

Corporate governance report

Transparency and stakeholder trust are important to us. Observance of and compliance with the provisions of the Austrian Code of Corporate Governance therefore play an important role.

The Austrian Code of Corporate Governance was introduced in 2002 and is regularly updated according to legislation and current trends. It is the standard for proper corporate governance and control in Austria. Provisions of the Code contribute to strengthening the trust in the Austrian capital market. The report that companies are required to publish on compliance with these provisions requires a high level of transparency.

VIG Holding is committed to the application of and compliance with the January 2020 version of the Austrian Code of Corporate Governance. § 243c UGB and § 267b UGB (Consolidated Corporate Governance Report) were also applied when preparing this report.

The Austrian Code of Corporate Governance is available to the public both on the VIG Insurance Group website at www.vig.com/ir and the website of the Austrian Working Group for Corporate Governance at www.corporate-governance.at.

VIG Holding sees corporate governance as a continuously changing process that responds to new conditions and current trends for the benefit of the insurance group as well as for its stakeholders. The goal of all corporate governance measures is to ensure responsible corporate management aimed at long-term growth while simultaneously maintaining effective corporate control.

The Managing Board, Supervisory Board and employees consider observance of and compliance with the rules of the Austrian Code of Corporate Governance to be highly important for the practical implementation of corporate governance. All information on the members, procedures and remuneration of the Managing Board and Supervisory Board are clearly organised and presented below.

The rules of the Austrian Code of Corporate Governance are divided into the following three categories:

- Rules based on mandatory legal requirements (“Legal Requirement”)
- Rules that must be observed. Non-compliance with these rules must be declared and explained in order to comply with the Code (“Comply or Explain”)
- Non-compliance with rules which are merely recommendations do not need to be disclosed or explained (“Recommendation”)

All of the rules of the Austrian Code of Corporate Governance were observed.

The Group's scope of consolidation also includes capital market-oriented subsidiaries that are required by the legal systems applicable to them to prepare and publish corporate governance reports. These include: Ray Sigorta (Turkey) and Makedonija Osiguruvanje (North Macedonia). The corporate governance reports are included in the annual reports of these companies and can be accessed through their respective websites: www.raysigorta.com.tr (About > Investor Relations), www.insumak.mk (website link: <https://www.insumak.mk/about-us/financial-reports/?lang=en>). Reference is made to the information in this regard.

The shareholder structure is available at www.vig.com/ir.

MEMBERS OF THE MANAGING BOARD AND THEIR RESPONSIBILITIES

The VIG Holding Managing Board had the following six members as of 31 December 2019:

- Elisabeth Stadler (General Manager, Chairwoman of the Managing Board)
- Franz Fuchs (Deputy General Manager)
- Judit Havasi
- Liane Hirner
- Peter Höfingger
- Peter Thirring

Gábor Lehel and Gerhard Lahner were also appointed as substitute members of the Managing Board for financial year 2019.

Changes during and after the end of the financial year:

Judit Havasi assumed the position of Chairwoman of the Managing Board and General Manager of Donau Versicherung as of 1 January 2020, and left her position on the

Managing Board of VIG Holding effective 31 December 2019. Gábor Lehel, Gerhard Lahner and Harald Riener were appointed to the Managing Board of VIG Holding effective 1 January 2020.

Deputy General Manager Franz Fuchs will leave his position on the Managing Board at the end of his term of office on 30 June 2020.

Further information on the members of the Managing Board, including their employment history, is presented below.



Prof. Elisabeth Stadler
General Manager,
Chairwoman of the Managing Board

Year of birth: 1961

Date first appointed: 1 January 2016

End of current term of office:

30 June 2023

Elisabeth Stadler studied actuarial mathematics at the Vienna Technical University and began her career in the Austrian insurance industry as a Managing Board Member and Chairwoman. In May 2014, she was awarded the professional title of professor by Federal Minister Gabriele Heinisch-Hosek for her merits for the insurance industry. She held the position of General Manager at Donau Versicherung from September 2014 to March 2016, and has been CEO of VIG Holding since 2016.

Areas of responsibility: Management and Strategic Questions, Group Development and Strategy, Planning and Controlling, General Secretariat and Legal department, Corporate Social Responsibility, Affiliated companies department, European Affairs, Group Communications & Marketing, Group Sponsoring, Bancassurance and international partnerships, Human Resources

Country responsibilities: Austria, Czech Republic

Supervisory board positions or comparable positions in other Austrian and foreign companies outside the Group: OMV Aktiengesellschaft, voestalpine AG, Institute of Science and Technology Austria, Austrian Red Cross

Elisabeth Stadler is also active in the Supervisory Boards of significant* Vienna Insurance Group companies: Wiener Städtische (Austria), Donau Versicherung (Austria), Kooperativa (Czech Republic), ČPP (Czech Republic), Compensa Life (Poland), Compensa Non-Life (Poland), InterRisk (Poland).

*All companies that contribute at least 2% of written premiums and at least 2% of profit before taxes are considered to be "significant".



