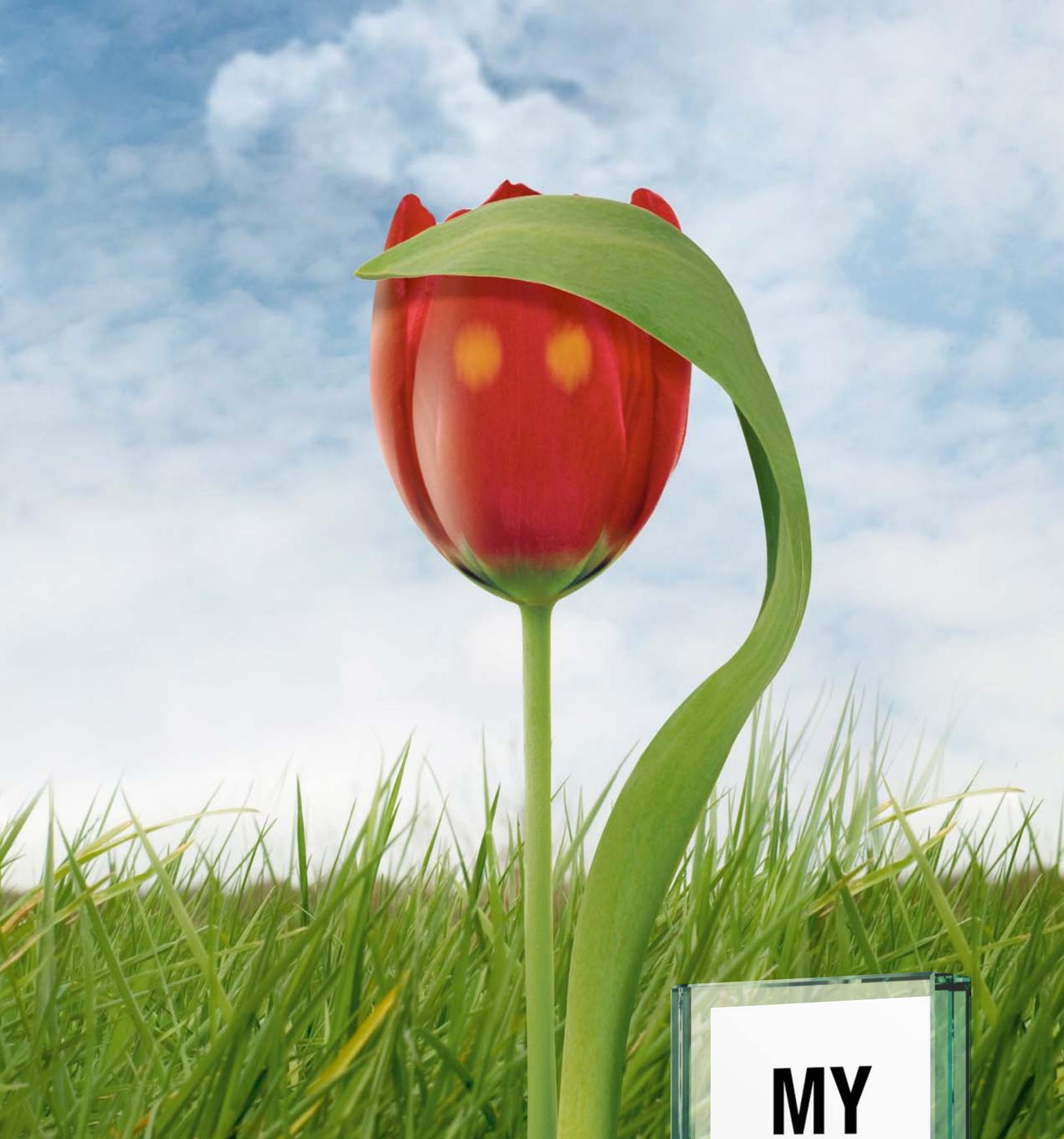


**WHO
ALSO SEES
THE WORLD
THROUGH
MY EYES?**



Thinking beyond one's own borders and interests, and taking responsibility – now, more than ever, this is a key prerequisite for sustained success. For us, careful handling of all legitimate stakeholder concerns therefore goes without saying.



