested in accelerating achievement of the already set strategic goals:
- ensuring the continuity of services for our customers using new technological solutions (see section *13.1.2.1 “Customer in the Centre of all Processes and digitisation of operations (responsible attitude to consumers)”*),
 - while ensuring maximum security (see *section 13.1.2.5 “Cyber security”*).

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

13.3.4 Client communication and information¹⁰⁷

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. 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 directive was implemented with the amendment to the ZZavar-1a in early 2019.

An important milestone governing communication of information to clients certainly consists in the European regulation 2019/2088 on sustainability-related disclosures in the financial services sector (already mentioned SFDR), which stipulates that financial market participants and financial advisers who have financial products in their offer must publish written policies on the integration of sustainability risks and ensure the transparency of such integration. According to the Regulation, financial market participants will be required to provide information on investment decisions and their sustainability impacts in pre-contractual disclosures as well as within continuous periodic reporting.

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

All subsidiaries post information on their products on their websites, whereas in Serbia customers receive product information prior to signing the policy and confirm this by

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signing the so-called pre-contractual notification.

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

The Covid-19 pandemic also positively affected customer information activities appreciably.

Up until the pandemic, Sava Re paid regular visits to its partners and participated in international conferences. Due to restrictions on travel and socialising, all otherwise regular activities had to move to digital platforms – these have temporarily replaced all other meeting formats and the exchange of knowledge and experience. 2020 saw a lot of epidemic-related communication in the light of health protection measures and the prevention of the spread of the new coronavirus.

Throughout the height of the epidemic, all companies kept their customers well informed, namely of the opening and working time of branches, the measures to contain the spread of the virus in place at the premises intended for customers, the possibilities of remote underwriting, online claim reporting and remote examination, etc. The companies prepared:

- notifications and instructions on behaviour protocol at our points of sale: posters, notifications prominently displayed;
- publication of all relevant information and guidelines on the Company’s websites and in social media;
- informing also through blogs and by advising customers on how to act in different situations – how to take out insurance remotely, how to report a loss event, where to find the right information, etc.;

- informing customers about the new modern solutions for remote operations also through advertising campaigns.

13.3.5 Complaint resolution

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

In accordance with the corporate governance policy of the Sava Insurance Group, complaints addressed to Sava Re but relating to subsidiaries’ operations are recorded at Sava Re. After complaints have been examined, they are submitted to subsidiaries for resolution. The office of the management board and compliance at Sava Re maintains an internal online register of such complaints. Five complaints were recorded in 2020.

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

13.3.6 Fair business practices¹⁰⁸

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 2020. The compliance officer in the Sava Insurance Group started the renewal of the “Code of Ethics of the Sava Insurance Group” in accordance with the 2020 annual plan.

In the conduct of their business the Group’s insurance companies comply with the provisions of the adopted “Insurance code” to ensure business development, a professional underwriting process and business conduct. The (re)insurance companies’ operations are grounded in compliance with market principles, market competition based on loyalty and integrity, and insurance economics and business ethics, with the aim of providing customers high-quality (re) insurance protection.

Sava Re has also signed the Slovenian Corporate Integrity Guidelines, committing the Group to creating a work environment grounded in a culture of corporate integrity, zero tolerance for 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.¹⁰⁹ Sava Re has integrated respect for human rights in its operations in accordance with the applicable legislation and follows the proposal for



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¹⁰⁸ GRI 102-16, 103-1, 103-2, 205-1, 205-3, 419-01.
¹⁰⁹ GRI 405-1.