Franz Fuchs
Deputy General Manager

Year of birth: 1953
Date first appointed: 1 October 2009
End of current term of office:
30 June 2020

Franz Fuchs began his career in the insurance industry as an actuary. He held leading management positions in other international companies as a specialist in the life insurance area and pension funds before joining VIG Insurance Group. From 2003 until early 2014, Franz Fuchs was Chairman of the Managing Board of Compensa Non-Life and Compensa Life in Poland. He has been Chairman of the Managing Board of VIG Polska since 2003. He was first appointed to the VIG Holding Managing Board on 1 October 2009. In recognition of his many years of dedication and outstanding service for Poland, Romania, the Baltic states, Ukraine and Moldova, Franz Fuchs was appointed Deputy General Manager effective 1 October 2019.

Areas of responsibility: Motor and Property Insurance

Country responsibilities: Moldova, Poland, Romania, Ukraine

Supervisory board positions or comparable positions in other Austrian and foreign companies outside the Group: C-QUADRAT Investment AG

Franz Fuchs is also active in the Supervisory Boards of significant* Vienna Insurance Group companies: Compensa Life (Poland), Compensa Non-Life (Poland), InterRisk (Poland), Omnisig (Romania).



Liane Hirner, CFO

Year of birth: 1968
First appointed on: 1 February 2018
End of the current term of office:
31 January 2023

Liane Hirner studied business administration in Graz. Before joining VIG Insurance Group, she worked at PwC Austria's audit department where she started in 1993, and when she left, Liane Hirner was partner in the insurance area. In addition to her work as an auditor, Liane Hirner has also been involved in many professional associations, such as the IFRS Working Group of the Austrian Insurance Association and the Insurance Working Party of Accountancy Europe in Brussels. Liane Hirner was appointed to the VIG Holding Managing Board on 1 February 2018. She assumed the position of CFO on 1 July 2018. In 2019, EIOPA appointed Liane Hirner as a new member of the Insurance & Reinsurance Stakeholder Group (IRSG).

Areas of responsibility: Finance and accounting, Enterprise Risk Management, Asset-Risk Management, Data Management and Processes

Country responsibilities: Germany, Belarus

Liane Hirner is also active in the Supervisory Boards of significant* Vienna Insurance Group companies: Kooperativa (Czech Republic), ČPP (Czech Republic)

*All companies that contribute at least 2% of written premiums and at least 2% of profit before taxes are considered to be "significant".



Peter Höfing

Year of birth: 1971

Date first appointed: 1 January 2009

End of current term of office:

30 June 2023

Peter Höfing studied law at the University of Vienna and University of Louvain-la-Neuve (Belgium). Peter Höfing has been a member of the VIG Holding Managing Board since 1 January 2009. Prior to that, he was a director of the Managing Board at Donau Versicherung, responsible for sales and marketing. He joined this company in 2003. Previously, he held positions as managing board chairman and managing board member outside the insurance group in Hungary, the Czech Republic and Poland.

Areas of responsibility: Corporate and large customer business, Vienna International Underwriters (VIU), Group Reinsurance

Country responsibilities: Albania, Baltic states, Bulgaria, Kosovo, Montenegro, Nordics, Serbia



Gerhard Lahner

Year of birth: 1977

Date first appointed: 1 January 2020

End of current term of office:

30 June 2023

Gerhard Lahner studied business administration at the Vienna University of Economics and Business and has held a variety of positions for VIG Insurance Group since 2002. He was a member of the Managing Boards of Austrian insurance companies Donau Versicherung and Wiener Städtische and Czech companies Kooperativa and ČPP. Gerhard Lahner was also a substitute member of the VIG Holding Managing Board from 1 January 2019 to 31 December 2019.

Areas of responsibility: Asset Management, Asset Liability Management, Treasury/Capital market

Supervisory board positions or comparable positions in other Austrian and foreign companies outside the Group: CEESEG Aktiengesellschaft, Vienna 3420 Aspern Development AG, Wiener Börse AG



Gábor Lehel

Year of birth: 1977

Date first appointed: 1 January 2020

End of current term of office:

30 June 2023

Gábor Lehel studied business administration with a major in finance in Tatabánya and Budapest (Hungary). He joined VIG Insurance Group in 2003, where he worked in Group Controlling and as head of the General Secretariat before being appointed to the VIG Holding Managing Board of the Hungarian insurance company UNION Biztosító in 2008. He was General Manager of UNION Biztosító from mid-2011 to 31 December 2019. From 1 January 2016 to 31 December 2019, he was also a substitute member of the Managing Board of VIG Holding.

