



VIG ENGAGEMENT REPORT

2023

VIG AT A GLANCE

VIG is the **leading insurance group** in Central and Eastern Europe. It consists of the listed VIG Holding as well as more than **50 insurance companies and pension funds in 30 countries**. The Holding, with headquarters in Vienna, coordinates the Group-wide exchange and functions as the steering body.

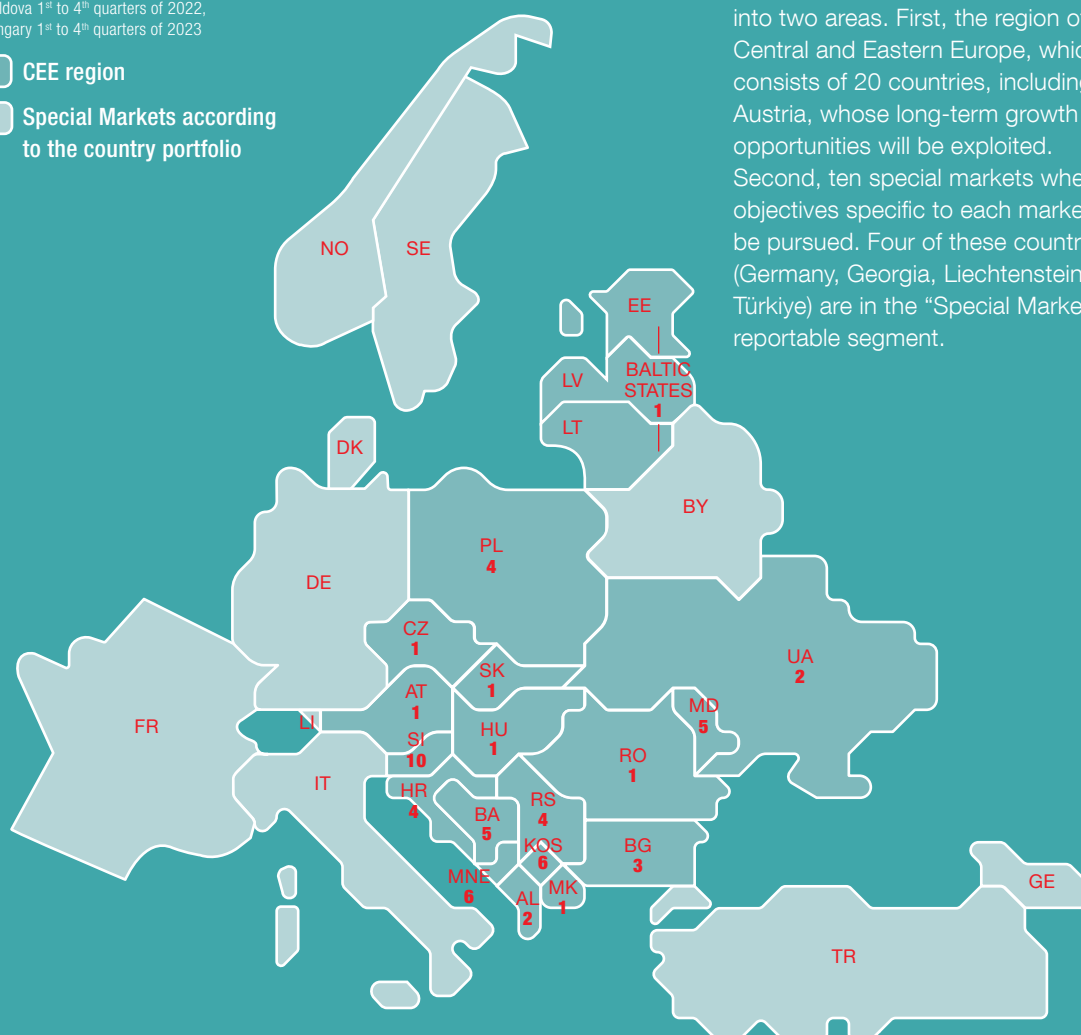
The insurance companies rely on local brands. Their approximately **29,000 employees** provide approximately **32 million customers** with the best possible protection against the risks of day-to-day life.