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<div>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..¹¹⁰ In 2020, the Company recorded no such cases.</div> <div>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.¹¹¹</div> <div>Fraud prevention and detection systems are in place in all Group companies.</div> <div>In this regard, the Sava Insurance Group continuously updates its system and procedures, in particular by raising awareness, building knowledge, and standards of ethical conduct.</div> <div>13.3.7 Anti-corruption¹¹²<div>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. The Sava Re “Rules on the management of conflicts of interest” prescribe the procedures and rules relating to receiving gifts,</div></div>	<div>entertainment and hospitality.</div> <div>A detailed and transparent gift policy limits the opportunities for unjustified grievances and distrust in employees’ honesty in performing their daily job responsibilities.</div> <div>The Sava Insurance Group did not record any corruption cases in 2020.¹¹³</div> <div>13.3.8 Protection of personal data¹¹⁴<div>The Sava Insurance Group is aware of the growing importance of ensuring the protection of privacy and personal data for customer satisfaction, transparency and clarity of products, and employee satisfaction. In line with its commitments to high ethical standards, it will continue to focus its attention on this field in close connection with the provision of cyber security.</div><div>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.</div><div>In 2020, the Court of Justice of the EU passed two major judgments requiring Group companies to align their conduct. The first judgment called for an adjustment of the use of online</div></div>		<div>cookies and the second one for the regulation of relations with US service providers (invalidating the EU Commission’s adequacy decision on the EU-US Privacy Shield Framework). Due to the positions consequently adopted by the European Data Protection Board, Group companies will continue taking steps already initiated to ensure the adequacy of personal data transfer to other third countries. Group companies are also closely monitoring the need for action as a result of the UK’s exit from the EU.</div> <div>In 2021 and 2022, personal data protection in the Sava Insurance Group will be subject to a comprehensive review by Sava Re and will be harmonised more intensively. Targeted controls will be standardised to ensure the privacy of Group employees and individual clients is protected. The implementation of data protection impact assessments will engage some of the Group’s business support functions, thus ensuring an even higher level of privacy protection of relevant stakeholders, especially when designing new approaches, products, and processes. It will strengthen employee education and training, and the coordination and transfer of best practices within the Group. In order to achieve these goals, it will create the function of data protection officer of the Sava Group as a special support function for Group companies.</div> <div>13.3.9 Contributions to political parties¹¹⁵<div>In line with the adopted “Code of ethics” and the rules on sponsorship and donations, Sava Re does not finance political parties, nor does any of its subsidiaries.</div></div>		

¹¹⁰ GRI 412-03.
¹¹¹ GRI 102-16.
¹¹² GRI 103-01. 103-02, 103-03, 205-01.
¹¹³ GRI 205-03
¹¹⁴ GRI 103-01, 103-02, 103-03, 205-01, 418-01.
¹¹⁵ GRI 415-01

13.4 Responsibility to the community

The Sava Insurance Group defines its social responsibility or responsibility to the community in its mission and values. The Group promotes better quality of living and relationships in the Company, which are developed in a responsible, frank, and respectful manner. We are active in relation to our natural and social environment.

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.

According to the volume of giving back to the community, including donations, sponsorships, and preventive means, Slovenia-based insurance companies (including the Croatian subsidiary) account for approximately 90%.

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 Responsibility¹¹⁶.

13.4.1 Sponsorships and donations by substance¹¹⁷

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.

¹¹⁶ GRI 102-13.

¹¹⁷ GRI 103-01, 103-02, 103-03, 203-02.



The Mavrovo amateur charity giant slalom, North Macedonia.

Giving back to the community through sponsorship and donations is governed by rules. Sava Re's rules are published on its website.

Sponsorships and donations by substance

Purpose (EUR)	2020	2019	Index	As % of total in 2020	As % of total in 2019
Humanitarian	40,241	33,798	119	1.3%	0.9%
Cultural	77,777	157,925	49	2.4%	4.3%
Sports	2,493,677	2,783,452	90	78.4%	75.4%
Schooling & education & upbringing	70,769	65,060	109	2.2%	1.8%
Scientific	-	3,000	0	0.0%	0.1%
Social security	4,983	14,606	34	0.2%	0.4%
Disability	2,600	10,734	24	0.1%	0.3%
Health	110,806	38,117	291	3.5%	1.0%
Other	380,526	583,836	65	12.0%	15.8%
Total	3,181,379	3,690,528	86	100.0%	100.0%

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At the onset of the epidemic, Sava Re was made a major donation to the Administration of the Republic of Slovenia for Civil Protection and Disaster Relief in the amount of EUR 62,500 in order to help prevent further spread and address the consequences.