Areas of responsibility: Actuarial Department, Personal Insurance

Country responsibilities: Bosnia-Herzegovina, Croatia, North Macedonia, Hungary



Harald Riener

Year of birth: 1969

Date first appointed: 1 January 2020

End of current term of office:

30 June 2023

Harald Riener studied social and economic sciences at the Vienna University of Economics and Business and joined the insurance group in 1998, where he worked in the marketing area for Donau Versicherung and Wiener Städtische until 2001. After working for a media publishing company, he returned to the insurance group in 2006 as Marketing Manager of VIG Holding. He became a member of the Managing Board in Croatia in 2010, and was appointed CEO in 2012. From 2014 to 2019, Harald Riener was a member of the Managing Board of Donau Versicherung where he was responsible for distribution and marketing.

Areas of responsibility: Private Customer and SME Distribution Initiatives, Assistance

Harald Riener is also active in the Supervisory Boards of significant* Vienna Insurance Group companies: Omniasig (Romania).

*All companies that contribute at least 2% of written premiums and at least 2% of profit before taxes are considered to be "significant".



Peter Thirring

Year of birth: 1957

Date first appointed: 1 July 2018

End of current term of office:

30 June 2023

Peter Thirring studied law at the University of Vienna. He has used his more than 30 years of insurance experience in the Generali insurance group. He was General Manager of Donau Versicherung from March 2016 to the end of June 2018. Peter Thirring was appointed to the VIG Holding Managing Board on 1 July 2018.

Areas of responsibility: Group external active reinsurance, Group IT, Business Organisation

Country responsibilities: Georgia, Liechtenstein, Slovakia, Turkey

Peter Thirring is also active in the Supervisory Boards of significant* Vienna Insurance Group companies: Kooperativa (Slovakia), Donau Versicherung (Austria).

The Managing Board as a whole is responsible for Group Compliance, Internal Audit and Investor Relations.

The curriculum vitae of the members of the Managing Board are available online on the website at www.vig.com/management.

*All companies that contribute at least 2% of written premiums and at least 2% of profit before taxes are considered to be "significant".

MEMBERS OF THE SUPERVISORY BOARD

The Supervisory Board had the following ten members as of 31 December 2019:

Günter Geyer
Chairman

Year of birth: 1943

Date first appointed: 2014

End of current term of office: 2024

Günter Geyer joined Wiener Städtische in 1974 and was appointed to the Managing Board in 1988. In 2001, he became General Manager and Chairman of the Managing Board of Wiener Städtische. The insurance group's entry into the CEE market, with the establishment of the Kooperativa insurance companies in Bratislava and Prague and expansion into other CEE countries to become a major international insurance group, began under his leadership. Günter Geyer received many national and international awards for his involvement in these countries. For example, he received an honorary doctorate degree from the University of Economics in Bratislava for his contribution

to the development of the insurance industry in the Republic of Slovakia. Günter Geyer resigned from his position as Chairman of the Managing Board of VIG Holding on 31 May 2012. He has held the position of Chairman of the Supervisory Board of Wiener Städtische since 2009 and Chairman of the Supervisory Board of VIG Holding since 2014. He is also the Chairman of the Managing Board of Wiener Städtische Wechselseitiger Versicherungsverein, the principal shareholder of Vienna Insurance Group AG Wiener Versicherung Gruppe.

Rudolf Ertl
1st Deputy Chairman

Year of birth: 1946

Date first appointed: 2014

End of current term of office: 2024

Rudolf Ertl is Doctor of Laws and has been with the insurance group since 1972. He was a Member of the Managing Board of Wiener Städtische until the end of 2008 and a Member of the Managing Board of Donau Versicherung until June 2009. He is a Member of the Managing Board of Wiener Städtische Wechselseitiger Versicherungsverein, the

principal shareholder of VIG Holding. The insurance expertise he has accumulated over many years, and his knowledge of the CEE region make Rudolf Ertl a major asset to the Company as 1st Deputy Chairman of the Supervisory Board.

Maria Kubitschek
2nd Deputy Chairwoman

Year of birth: 1962

Date first appointed: 2014

End of current term of office: 2024

After completing her studies in social sciences and economics at the University of Vienna, Maria Kubitschek began working for the Vienna Chamber of Labour in 1988. After holding a variety of management positions, she was head of the Economic Division at the Vienna Chamber of Labour starting in 2001, with an interruption from 2011 until 2013 as head of the cabinet for the Austrian Federal Ministry for Transport, Innovation and Technology. She has been Deputy Director of the Vienna Federal Chamber of Labour since 2016, responsible, among other things, for coordinating the digitalisation strategy of the Federal Chamber of Labour and the digitalisation fund of the Vienna Chamber of Labour, and head of the European office in Brussels. She is also a member of the managing board of the Austrian Institute of Economic Research (WIFO).

Martina Dobringer

Year of birth: 1947

Date first appointed: 2011

End of current term of office: 2024

Martina Dobringer held various management positions in the Coface group starting in 1989 and brings her extensive knowledge of the international insurance industry with her. As Chairwoman of the Managing Board of Coface Central Europe Holding AG, she laid the cornerstone for Coface's successful expansion into this region. From 2001 to 2011, she was General Manager and Chairwoman of the Managing Board of Coface Austria Holding AG. In 2011, she was awarded the Grand Decoration of Honour in Silver for Services to the Republic of Austria, and in 2006 she became the first Austrian businesswoman to receive the highest French honour ("Chevalier dans l'ordre de la Légion").