The strategy of VIG is oriented to profitable growth and the creation of **added value through diversity**: The wealth of different languages, cultures and entrepreneurial approaches ensures the greatest possible proximity to customers and promotes innovation and creativity. The decentralised structure makes the Group flexible and ensures quick decisions.

Market positions in the CEE

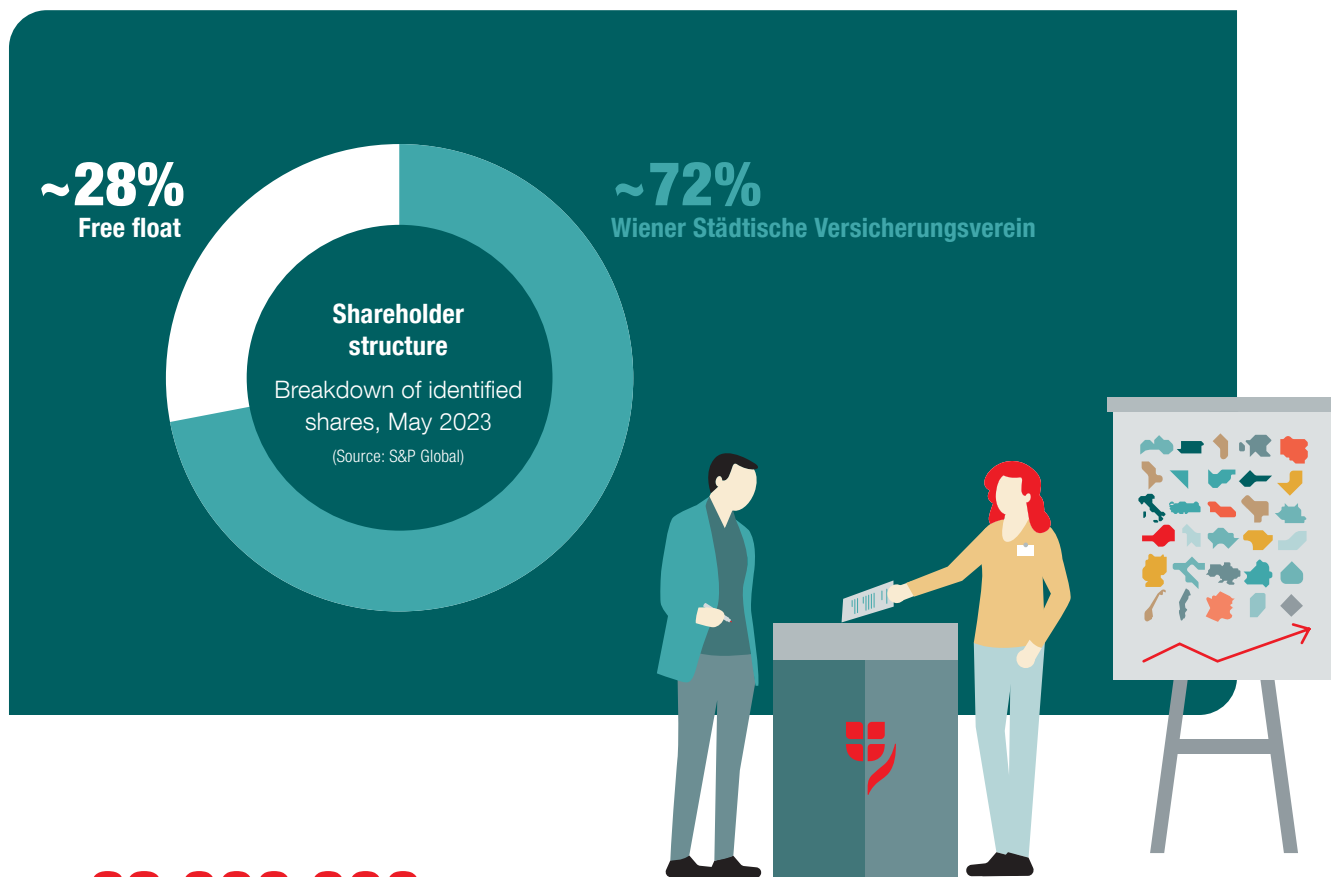
Market rankings 1st to 3rd quarters of 2023,
Moldova 1st to 4th quarters of 2022,
Hungary 1st to 4th quarters of 2023