RESOURCES AND RESPONSIBILITIES

HUMAN CAPITAL

Generally we have a long-term perspective on employment, and therefore place great importance on the development of our approximately 25,000 employees. One of our stated goals and internal requirements is to strengthen their skills and abilities, motivate them, and recognise and make use of their potential.

Vienna Insurance Group needs people at all levels whose personal and professional qualifications keep pace with the dynamic change in the Group and the changing requirements of the environment. Therefore, every company in the Group makes efforts to develop talented employees and build loyalty to the Company. VIG offers dedicated employees a wide variety of development possibilities in international expert and management careers. The Group's

RESPONSIBLE EMPLOYER FOR APPROXIMATELY 25,000 EMPLOYEES

succession policy is based on foresight and smooth transitions, and VIG is serious about its responsibility to identify and develop suitable successors for key positions in the future.

Human resources principles

Vienna Insurance Group believes that modern human resources should be sustainable, non-discriminatory and closely linked with business strategy. This point of view is shared by all of the companies in the Group. The VIG Human Resources (HR) guidelines apply across the Group and document in writing the human resources principles that have long been practiced within the Group. The guidelines deal with recruiting, human resources development, remuneration and succession planning and were communicated throughout the Group in 2011. All Group companies have been requested to implement the guidelines by no later than 1 July 2012.

Based on the "Think globally – act locally" principle of management, each company acts independently within its own area of responsibility in accordance with the Vienna Insurance Group HR strategy. Group HR performs human resources management for committees and bodies responsible for recruiting, contracts, training and succession planning for managing board members within the Group.

Group HR also organises and develops concepts for Group-wide projects concerned with the development of key personnel and management and the management of talented employees, and manages related human resources areas for the entire Group, such as the VIG competence model and the "PDD" performance management tool (Performance Development Dialogue).

Employee distribution

Vienna Insurance Group had an average of 24,902 employees in 2011. This is a reduction of 104 employees, or 0.4%, compared to the previous year. Approximately 53.8% of all Group employees work in the field sales force and approximately 46.2% in administration.

EMPLOYEES BY REGION

	2011	2010	2009
Austria	6,440	6,493	6,368
Czech Republic	4,905	4,913	4,972
Slovakia	1,596	1,572	1,650
Poland	1,947	1,902	1,578
Romania	3,991	4,383	5,088
Remaining markets*	6,023	5,743	4,730
Total	24,902	25,006	24,386

* Remaining markets: Albania, Bulgaria, Croatia, Estonia, Georgia, Germany, Hungary, Latvia, Liechtenstein, Lithuania, Macedonia, Serbia, Turkey, Ukraine.

Diversity and equal treatment

Diversity is not just a catchword in the Company, but an accepted everyday reality. Diversity and individuality are seen as enriching, both for customer contact and internal cooperation, and make a key contribution to the continuous development and improvement of Vienna Insurance Group products and internal processes.

These considerations also extend to the important area of equal treatment for men and women in terms of remuneration, application procedures and career opportunities. This fundamental value has also been incorporated into the VIG HR guidelines.

Approximately 60% of the employees in the Group are women. 20% of VIG's top operational positions in Europe are held by women. In some companies, the proportion of women in managing board positions is considerably higher. In Wiener Städtische, the largest company in the Group,

for example, the figure is 40%. The same percentage is true for the VIG management positions just below the Managing Board held by women.

HR projects at the Group level

Vienna Insurance Group implemented important measures at the Group level in the areas of internal career management and management development in 2011. Other measures focused on recruiting talented, motivated employees and developing their loyalty to the Group.

VIG competence model

VIG competences describe the conduct and approaches used by employees and management that form the basis for the Company's success. They apply to the entire Group and are closely related to the Group strategy. Organisational structure changes made in 2010 provided an opportunity to thoroughly revise core competences and management competences last year to better match current challenges. The project was broadly based, and involved experts and managers from many Group companies for a number of months.