Gerhard Fabisch

Year of birth: 1960

Date first appointed: 2017

End of current term of office: 2024

Gerhard Fabisch studied business administration and economics. He joined the Steiermärkische Bank und Sparkassen AG in 1985 and was made a member of the Managing Board in 2001 and Chairman of the Managing Board in 2004. Steiermärkische Bank und Sparkassen AG has a number of affiliated companies abroad, including in Croatia, Serbia and Bosnia-Herzegovina. Gerhard Fabisch is a member of the Board of Directors of ESBG (European Savings and Retail Banking Group) and WSBI (World Savings Banks Institute). He has been President of the Austrian Sparkassenverband since 2014.

Peter Mihók

Year of birth: 1948

Date first appointed: 2019

End of current term of office: 2024

Since 1992, Peter Mihók has been Chairman of the Slovakian Chamber of Trade and Industry, Chairman of the World Chambers Federation of the International Chamber of Commerce in Paris and advisor in the EU Economic and Social Committee in Brussels, among other things. He studied at the University of Economics in Bratislava and received a Ph.D. degree in the area of East-West economic relations and an honorary doctorate from the University of Economics in Bratislava. In addition to numerous other awards, he received the Grand Decoration of Honour in Gold for Services Rendered to the Republic of Austria in 2013 from Heinz Fischer, the President of Austria at that time.

Heinz Öhler

Year of birth: 1945

Date first appointed: 2002

End of current term of office: 2024

Heinz Öhler joined the Tiroler Gebietskrankenkasse in 1970, where he initially held a position as head of the Finance Department and later held an executive position until 2011. In this position he managed country-wide projects and represented regional health insurance funds in a variety of ministerial committees, among other things. In March 2007, he was awarded the Grand Decoration of Honour in Gold for Services to the Republic of Austria for his work related to Austrian social security. He has held many positions in the sports world, including being appointed as a Member of the Tyrolean State Sports Council in November 2016.

Georg Riedl

Year of birth: 1959

Date first appointed: 2014

End of current term of office: 2024

After completing his legal studies at the University of Vienna, Georg Riedl has worked as an independent lawyer since 1991. His areas of expertise include company and tax law, mergers & acquisitions, as well as private foundation law and contract law, at which his activities cover national and international transactions.

Gabriele Semmelrock-Werzer

Year of birth: 1958

Date first appointed: 2017

End of current term of office: 2024

After holding positions at the Austrian branches of Chase Manhattan Bank AG and Crédit Lyonnais AG, Gabriele Semmelrock-Werzer worked for Erste Group Bank AG in a variety of areas starting in 1995. She headed the Group Investor Relations department from 1999 to 2010, and in addition to international communications also actively assisted the expansion of the Erste Group into the CEE region and spent time in Prague and Bucharest. Since 2011, she has been Chairwoman of the Managing Board of Kärntner Sparkasse AG, which also holds a 70% interest in Sparkasse d.d. in Slovenia.

Gertrude Tumpel-Gugerell

Year of birth: 1952

Date first appointed: 2012

End of current term of office: 2024

Gertrude Tumpel-Gugerell was Vice Governor of the National Bank of Austria (OeNB) from 1998 to 2003 and member of the Board of Directors from 1997 to 2003. She also has many years of international experience, at the European level in particular. She was the Austrian Vice Governor to the International Monetary Fund and a member of the Economic and Financial Committee – the most important economic policy advisory committee of the European Union. Gertrude Tumpel-Gugerell was responsible for the Economics and Financial Markets divisions at the National Bank of Austria. From 2003 to 2011, she was a member of the Executive Board of the European Central Bank.

The curriculum vitae of the members of the Supervisory Board are available online on the website at www.vig.com/management.

Changes during the reporting year

Bernhard Backovsky (year of birth 1943) was a Member of the Supervisory Board in financial year 2019 from 1 January 2019 to 24 May 2019 and left the Supervisory Board at the end of his term of office on 24 May 2019.

SUPERVISORY BOARD INDEPENDENCE

In accordance with Rule 53 of the Austrian Code of Corporate Governance, the Supervisory Board of VIG Holding has established the following criteria defining independence:

- The Supervisory Board Member has not been a Member of the Managing Board or a senior manager of the Company or subsidiary of the Company in the last five years.
- The Supervisory Board member does not have a business relationship with the Company or a subsidiary of the Company that is of such significant scope for the Supervisory Board member that it affects his or her activities on the Supervisory Board to the detriment of the Company. This also applies to business relationships with companies in which the Supervisory Board Member has a considerable economic interest. The approval of individual transactions by the Supervisory Board in accordance with § 95 (5) (12) of the Austrian Stock Corporation Act (AktG) or § 15 (2) (I) of the Articles of Association does not automatically lead to a classification of non-independence. For the purpose of clarification, it is expressly noted that purchase or existence of insurance policies with the Company has no adverse effect on independence.
- The Supervisory Board Member has not been an auditor of the Company's financial statements, or held an ownership interest in or been an employee of the auditing company executing such audits in the last three years.
- The Supervisory Board Member is not a member of the Managing Board of another company that has a member of the Company's Managing Board on its Supervisory Board.
- The Supervisory Board Member is not a close family member (direct descendant, spouse, partner, parent, uncle, aunt, brother, sister, niece, nephew) of a Member of the Managing Board or individuals holding one of the positions described above.