Zavarovalnica Sava as the Group's foremost sponsor promotes a healthy lifestyle, mainly by supporting sports at all levels – from recreation to professional sports. The most important Zavarovalnica Sava's sponsorships and donations in 2020 are:

- **Football:** main sponsor of Maribor Football Club and the Croatian football club Rijeka.
- **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.

13.4.2 Preventive action projects¹¹⁸

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

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

¹¹⁸ RI 203-02, 413-01.

Resources allocated to prevention

EUR	2020	2019	Index
Zavarovalnica Sava	513,550	288,300	178
Sava Neživotno Osiguranje (SRB)	80,703	98,702	82
Sava Osiguranje (MNE)	106,763	149,255	72
Total	701,016	536,257	131



Zavarovalnica Sava's 365 Days to Go! project in cooperation with the Slovenian Automobile Association (AMZS).

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Zavarovalnica Sava's 365 Days to Go! project in cooperation with the Slovenian Automobile Association (AMZS).

Zavarovalnica Sava invests in prevention, mainly in order to prevent fire hazards and increase road safety. At the local and national level, Zavarovalnica Sava supports fire-fighting activities, while its cooperation with the national automobile association AMZS is crucial for better road safety. The two major projects resulting from this collaboration are the “Najboljši za volanom” (Best Driver) aimed at young drivers – raising awareness of the importance of road safety, and the “Še 365 dni!” (365 Days to Go!) project that reminds motorists in the vicinity of schools and kindergartens that schoolchildren are on the road all year round, and not just at the start of the school year when this issue is most often discussed.

In the year of the coronavirus epidemic, Zavarovalnica Sava also participated in a preventive campaign to help the Civil Protection of the Republic of Slovenia. Part of the resources for prevention was intended for the purchase of respirators and other necessary materials to help prevent the spread of the virus and reduce the effects of the epidemic.

The bulk of prevention resources in Serbia is also allocated to fire protection. Montenegrin companies allocate the bulk of these resources to road safety, which Sava Osiguranje (MNE) as the owner of the subsidiary Sava Car 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 2019, Zavarovalnica Sava 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. The importance of this project further increased during the pandemic.

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13.4.3 Corporate volunteerism¹¹⁹

The Sava Insurance Group supports corporate volunteerism. Its major volunteer project is the Sava Insurance Group Day. The event was scheduled to be implemented for the tenth time in 2020, but was cancelled due to the outbreak of the Covid-19 pandemic in accordance with the recommendations of the medical profession.

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 Insurance Group Day is not only about corporate social responsibility, it also promotes social responsibility in each and every employee.

Employees of the Group’s Serbia-based company succeeded in afforesting the banks of the Sava River in Belgrade in 2020 just before the outbreak of the pandemic.

Employees in Montenegro managed to carry out two blood donation campaigns in accordance with epidemiological preventive measures.

Instead of the traditional food collection for the “Christmas Dinner for All” project, in which employees donate food for the less privileged in local communities, Zavarovalnica Sava encouraged its employees to remain charitable, even though the project could not be implemented and instead participated in various Slovenian socially responsible projects.

In the future, we will try to promote corporate volunteering

differently, despite the changed circumstances and fewer opportunities for social contacts, and will seek new opportunities in cooperation with relevant associations or institutions through the deployment of modern technologies.

13.4.4 Commitments to external initiatives¹²⁰

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.

13.4.5 Membership in associations¹²¹

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 regions, 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.

¹¹⁹ GRI 103-1, 103-2, 103-3, 413-1
¹²⁰ GRI 102-12.
¹²¹ GRI 102-13.

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13.5 Environmental aspect¹²²

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

13.5.1 Waste disposal policy¹²³

Sava Re has a waste separation system in place which is undergoing ongoing improvements. The Company also strives to reduce waste. We are going paperless, reducing paper consumption and the volume of waste paper (e.g. materials for management bodies are prepared only in electronic format). 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.