Leadership Development Programme

Vienna Insurance Group developed a custom-tailored leadership development programme together with the IEDC – Bled School of Management that was successfully

completed by around 30 employees in 2011. The project is part of a Group-wide training initiative for management and individuals with high potential. The objective of the leadership development programme is to assist individuals in leadership positions to develop their management competences. The programme is aimed at both young and experienced managers, primarily in the top management of Group companies. A look at the managers participating in the programme clearly shows the diversity within VIG. Participants with ten different nationalities and different professional backgrounds and positions, sent by 19 companies, were not only expanding their knowledge and competences in the programme, but also taking advantage of the opportunity to exchange information with each other about the requirements of the business world today and in the future.

Knowledge exchange trips – mobility in practice

Vienna Insurance Group expects prospective managers to hold at least one position in a company that is “foreign” from their point of view. The Group therefore provides mobility programmes that make it possible for them, and for experts, to assume responsibilities in other VIG companies. This internal exchange reached its highest level of diversity to date in 2011, with the international job rotation programme playing a particularly important role. Highly talented trainees in this programme spend one to ten months in the holding company or Group companies familiarising themselves with the work processes, guidelines and standards of relevant departments. This gives employees from Group companies an interesting opportunity to look into different areas of the holding company and to use their knowledge and expertise to make a valuable contribution in return. Similarly, job rotation gives employees from Group headquarters the opportunity to take a position in one of the VIG insurance companies. Such “knowledge exchange trips” between companies and between the Group holding company and Group companies played also a particularly large role last year in the mobility opportunities offered by VIG.

INTERNATIONAL CAREER OPPORTUNITIES AND EXTENSIVE AS WELL AS ADVANCED TRAINING

Core competences of VIG employees

- > Collaboration and Networking
- > Openness to change and solution focus
- > Service quality and customer retention
- > Personal responsibility and contribution to success of the business

Internal job market

Many people would like to make career changes during their lifetime. Every Vienna Insurance Group employee therefore has the opportunity to realise these desires within the Group. As a rule, internal recruiting has priority over external recruiting. From a business point of view, providing a VIG-wide job market allows VIG to retain talented employees and their knowledge within the Group without foregoing fresh insights and approaches. Long-term employees bring novel solution approaches to their new areas of responsibility and initiate change. The internal job market also helps to keep recruiting costs low.

A look at the individual companies

A great deal of human resources work was performed at the individual company level in 2011, including the Group's Vienna headquarters. The following examples have been chosen from the many available to illustrate the HR work performed within the Group last year.

On-board programme for holding company employees

New employees should feel comfortable from the first day on. Orienting oneself in the work environment and getting to know contacts and fellow employees is something that takes place at the start of every new job. In addition, Vienna Insurance Group places particular importance on employees in Group headquarters learning what it means to be an insurance provider. VIG developed a new modular "on-board" programme in 2011 to better address this need. The main elements relevant for each new employee are determined in advance based on experience, industry knowledge and position. These range from participation in a VIG introductory training course on internal job rotation and experience-based learning in distribution, all the way to meetings with top management. The introductory programme also includes a reference handbook. The first on-board programme in this practice-based form starts in the first half of 2012.

Wiener Städtische idea exchange

Wiener Städtische employees gain a great deal of valuable experience each day during their working activities and have very clear ideas on how to improve processes, products, workplace design and many other things. The Idea

Exchange set up in the middle of September 2011 allows this wealth of experience to be shared and used by all employees. The ideas range from small ideas providing immediately noticeable improvements in the everyday working environment to suggestions for Group-wide innovations. The suggestions submitted are constantly reviewed and evaluated by a committee formed for this purpose that also includes two members of the Managing Board. Employees have submitted more than 300 ideas since the start of the programme. Some have already received awards and been partially implemented, such as a navigation system for company headquarters, or labelling of vegetarian meals in the company cafeteria.

MORE THAN 300 EMPLOYEE IDEAS FOR A BETTER EVERYDAY WORK ENVIRONMENT

Women's job initiative by Donau Versicherung

The position of insurance advisor is a job with a future. This is why Donau Versicherung began its job initiative last year focusing on "women, career and family". The objective is to inspire and recruit women for the position of "insurance and future provision advisor". This professional career brings special benefits, such as personal responsibility, flexible working hours and the ability to balance family and career, which make it highly attractive.