The Supervisory Board as a whole is considered to be independent if at least 50% of the members elected by the

Annual General Meeting satisfy the criteria above for the independence of a Supervisory Board Member.

Each Member of the Supervisory Board has declared whether they can be considered independent based on the criteria specified by the Supervisory Board. Peter Mihók has stated that he is not independent based on the independence criteria specified by the Supervisory Board. All other Supervisory Board Members were independent based on the criteria indicated.

No Supervisory Board Member holds more than 10% of the Company's shares.

The following Supervisory Board Members exercised supervisory mandates or comparable positions in other Austrian or foreign listed companies as of 31 December 2019:

Georg Riedl

AT & S Austria Technologie & Systemtechnik Aktiengesellschaft

Gertrude Tumpel-Gugerell

AT & S Austria Technologie & Systemtechnik Aktiengesellschaft
Commerzbank AG
OMV Aktiengesellschaft

Maria Kubitschek

voestalpine AG

PROCEDURES FOLLOWED BY THE MANAGING BOARD AND BY THE SUPERVISORY BOARD AND ITS COMMITTEES

Managing Board

The Managing Board manages the business of the Company under the leadership of its Chairperson and within the constraints of the law, articles of association, procedural rules of the Managing Board and procedural rules of the Supervisory Board.

The Managing Board meets when needed (generally each week or every two weeks) to discuss current business developments and makes the necessary decisions and resolutions during these meetings. The Managing Board Members continuously exchange information with each other and the heads of various departments.

Supervisory Board

The Supervisory Board performs all activities defined under the law, articles of association and the procedural rules of the Supervisory Board. In order to ensure effectiveness and efficiency of its activities and procedures, the Supervisory Board examines its procedures regularly, but at least once a year in the form of a self-evaluation. The Supervisory Board's evaluation of its activities in 2019 found that its organisational structure and procedures were satisfactory in terms of efficiency and in compliance with the law. It found no need for change or desire for change in the practices followed to date.

The Supervisory Board and its committees, Chairpersons and Deputy Chairpersons continuously monitor and regularly examine Company management as well as the activities of the Managing Board in terms of managing and monitoring the Group. Detailed presentations and discussions during meetings of the Supervisory Board and its committees are used for this purpose, as are thorough and, in some cases, in-depth discussions with the members of the Managing Board who provide detailed explanations and supporting documentation relating to the management and financial position of the Company and the Group. Strategy, business development (overall and in individual regions), risk management, the internal control system, internal audit activities, the compliance function and reinsurance – at the VIG Holding level as well as at Group level – are also discussed during these meetings.

The Supervisory Board and the Audit Committee also directly engage with the financial statements auditor and the consolidated financial statements auditor in order to familiarise themselves with the accounting process and audit progress, and to inquire whether the audit has produced any important findings. Provision was made for exchanges between the Members of the Audit Committee and the (consolidated) financial statements auditor in such meetings without the presence of the Managing Board, but no Member of the Audit Committee took advantage of this opportunity during the reporting year. During the meetings about annual and consolidated financial statements, the audit reports are discussed and debated with the audit managers in detail both with the Audit Committee and with the entire Supervisory Board. The Audit Committee examined the Company's Solvency and Financial Condition Report (SFCR) and reported its findings to the Supervisory

Board. The Supervisory Board found no grounds for objection.

The internal audit department provides quarterly reports to the Audit Committee. If necessary, the head of internal audit provides detailed explanations of individual issues and audit focal points. The head of internal audit also submits the annual audit plan to the Audit Committee for approval. The Managing Board explains the organisation and effectiveness of the internal control system, internal audit and the risk management system to the Audit Committee at least once a year, and provides the Audit Committee with a written report on this subject so that it can confirm the efficiency of the systems. The Audit Committee also examines the report and assessment of the functioning of the risk management system prepared by the (consolidated) financial statements auditor and reports its findings to the Supervisory Board.

The Audit Committee and Supervisory Board as a whole also received the 2019 sustainability report (consolidated non-financial report) from the Managing Board, and reviewed and carefully examined it.

At least once a year, the Managing Board presents the Supervisory Board with the measures to be taken by the VIG companies in order to prevent corruption, and the Supervisory Board discusses those.

When preparing nominations to the Annual General Meeting regarding the election of new Supervisory Board Members, the latter takes the professional and personal requirements set by law and the Austrian Corporate Governance Code into account which a Supervisory Board Member must satisfy and observe.