- CEE region
- Special Markets according to the country portfolio



VIG country portfolio

VIG Insurance Group divides its region into two areas. First, the region of Central and Eastern Europe, which consists of 20 countries, including Austria, whose long-term growth opportunities will be exploited. Second, ten special markets where objectives specific to each market will be pursued. Four of these countries (Germany, Georgia, Liechtenstein and Türkiye) are in the “Special Markets” reportable segment.



around **32,000,000** customers

around **29,000** employees

over **50** insurance companies
and pension funds

operating in **30** countries

200 years of experience in the Group

number **1** in the CEE region

A+ rating with stable outlook
from Standard & Poor's

1990 first expansion step into
the former Czechoslovakia

Listing on the **Vienna,
Prague and Budapest**
stock exchange

Yearly dividends since
going public in 1994

ENGAGEMENT AT VIG

As a sustainable and responsible investor, in addition to expanding its ESG investment strategy in 2023, VIG also took the opportunity to actively start a dialogue with invested companies and potentially investable companies in terms of ESG topics. This is summarized under the term Engagement.

The aim of the active dialogue with companies is to consciously address ESG issues, identify potential for improvement and increase ESG data transparency. The main advantage is to join the companies in their ESG development, instead of excluding them from the investment universe based on too many exclusion criteria.

In September 2023 we started our cooperation with the internationally known engagement provider ISS ESG. ISS ESG pools the interests of many investors and engages with companies on sustainability issues. All the listed engagements in the following pages are conducted and reported by ISS ESG.

By engaging collaboratively, institutional investors can therefore leverage their scale in discussions on ESG issues and communicate their concerns to corporate management more effectively. ISS ESG facilitates engagement to promote positive change through active ownership and dialogue. This may include ongoing dialogue with companies identified for enhanced disclosure, a push for improved sustainability performance, or the mitigation of ESG risks. More and more companies are recognizing how important it is to discuss ESG issues with investors.

The term ESG encompasses environmental, social and governance issues and thus covers a broad field of activity. In our cooperation with ISS ESG, we focus on Norm-based Engagement, as well Thematic Engagement such as Net Zero emissions by 2050 and water topics.

ISS ESG 



NORM-BASED ENGAGEMENT

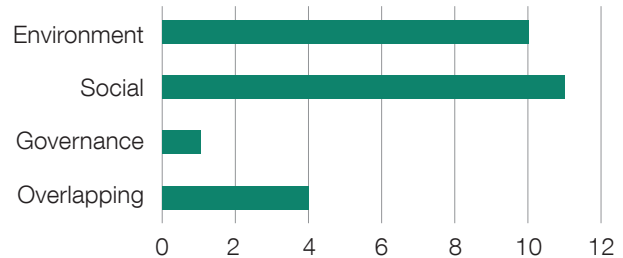
Norm-based Engagement is a reactive dialogue with companies. Violations of international standards such as the UN Global Compact principles, which include human rights and labor rights as well as environmental issues, have been identified. The dialogues specifically address the clarification of the violations and the measures taken to prevent further cases. The dialogue was launched with 26 international companies in the fourth quarter of 2023 by ISS ESG.