Distribution provides a particularly good opportunity for individuals returning to work or changing careers to find a position. The job initiative began throughout Austria in the middle of the year. It was accompanied by efforts in the provincial head offices, reports in regional media and distribution of informational flyers. Donau Versicherung will continue this initiative in 2012.

Compensa companies using modern recruiting methods

As is true for practically all relationships in life, first impressions also play an important role in employment relationships. Based on this, the two Polish Compensa companies pushed ahead with efforts to professionalise their recruiting last year. The revised career section of the company website provides a detailed presentation of the companies, the opportunities they offer for existing and prospective employees, and what makes them special as employers. An electronic application system has also been used since the middle of last year. The online recruiting tool simplifies selection and documentation, and speeds up the entire selection process. In addition to providing a good overview of candidate profiles, and the status of job

positions and applications, there has also been a considerable improvement in correspondence and the possibilities for evaluation.

PDD introduced at BCR Non-life

In June of last year, BCR Non-life became the first VIG company in Romania to introduce the “PDD” management and development tool, with “Objectives” and “Competences” components, that was developed at the Group level. 305 employees and 55 managers in total enjoyed the benefits of this structured employee performance review. This was preceded by the implementation of detailed technical and organisational preparations and an intensive information and communication campaign.

Annual employee survey by Union Biztosító

Union Biztosító has performed employee satisfaction surveys for seven years with great success. The results provide a current, realistic indication of how employees evaluate management, remuneration, their fellow employees

and superiors, processes, their personal work-life balance and other relevant factors. The periodic surveys allow changes in strengths and weaknesses to be followed over time. Union Biztosító can also see the effect that individual measures have on the attractiveness of the company as an employer. The responses show specific areas where communication is needed and help to direct resources and initiatives appropriately. The employee survey has become an important part of the corporate culture and is taken very seriously by management. This is part of the reason for the very high level of employee acceptance.

New employee training at Bulstrad Non-life

Bulstrad Non-life developed a new training project for the development and improvement of core competences for more than 250 employees at all levels, including sales. The training programme includes, for example, seminars related to customer service and improving sales, communications and presentation techniques. All training modules are supplemented by follow-up e-learning courses.

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CORPORATE SOCIAL RESPONSIBILITY

What is important – for the individual, for our society? As an insurance provider, we see people's joys and concerns, their hopes and their fears every day. We experience what takes place around us and in our midst. We believe that economic performance is not sustainable or worthwhile if high ethical standards are not also maintained, and therefore make efforts to become involved with social and cultural concerns in the countries where we operate.

Vienna Insurance Group has a corporate culture of value creation and openness, and respect for fellow employees and stakeholders is very important within the Group. Vi-

enna Insurance Group has been included in the VÖNIX Austrian sustainability index since 2005 and the global FTSE4Good Index since 2007. Both require that the profit-making aspects of business

MORE THAN 2,000 PARTICIPANTS IN THE FIRST SOCIAL ACTIVE DAY

activities be successfully combined with social and environmental objectives.

The insurance business is based on trust. Vienna Insurance Group earns this trust not only in its day-to-day dealings with customers and business partners, but also by assuming social responsibility for issues large and small, ranging from local event sponsoring and funding for educational or art projects, all the way to active promotion of volunteer activities. Sustainable action takes a wide variety of forms in Vienna Insurance Group and its Group companies.

Social responsibility in practice

Wiener Städtische Wechselseitige, the principal shareholder of Vienna Insurance Group, provides major support for many social activities.

Social Active Day

Vienna Insurance Group took advantage of the 2011 European Year of Volunteering as an opportunity to create a broad base of volunteer involvement among Group employees by introducing the Social Active Day. VIG encouraged its employees in nine countries to use their time for the needy and disadvantaged in society by permitting employees to devote a day to social activities. More than 2,000 employees in VIG companies were inspired by this idea, and took part in numerous projects. Organisations and institutions with a wide variety of objectives were pleased to receive assistance from these helping hands, such as special-needs facilities, homeless shelters and initiatives, nursing homes, orphanages, children's aid and environment protection programmes and many more.