At Zavarovalnica Sava, municipal waste is disposed of separately by type of waste (mixed municipal waste, packaging, paper, glass, and biological waste).

In addition to municipal waste, high volumes of paper are collected by registered waste collectors. The table below provides information on waste paper taken over by utility companies as part of municipal waste collection

Type of waste	2020	2019	2018
20 01 01 Paper and cardboard	54,325	84,445	62,082

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

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. In 2020, Zavarovalnica Sava handed over 5,250 kg of discarded IT and other electronic equipment to the authorised waste management services.

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, and waste separation and removal is provided by public utility companies.

13.5.2 Energy consumption¹²⁴

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

In 2020, the energy audit was performed in Sava Re and a report was drafted with proposals for improving its energy efficiency. On the basis of the findings of the energy audit and the calculation of its carbon footprint, an action plan to improve the Company’s carbon footprint was adopted consisting of the following measures: homeworking, the performance of manual

energy accounting, training of employees on efficient energy use, measures relating to the fleet and business travel.

The action plan served as the basis for the adoption of the rules governing homeworking, the establishment of regular energy consumption, performance of training for employees, and the replacement of a diesel vehicle from the fleet with a hybrid vehicle.

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

A more significant investment in reducing energy consumption was 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 of business premises to the building’ central utilities (water, heating, cooling) are fitted with meters that accurately measure and monitor consumption. A modern central control system has been installed, which enables the optimal regulation of devices and consequently helps to reduce energy consumption.

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Wooden bridge over the Sava, 98.5 metres long.



Sava Re wins the Časnik Finance Best Annual Report award for its 2019 annual report in the categories introduction, risk management and corporate governance.

As the largest Group company, Zavarovalnica Sava is gradually upgrading its real estate management with a central control system that is included in renovated and newly-constructed larger locations. The central control system is the basis of energy management, the source of knowledge on consumption, and consequently the management of such aimed at lower consumption and better energy efficiency.

Values of carbon dioxide (CO2) emissions and average fuel consumption were also considered in the purchase of company vehicles. These will continue to play a major role in future purchases. The fleet management application is being upgraded so that fuel consumption data on the basis of which appropriate consumption reduction measures are decided when reporting will be as reliable and accessible as possible.

The company works with providers of electric car-sharing services to employees, thus limiting negative externalities. Lower fuel consumption can be attributed to regular and thorough maintenance of vehicles by verified providers.

In the strategic period 2020–2022, major investments in property management will consist in the provision of a new office building for Zavarovalnica Sava in Maribor, the divestment of the existing energy-intensive office building at Cankarjeva ulica 3, and the sale/refurbishment of the Betnava business premises. When planning a new building, special attention is paid to energy efficiency.

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13.5.3 Emissions – carbon footprint of the Sava Insurance Group for 2020¹²⁵

The calculation of the carbon footprint for 2020 included five companies of the Sava Insurance Group:

1. SAVA RE,
2. ZAVAROVALNICA SAVA (10 SITES),
3. SAVA POKOJNINSKA,
4. SAVA INFOND AND
5. SAVA PENZISKO DRUŠTVO.

Calculation of the carbon footprint took into account direct emissions due to the use of fossil fuels for the heating of offices and fuel combustion in company-owned vehicles, and indirect emissions from power consumption and professional travel using vehicles not owned by the Company.