The Audit Committee and Supervisory Board also strictly ensure that all of the requirements and conditions provided for under the law and Austrian Code of Corporate Governance are fully satisfied when preparing the general meeting proposal on selection of the (consolidated) financial statements auditor. As a public-interest entity, the special additional rules for external and internal rotation applicable to insurance companies and the special tendering process are observed. In addition, after the audit of the consolidated financial statements has been completed, the Supervisory Board is provided with a list showing the

total audit expenses of all Group companies. This list provides a separate breakdown of expenses relating to the consolidated financial statements auditor and the members of the network to which the consolidated financial statements auditor pertains. The same goes for other financial statements auditors who work for the Group.

The Supervisory Board established five committees to increase its efficiency and to address complex matters: Committee for Urgent Matters (Working Committee), Audit Committee (Accounts Committee), Committee for Managing Board Matters (Personnel Committee), Strategy Committee and Nomination Committee.

The Supervisory Board also dealt with the topic of remuneration policy.

The Nomination Committee and Supervisory Board also dealt intensively with the future-oriented composition of the Managing Board. Judit Havasi's move to the Managing Board of Donau Versicherung as Chairwoman of the Managing Board starting 1 January 2020, and the upcoming end of the term of office of Deputy General Manager Franz Fuchs in 2020 also had to be considered. In 2019, the Supervisory Board appointed Gerhard Lahner, Gábor Lehel and Harald Riener to the Managing Board starting 1 January 2020. Gerhard Lahner and Gábor Lehel were previously already substitute members of the Managing Board and, like Harald Riener, had already held positions nationally and abroad for many years in the VIG Insurance Group.

SUPERVISORY BOARD COMMITTEES

COMMITTEE FOR URGENT MATTERS (WORKING COMMITTEE)

The Committee for Urgent Matters (Working Committee) decides on matters that require approval of the Supervisory Board, but cannot be deferred to the next ordinary Supervisory Board meeting because of particular urgency.

Günter Geyer (Chairman)

Substitute: Gertrude Tumpel-Gugerell

Rudolf Ertl

Substitute: Martina Dobringer

Georg Riedl

Substitute: Maria Kubitschek

AUDIT COMMITTEE (ACCOUNTS COMMITTEE)

The Audit Committee (Accounts Committee) is responsible for the duties assigned to it by law and is, in particular, responsible for the duties assigned in § 92 (4a)(4) of the Austrian Stock Corporation Act (AktG), § 123 (9) of the Austrian Insurance Supervision Act (VAG) and Regulation (EU) No. 537/2014, namely:

1. To monitor the accounting process and provide recommendations or suggestions to ensure its reliability;
2. To monitor the effectiveness of the Company's internal control system and the internal audit function and risk management system;
3. To monitor the audit of the financial statements and consolidated financial statements taking into account findings and conclusions in reports published by the supervisory authority for financial statement auditors in accordance with § 4 (2)(12) of the Austrian Auditor Supervision Act (APAG);
4. To check and monitor the independence of the financial statement auditor (consolidated financial statement auditor), in particular with respect to the additional services provided for the audited company; Art. 5 of Regulation (EU) No. 537/2014 and § 271a (6) UGB apply;
5. To report the results of the financial statement audit to the Supervisory Board and explain how the financial statement audit has contributed to the reliability of the financial reports and the role of the Audit Committee in this;
6. To audit the annual financial statements and prepare their approval, examine the proposal for appropriation of profits, the management report, the solvency and financial condition report and corporate governance report, and present a report on the audit findings to the Supervisory Board;
7. To audit the consolidated financial statements and Group management report, the solvency and financial condition report at Group level and the corporate governance report at consolidated level, and report the results of the audit to the Supervisory Board;

8. To perform the procedure to elect the financial statement auditor (consolidated financial statement auditor) taking into account the appropriateness of the fees in accordance with Art. 4 of Regulation (EU) No. 537/2014 and the rotation periods in Art. 17 of Regulation (EU) No. 537/2014, and recommend appointment of a financial statements auditor (consolidated financial statements auditor) to the Supervisory Board in accordance with Art. 16 of Regulation (EU) No. 537/2014.

Furthermore, in a meeting (another meeting, in addition to the meeting required by law), the Audit Committee (Accounts Committee) specifies how the two-way communication between the (consolidated) financial statements auditor and the Audit Committee (Accounts Committee) has to take place, while making provision for exchanges to take place between the Audit Committee (Accounts Committee) and the (consolidated) financial statements auditor without the presence of the Managing Board.

All members of the Audit Committee are experienced financial experts with knowledge and practical experience in finance, accounting and reporting that satisfy the requirements of the Company.