The participants took the Social Active Day motto – "Take your chance and care!" – literally and volunteered their assistance wherever help was needed and welcome. Taking care of the elderly, cooking soup and serving it to the needy, helping with the setup, sales and disassembly at a social flea market, painting fences, beautifying areas, helping with autumn cleanup, and teaching and playing with children are only a few of the activities performed last year. The response was impressive. Based on participant feedback, there will also be no lack of Social Active Day volunteers in 2012.

Dr. Günter Geyer Social Active Award*

Wiener Städtische Wechselseitige, the principal shareholder of Vienna Insurance Group, will award a new prize for outstanding social commitment named after General Manager Günter Geyer for the first time in 2012. The prize will be awarded to Group companies whose social activities, or those of their employees, performed in the service of their fellow men deserve special mention. The intent is to provide a total of EUR 100,000 in funding for projects each year. The first prize will receive EUR 50,000. Mr. Geyer's tenth anniversary as the head of the Group in 2011 marked a festive occasion to launch this new award.

SOCIAL ACTIVE DAY 2011

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- baking biscuits
- making Advent wreaths
- singing and playing with children
- ice skating
- taking care of the elderly
- cooking soup
- serving meals to the needy
- helping in low-income supermarkets
- collecting donations
- making lanterns
- reading stories
- assisting on day trips
- repairing fences
- decorating
- painting rooms
- planting trees
- maintaining landscaping
- drawing pictures with children
- preparing food packages
- interior and exterior cleaning
- walking with the elderly
- helping with shopping
- teaching traffic rules
- helping with house construction

Caritas children's campaign*

The principal shareholder of Vienna Insurance Group, Wiener Städtische Wechselseitige, has been a long-term partner of Caritas, providing many years of support for its annual children's campaign in the poorest countries of Europe, including 2011 and the current year. The funds collected by Caritas in February benefit more than 200 aid projects in Eastern and South-Eastern Europe. There are children who rely on outside help in many of these countries. The donations provide for their most urgent needs: a place they can feel at home, loving care, enough to eat, clothing and all the necessities for regular school attendance.

Examples from Group companies:

Bátor Tábor – camp for sick children in Central Europe*

The "Bátor Tábor" foundation organises free camps for chronically ill children, including adventure therapy. The children strengthen their abilities through play as part of the healing process in this programme, thereby regaining part of their self-confidence. The Hungarian camp has been a permanent member of the Association of Hole in the Wall Camps since 2007. Each year, around 600 children from the Czech Republic, Hungary, Poland and Slovakia celebrate big and small personal successes here with rowing, riding, archery, dancing, playing music, and sporting activities on the ropes course. For the last three years, Union Biztosító has permitted its employees to devote a day each spring to beautifying the interior and exterior areas of the facility. Whether doing garden work, planting trees or repairing fences, the employees take part each year with great pleasure and enthusiasm.

Zweite Sparkasse*

Wiener Städtische has been a cooperation partner of Zweite Sparkasse ("Bank for People without a Bank") since 2007. Zweite Sparkasse helps people who no longer have access to banking services because of their difficult economic circumstances. In addition to the banking products offered, all account holders receive free or very inexpensive insurance solutions from Wiener Städtische. Wiener Städtische Wechselseitige makes the premium payments. Zweite Sparkasse celebrated its fifth anniversary in 2011 and specially dedicated its anniversary party to its 430 volunteer employees.

Children's University of Comenius

The Detská Univerzita Komenského (Children's University of Comenius) held its ninth traditional matriculation celebration in Bratislava for eager-to-learn children between the ages of nine and 14 last year. Kooperativa Slovakia was the main sponsor for the project and also made it possible for 15 of its employees' children to participate. In the first lecture, the young researchers examined the question of how life in the country differed from life in the city. Other presentations were dedicated, for example, to seafaring secrets, or the world of insects. The academic part was supplemented by interesting and varied workshops and outings.

Climate protection partnership

Wiener Städtische uses district heating for three office locations in Vienna. Use of this environmentally friendly form of energy reduced CO₂ emissions by 1,575 metric tonnes last year. The Vienna University of Technology certified this success. The climate protection partnership recently entered into with Wien Energie Fernwärme strengthens Wiener Städtische's commitment to sustainability. The cooperation should help to further increase the share of district heating used in coming years and make an even greater reduction in emissions.