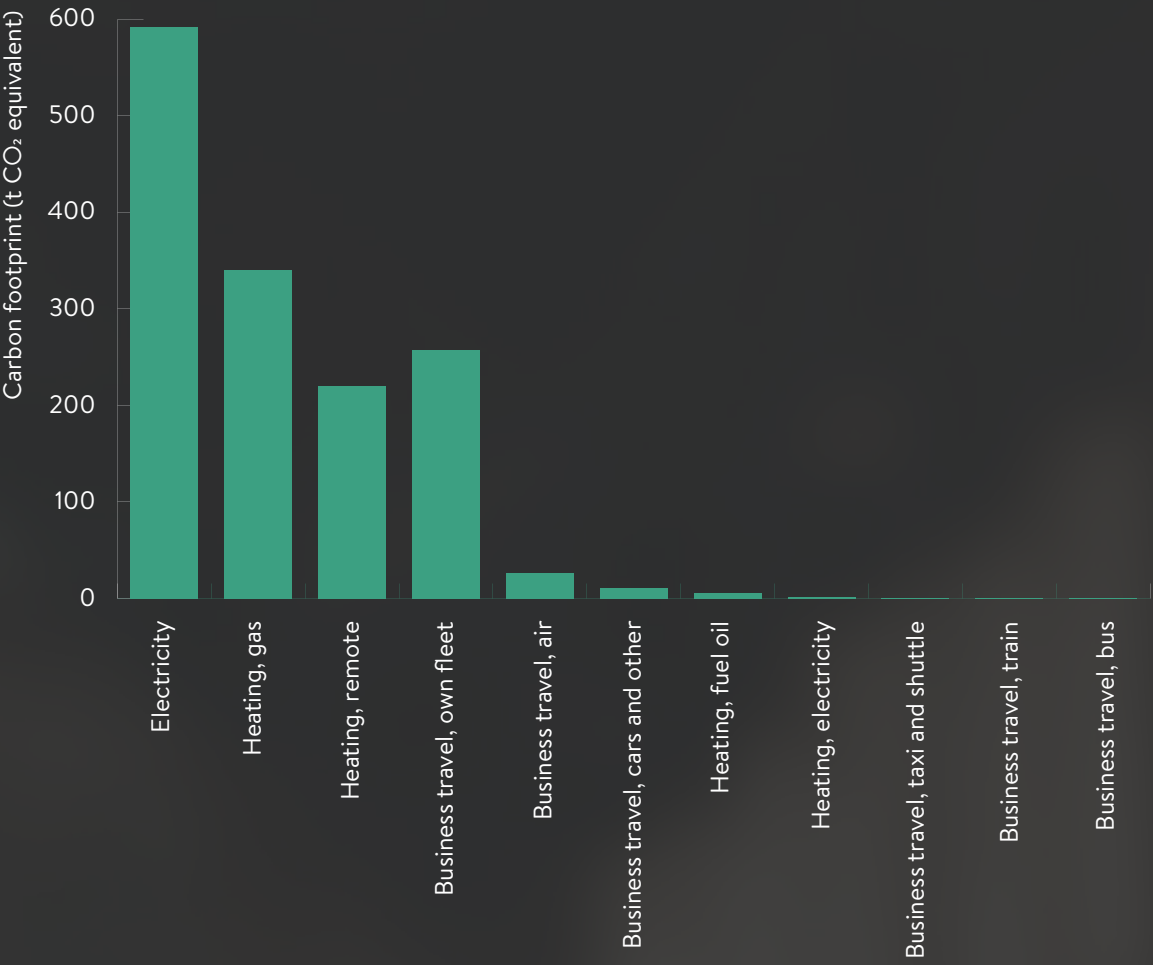
The total carbon footprint in 2020 was 1,454 tonnes of CO₂ equivalent (t CO₂ equivalent). This means 1.5 t of CO₂ equivalent per employee or 59 kg CO₂ equivalent per m² of office space.

The largest source of greenhouse gas emissions in 2020 was electricity consumption (41%), followed by heating (39%), while business travel accounted for 20% of emissions in a year marked by restricted movement due to the epidemic.