Norm-based Engagement Cases in Q4 2023

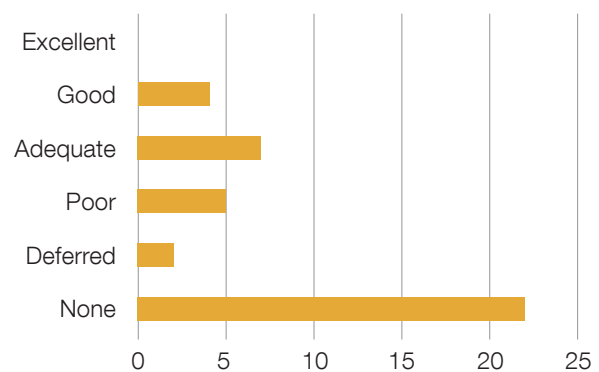


■ Alleged Norm Violation, 25
■ Verified Norm Violation, 1

ESG Area Breakdown



Quality of Participation in terms of ESG topics



Source: Norm-based Engagement Progress Report ISS ESG, January 2024

NORM-BASED ENGAGEMENT TARGETS – List of Companies

Name	Number of Topics	ESG Area
Activision Blizzard, Inc.	1	Labour rights
Albemarle Corporation	2	Overlapping (Environment, Human rights)
Alphabet Inc.	3	Overlapping (Corruption, Human rights, Labour rights)
ArcelorMittal SA	2	Environment
Baker Hughes Company	1	Environment
Bayer AG	1	Environment
Delta Air Lines, Inc.	1	Labour rights
Enel Americas SA	1	Human rights
Enel SpA	1	Human rights
Eni SpA	3	Overlapping (Environment, Labour rights)
Koninklijke Philips NV	1	Human rights
Lundin Mining Corporation	1	Environment
Mattel, Inc.	1	Human rights
Pan American Silver Corp.	1	Human rights
Rede D'Or Sao Luiz SA	1	Labour rights
Saipem SpA	1	Environment
Schlumberger N.V.	1	Environment
Sociedad Quimica y Minera de Chile SA	2	Overlapping (Environment, Human rights)
Subsea 7 SA	1	Environment
Telefonaktiebolaget LM Ericsson	5	Corruption
The Kansai Electric Power Co., Inc.	1	Environment
Tokyo Electric Power Co. Holdings, Inc.	2	Environment
Ubisoft Entertainment SA	2	Labour rights
United States Steel Corporation	1	Environment
Universal Health Services, Inc.	1	Human rights
Walmart Inc.	2	Labour rights

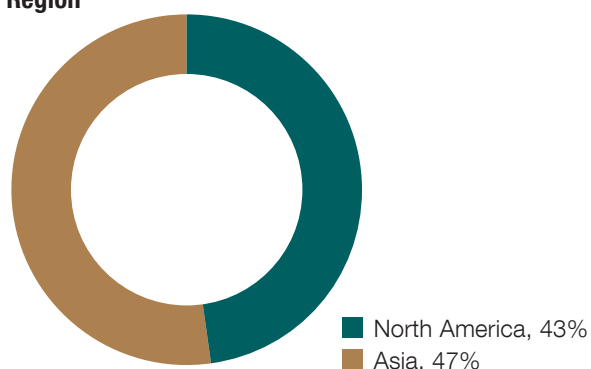
Source: Norm-based Engagement Progress Report ISS ESG, January 2024

THEMATIC ENGAGEMENT

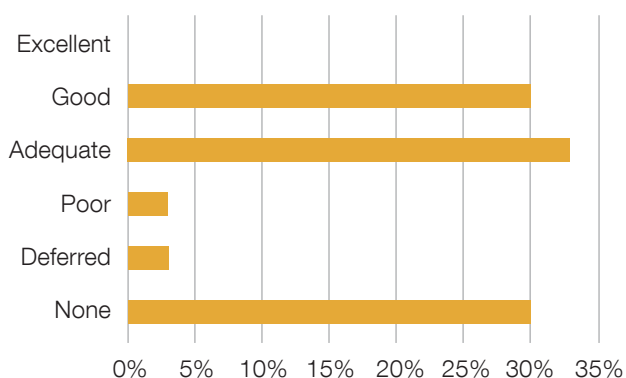
NET ZERO

The aim of the Thematic Engagement is to encourage positive change in terms of achieving Net Zero emissions by 2050. Companies play a crucial role in reducing greenhouse gas emissions (GHG) and building a resilient, zero-emission economy. By asking for ambitious targets in emissions reduction and decarbonization strategy, high-emitting companies are to be addressed to discuss their commitment for achieving the Paris climate targets.

Region



Quality of Participation in terms of ESG topics



Source: Thematic Engagement Net Zero Progress Report ISS ESG, January 2024

Engagement Objectives

1. 2050 Net Zero GHG emissions target

The company should make a Net Zero GHG emissions ambition statement that explicitly includes at least 95% of scope 1 and 2 emissions.

The company's Net Zero GHG emissions ambition should cover the most relevant scope 3 GHG emissions categories for the company's sector.

2. Medium-term greenhouse gas reduction target (2025 to 2030)

The company should set a medium-term (2025 to 2030) target for reducing its GHG emissions on a clearly defined scope of emissions.

The medium-term (2025 to 2030) GHG reduction target should cover at least 95% of scope 1 and 2 emissions and the most relevant scope 3 emissions.