Cultural commitment*

Principal shareholder Wiener Städtische Wechselseitige, Vienna Insurance Group itself, and its Group companies play a major role in promoting the realisation of artistic projects, and thereby the preservation of Austrian and international cultural heritage. By supporting creative ambitions, they help to create opportunities for artistic expression and promote cross-border discussion and understanding of current and future art movements. The arts and cultural funding programme provides support for selected institutions and projects in the area of fine arts, architecture, theatre, film and music.

Wrapping of the Ringturm by Xenia Hausner*

Xenia Hausner was the first woman artist entrusted with wrapping the Ringturm following Christian Ludwig Attersees' "Don Giovanni", Robert Hammerstiels' "Tower of Life" and the "Tower in Bloom" by Hubert Schmalix. The work by this renowned Austrian painter titled "Sense of Family" transformed the building into an exquisitely colourful "Art Tower" that inspired the city of Vienna and visitors to the city from July to September 2011.

Leopold Museum receives the "Maecenas 2011" award*

The long-term partnership with the Leopold Museum was awarded the "Maecenas" cultural sponsoring prize in 2011, in the "long-term sponsorship" category. This active, mutually beneficial partnership also includes insurance for artworks and works lent from the VIG art collection for exhibitions in the Leopold Museum. Many joint projects have been realised over the years. These include the "Faculty picture" project, the "Grund, Mucha, Capek, ... Czech paintings from the Kooperativa collection" exhibition (2007/08), and the first comprehensive presentation of works from the Vienna Insurance Group collection under the title "Ringturm.Art" (2010/11).

Essl Art Award CEE*

Vienna Insurance Group awarded VIG Special Invitations for the second time as part of the ESSL ART AWARD CEE. The art award was created in 2005 by art collectors Agnes and Karlheinz Essl to provide support for art students from Central and Eastern Europe, and has been awarded every second year since that time, with the last time being the fourth. Vienna Insurance Group awards a VIG Special Invitation to one of the two winners in each participating country, which includes a prize of EUR 1,000.

The prize winners were invited to participate with their own exhibition in the Ringturm exhibition centre and to create a work especially for this occasion. The exhibition for the ESSL ART AWARD CEE 2011 took place in the Essl Museum from 7 December 2011 to 12 February 2012. The young artists will present their new works in late spring in the rooms at Group headquarters set aside for this purpose.

"Architecture in the Ringturm" exhibition series*

Architectural exhibitions have been presented regularly since 1998 in the "Architecture in the Ringturm" series. Principal shareholder, Wiener Städtische Wechselseitige, uses this exhibition series to provide architects in all of the countries where VIG operates with a venue that is accessible to the public free of charge.

9 December 2010 to 18 March 2011**Bohuslav Fuchs – Czech avant-garde architect**

Bohuslav Fuchs has realised many buildings and worked in urban development and regional planning. He is considered to be the main proponent of "Brno Functionalism". The exhibition presented a selection of approximately 40 of his most significant buildings in many previously unseen photographs and newly prepared texts.

10 June to 8 July 2011**City.Model.Bolzano. Project for the development of the railway station area**

The exhibition series uses the example of the competition for redesign of the Bolzano train station site to illustrate the large-scale dimensions of urban development. In addition to the winning project by Boris Podrecca, eight other proposals from the final selection were also presented.

19 July 2011 to 11 November 2011**Belgrade – Moments in Architecture**

The Belgrade metropolis of two million people contains many undiscovered architectural treasures and shows a surprisingly high architectural density. The exhibition uses some of the best examples of classic modern architecture to identify the architectural high points of the decades after the end of the Second World War.

1 December 2011 to 17 February 2012**Adolf Loos and Vienna**

The exhibition is devoted to Vienna's most important international architect for the early modern period, Adolf Loos, dealing with his role as a pioneer of the avant-garde in Vienna, the issue of his relationship with his chosen city, Vienna, and his design for Goldman & Salatsch, his main work in the heart of the city known today as the "Loos-Haus".

* Principal shareholder Wiener Städtische Wechselseitige provided a major part if not all of the support for these activities.