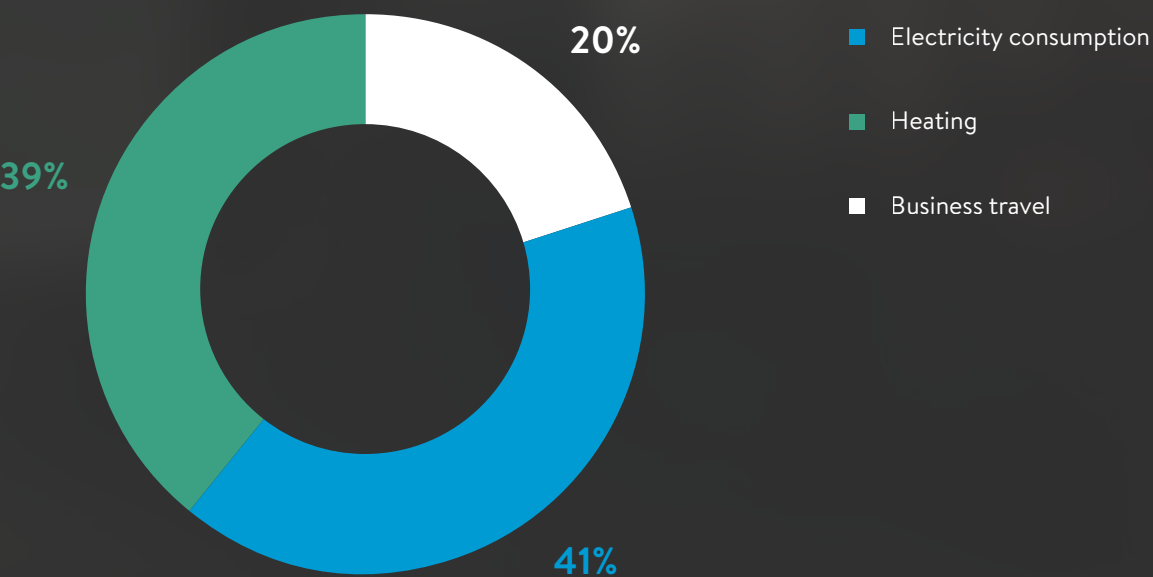
The carbon footprint of Sava Re and Sava Pokojninska was also calculated in 2019. Their total carbon footprint was 50% lower in 2020 compared to the previous year. Average emissions from electricity consumption per employee decreased by 19%, while average emissions from heating per square metre of business premises increased by 9%. As much as 85% lower emissions related to business travel contributed the most to the far lower carbon footprint for 2020. In 2019, they accounted for 60% of the total carbon footprint of Sava Re and Sava Pokojninska, while in 2020 their share shrank to 18%.

Indirectly, the Group reduces emissions through its investment policy and by investing in green projects. In 2020, we supported two energy efficiency projects in the field of lighting in industrial facilities, thus contributing to an additional 783-ton reduction of CO₂ emissions.

Distribution of sources by emission volume in all five companies



Proportions of emissions from heating, electricity consumption, and business travel in the Company's carbon footprint



¹²⁵ GRI 103-01, 103-02, 103-03, 305-01, 305-02, 305-03.

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13.6 Key sustainable development guidelines and objectives

The Sava Insurance Group adopted a sustainable development strategy for the period 2020–2022, which will be constantly subject to critical assessment in terms of developments in the local and global environment during this strategic period.

Lessons learned from the outbreak of the 2020 pandemic and new experience will need to be evaluated and used as guidance and the basis for strategic decisions on sustainable development.

Plenty of activity can be expected during this period in the preparation and adoption of legislation in line with the European Union’s aim to become a climate-neutral region by 2050.

In view of the above, the guidelines and objectives for 2021 are as follows:

- further focus on the United Nations global goal “good health and well-being”;
- the introduction of SFDR or Regulation (EU) 2019/2088 into the Group’s operations, which will be a multi-annual project that will require the adjusting of decision-making processes;
- further integration of the ESG criteria into decision-making processes and consequently the design and improvement of a system of key performance indicators for individual business areas;
- accelerated monitoring and alignment with the legislation on sustainability and climate change;
- further commitment to the community and promotion of corporate volunteering in the Group, at least within the organisation of the Sava Insurance Group Day.



Sava Insurance Group Day in Belgrade: a tree planting campaign along the Sava River.

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