The target should be aligned with the goal of limiting global warming to 1.5°C.

3. Decarbonisation strategy

The company should define a decarbonisation strategy to meet its medium-term GHG reduction targets. This should include its planned measures and also highlight its quantifiable key elements.

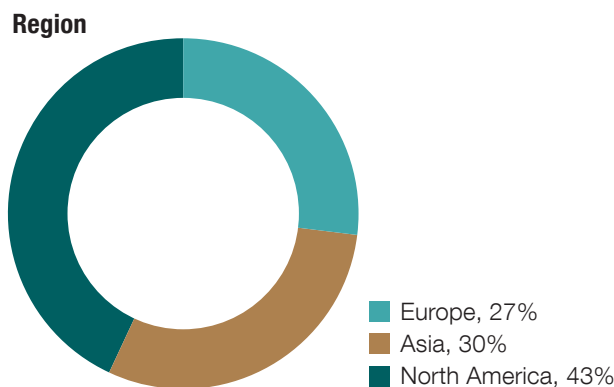
THEMATIC ENGAGEMENT TARGETS NET ZERO – List of Companies

Name	Country of incorporation	Industry
Ameren Corporation	USA	Multi-Utilities
Anhui Conch Cement Company Limited	China	Construction Materials
Canadian Natural Resources Limited	Canada	Oil & Gas Exploration & Production
China Petroleum & Chemical Corporation	China	Integrated Oil & Gas
China Shenhua Energy Company Limited	China	Coal & Consumable Fuels
CNOOC Limited	Hong Kong	Oil & Gas Exploration & Production
DTE Energy Company	USA	Multi-Utilities
Energy Transfer LP	USA	Oil & Gas Storage & Pipelines
EOG Resources, Inc.	USA	Oil & Gas Exploration & Production
FirstEnergy Corp.	USA	Electric Utilities
Formosa Petrochemical Corp.	Taiwan	Oil & Gas Refining & Marketing
Formosa Plastics Corp.	Taiwan	Chemicals
Fortis Inc.	Canada	Multi-Utilities
Hengli Petrochemical Co., Ltd.	China	Chemicals
Imperial Oil Limited	Canada	Integrated Oil & Gas
Kinder Morgan, Inc.	USA	Oil & Gas Storage & Pipelines
Marathon Petroleum Corporation	USA	Oil & Gas Refining & Marketing
Occidental Petroleum Corporation	USA	Integrated Oil & Gas
Oil & Natural Gas Corp. Ltd.	India	Integrated Oil & Gas
ONEOK, Inc.	USA	Oil & Gas Storage & Pipelines
PetroChina Company Limited	China	Integrated Oil & Gas
Phillips 66	USA	Oil & Gas Refining & Marketing
PTT Public Co., Ltd.	Thailand	Integrated Oil & Gas
Reliance Industries Ltd.	India	Oil & Gas Refining & Marketing
Rongsheng Petrochemical Co., Ltd.	China	Chemicals
S.F. Holding Co., Ltd.	China	Air Freight & Logistics
Saudi Arabian Oil Co.	Saudi Arabia	Integrated Oil & Gas
Saudi Electricity Co.	Saudi Arabia	Electric Utilities
Shaanxi Coal Industry Co., Ltd.	China	Coal & Consumable Fuels
UltraTech Cement Ltd	India	Construction Materials

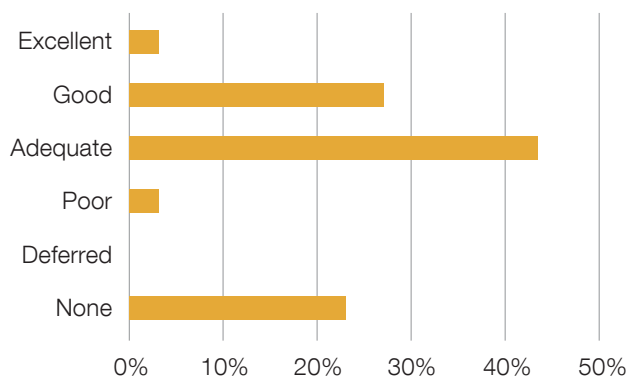
Source: Thematic Engagement Net Zero Progress Report ISS ESG, January 2024

WATER

In terms of water, the Thematic Engagement focuses on increasing transparency regarding the use and consumption of water in the highly water-intensive chemical and textile industries. Water harbors a number of financially significant business risks that can be divided into three categories: physical risks, regulatory risks and reputational risks. The risks do not only apply to water-intensive companies; companies in all industries can be affected by water-related risks, which can lead to increased costs for water procurement or loss of revenue due to business interruptions.