Gertrude Tumpel-Gugerell (Chairwoman)

1st substitute: Gabriele Semmelrock-Werzer

2nd substitute: Heinz Öhler

Georg Riedl (Deputy Chairman)

1st substitute: Gabriele Semmelrock-Werzer

2nd substitute: Heinz Öhler

Martina Dobringer

Substitute: Heinz Öhler

Rudolf Ertl

1st substitute: Gabriele Semmelrock-Werzer

2nd substitute: Heinz Öhler

Günter Geyer

1st substitute: Gabriele Semmelrock-Werzer

2nd substitute: Heinz Öhler

Maria Kubitschek

Substitute: Heinz Öhler

Peter Mihók

Substitute: Heinz Öhler

COMMITTEE FOR MANAGING BOARD MATTERS (PERSONNEL COMMITTEE)

The Committee for Managing Board Matters (Personnel Committee) deals with personnel matters of the Managing Board. The Committee for Managing Board Matters therefore decides on employment contract terms with Members of the Managing Board and their compensation and examines remuneration policies at regular intervals.

Günter Geyer (Chairman)

Rudolf Ertl

Georg Riedl

STRATEGY COMMITTEE

The Strategy Committee cooperates with the Managing Board and, when appropriate, with experts that it consults in order to prepare fundamental decisions that will subsequently be decided upon by the entire Supervisory Board.

Günter Geyer (Chairman)

Substitute: Gertrude Tumpel-Gugerell

Rudolf Ertl

Substitute: Martina Dobringer

Georg Riedl

Substitute: Gabriele Semmelrock-Werzer

Peter Mihók

Substitute: Maria Kubitschek

NOMINATION COMMITTEE

The Nomination Committee submits proposals to the Supervisory Board for filling positions that become available on the Managing Board and handles issues of successor planning.

Günter Geyer (Chairman)

Rudolf Ertl

Georg Riedl

Martina Dobringer

The Supervisory Board gave its consent to VIG Holding and other companies of the VIG Insurance Group that allowed them to use the legal services of Georg Riedl, Supervisory Board Member, and engage him or his law firm to act as a representative and provide advisory services on a project-related basis under normal market terms. Georg Riedl provided consultancy services as a lawyer, for which he received total (net) fees of EUR 11,229.17 plus cash expenses and 20% value added tax in financial year 2019 (of which EUR 2,625 plus cash expenses and 20% VAT were for VIG Holding). Supervisory Board Members Gerhard Fabisch and Gabriele Semmelrock-Werzer are members of the managing boards of companies with which distribution agreements were concluded under normal market and industry terms and conditions. The Company did not enter into any other agreements with Supervisory Board Members in 2019 that would have required the approval of the Supervisory Board.

NUMBER OF MEETINGS OF THE SUPERVISORY BOARD AND ITS COMMITTEES IN THE FINANCIAL YEAR 2019

One Annual General Meeting and five Supervisory Board meetings distributed across the financial year were held in 2019. Four meetings of the Audit Committee were also held. The financial statements and consolidated financial statements auditor, KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft (KPMG), attended three Audit Committee meetings and the Supervisory Board meeting in 2019 that addressed the audit of the 2018 annual financial statements and the 2018 consolidated financial statements as well as formal approval of the 2018 annual financial statements, and also attended the Annual General Meeting. Three meetings of the Committee for Managing Board Matters (Personnel Committee) were held in 2019. The Nomination Committee held one meeting in 2019. The Committee for Urgent Matters (Working Committee) and Strategy Committee did not meet in 2019. Strategic matters were handled by the Supervisory Board as a whole.

No Member of the Supervisory Board attended less than half of the Supervisory Board meetings.

MANAGING BOARD AND SUPERVISORY BOARD COMPENSATION

The Company compensation guidelines are based on the provisions of Solvency II and include standards intended to prevent the compensation rules from creating incentives to assume excessive risk and to avoid conflicts of interest to the extent possible. The Company guidelines include further provisions for key positions – in particular variable compensation for these positions – that are generally aimed at promoting sustainability and careful dealing with risks. Corresponding Group guidelines apply to all insurance and reinsurance companies within the insurance group and therefore apply to all significant subsidiaries included in the consolidation scope.

Compensation plan for Managing Board Members of the Company

Managing Board compensation takes into account the importance of the Group and the responsibility that goes with it, the economic situation of the Company, and the appropriateness of the remuneration in the market environment.

The variable portion of the compensation emphasises the need for sustainability and achieving it fully depends critically on an analysis of the sustainable performance of the Company that extends beyond a single reporting year.

The performance-related compensation is limited. The maximum performance-related compensation that the Managing Board can receive by achieving the traditional targets in financial year 2019 is around 40% to around 50% of fixed salary. Special bonus compensation can also be earned for appropriate target achievement, as well as com-

penensation for overachievement in certain target areas. In total, the Members of the Managing Board can earn variable compensation equal to a maximum of around 80% to to around 105% of their fixed compensation in this way.

Large parts of performance-related compensation are only paid after a delay. The delay for the 2019 financial year extends to 2023. The deferred portions are awarded based on the sustainable performance of the Group.