Quality of Participation in terms of ESG topics



Source: Thematic Engagement Water Progress Report ISS ESG, January 2024

Engagement Objectives

CHEMICALS

1. Management of water consumption

- Freshwater use inventories
- Identification of activities in regions with high levels of water stress

2. Management of wastewater

- Wastewater management

TEXTILES & APPAREL

1. Water management strategy

- Freshwater use inventories
- Identification of activities in regions with high levels of water stress
- Water management at outsourced production sites

2. Reduction of pollution

- Wastewater management
- Strategy to reduce substances of concern in production processes and at outsourced production sites

3. Disclosure of water use reduction targets

- Freshwater use reduction targets and action plan

THEMATIC ENGAGEMENT TARGETS WATER – List of Companies

Name	Country of incorporation	Industry
Air Liquide SA	France	Chemicals
Air Products and Chemicals, Inc.	USA	Chemicals
Akzo Nobel NV	Netherlands	Chemicals
ANTA Sports Products Ltd.	Cayman Islands	Textiles & Apparel
Asian Paints Ltd.	India	Chemicals
Celanese Corporation	USA	Chemicals
Cintas Corporation	USA	Textiles & Apparel
Corteva, Inc.	USA	Chemicals
Dow, Inc.	USA	Chemicals
DuPont de Nemours, Inc.	USA	Chemicals
EMS-Chemie Holding AG	Switzerland	Chemicals
Ganfeng Lithium Co., Ltd.	China	Chemicals
Givaudan SA	Switzerland	Chemicals
Industries of Qatar Co.	Qatar	Chemicals
Kering SA	France	Textiles & Apparel
LG Chem Ltd.	South Korea	Chemicals
LyondellBasell Industries NV	Netherlands	Chemicals
Moncler SpA	Italy	Textiles & Apparel
Nutrien Ltd.	Canada	Chemicals
PETRONAS Chemicals Group Bhd.	Malaysia	Chemicals
Prada SpA	Italy	Textiles & Apparel
RPM International Inc.	USA	Chemicals
Saudi Basic Industries Corp.	Saudi Arabia	Chemicals
Shenzhou International Group Holdings Ltd.	Cayman Islands	Textiles & Apparel
Skechers U.S.A., Inc.	USA	Textiles & Apparel
The Sherwin-Williams Company	USA	Chemicals
Tianqi Lithium Corp.	China	Chemicals
Titan Company Limited	India	Textiles & Apparel
Wanhua Chemical Group Co., Ltd.	China	Chemicals
Westlake Corp.	USA	Chemicals

Source: Thematic Engagement Water Progress Report ISS ESG, January 2024

ENGAGEMENT OUTCOMES

ISS ESG's collaborative Engagement includes regular evaluation of the outcomes of the dialogues. Results are based on improvements in the alignment of the issues addressed, as evidenced by public disclosures and reviewed in relevant ISS ESG data and research, twice a year, as well as ISS ESG's quality assessment of each company's participation in the engagement process. In terms of escalation and in case of non-response, enquiries are addressed to a higher level of seniority within the target company.

<https://www.issgovernance.com/esg/engagement/>

ADDITIONAL INFORMATION

Based on a long-standing close cooperation with Erste Group Bank, some of the VIG Group Special funds are administered by Erste Asset Management GmbH and benefit from Erste Asset Management's own comprehensive engagement approach (EAM Engagement & Voting Report 2022: *DE EN*). In any case, it should be noted that VIG Group and Erste Asset Management GmbH do not have a common voting policy.

OUTLOOK

In addition to the collaborative engagement carried out by ISS ESG, direct engagement with Austrian companies conducted by VIG is also planned for 2024. The focus is set on improving ESG data transparency.

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Despite the greatest possible care in the preparation of this report, rounding, typesetting and printing errors cannot be ruled out.



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We are Number 1
in Central and Eastern Europe.