The Managing Board is not entitled to performance-related compensation if performance fails to meet certain thresholds. Even if the targets are fully met in a given financial year, because of the focus on sustainability, the full variable compensation is only awarded if the Group also achieves sustainable performance in the three following years.

The main performance criteria (targets) for variable compensation in 2019 were the combined ratio, premium growth, result before taxes and – as a non-financial objective – the promotion of social responsibility in practice, for special bonus compensation there were strategic objectives, such as achievements in the area of bancassurance or market share, and compensation could also be earned from overachievement of targets in certain areas.

Managing Board compensation does not include stock options or similar instruments.

In 2019, active Managing Board Members received the following for their services to the Company and as managers of affiliated companies during the reporting period:

	2019						
	Stadler	Fuchs	Havasi	Hirner	Höfing	Thirring	Total
in EUR '000							
VIG Holding remuneration	1,450	868	868	764	868	663	5,480
Fixed	784	542	542	542	542	542	3,492
Variable remuneration for 2018	539	242	242	222	242	121	1,609
Variable remuneration for previous years	127	84	84	0	84	0	379

	2018							Total
	Stadler	Fuchs	Havasi	Hirner ¹	Höfing ^{er}	Simhandl ²	Thirring ³	
in EUR '000								
VIG Holding remuneration	1,274	818	818	485	818	553	265	5,031
Fixed	765	528	528	485	528	263	265	3,362
Variable remuneration for 2017	446	242	242	0	242	242	0	1,412
Variable remuneration for previous years	63	48	48	0	48	48	0	256
Variable remuneration from affiliated companies for (previous) operating activities	0	0	0	0	0	0	278 ⁴	278
Total	1,274	818	818	485	818	553	544	5,309

¹ Liane Hirner has been a Member of the Managing Board of the VIG Holding since 1 February 2018. ² Martin Simhandl left the Managing Board of the VIG Holding on 30 June 2018. ³ Peter Thirring has been a Member of the Managing Board of the VIG Holding since 1 July 2018. ⁴ For his services as Chairman of the Managing Board of Donau Versicherung until 30 June 2018.

The standard employment contract for a member of the Managing Board of the Company includes – depending, among other things, on the length of employment – a pension equal to a maximum of 40% of the measurement base if the member remains on the Managing Board until the age of 65 (the measurement base is equal to the standard fixed compensation). This pension amount can be increased in individual cases if work continues past the maximum pension age, since a pension is not drawn during this period.

A pension is normally received only if a Managing Board Member's position is not extended and the Member is not at fault for the lack of extension, or the Managing Board Member retires due to illness or age.

The provisions of the Austrian Employee and Employment Provisions Act (Mitarbeiter- und Selbstständigen-Vorsorgegesetz) ("new severance") apply to the contracts of the Managing Board Members.

Only the contracts for Managing Board members who have been active in the insurance group for a long time provide for a severance payment structured in accordance with the provisions of the Austrian Employee Act (Angestelltengesetz), in the version prior to 2003, in combination with applicable industry-specific provisions. This allows these Managing Board Members to receive a severance payment equal to two to twelve months' compensation, depending on the period of service, with a supplement of 50% if the member retires or leaves after a long-term illness. A Managing Board Member who leaves by their own choice, without agreement with the Company, before retirement is possible, or leaves due to their own fault, is not entitled to severance payment.

Managing Board Members are provided with a company car for both business and personal use.

Compensation plan for the Supervisory Board Members

In accordance with the resolutions adopted by the 27th ordinary General Meeting on 25 May 2018, the Supervisory Board Members elected by the General Meeting are entitled to receive compensation in the form of a payment remitted monthly in advance. Supervisory Board Members who withdraw from their positions before the end of a month still receive full compensation for the month in question. In addition to this compensation, Supervisory Board Members are entitled to receive an attendance allowance for participating in Supervisory Board meetings and Supervisory Board committee meetings (remitted after participating in the meeting). The total compensation paid to Supervisory Board Members in 2019 was EUR 506,000.

Supervisory Board Members received the following amounts:

	2019	2018
in EUR '000		
Günter Geyer	85	76
Rudolf Ertl	58	54
Maria Kubitschek	56	51
Bernhard Backovsky ¹	15	37
Martina Dobringer	46	43
Gerhard Fabisch	38	34
Peter Mihok ²	30	
Heinz Öhler	43	39
Georg Riedl	50	46
Gabriele Semmelrock-Werzer	38	36
Gertrude Tumpel-Gugerell	47	43
Total	506	461

¹ As of the end of the General Meeting on 24 May 2019, Bernhard Backovsky is no longer a member of the Supervisory Board.

² Elected to the Supervisory Board in the General Meeting of 24 May 2019.

Supervisory Board compensation does not include stock options or similar instruments.

DIVERSITY CONCEPT

With around 50 insurance companies and more than 25,000 employees in Austria and Central and Eastern Europe, VIG Insurance Group combines many countries, languages and cultural backgrounds. Diversity is a key priority in its human resources strategy.

VIG Insurance Group follows a bottom-up approach with respect to diversity management for the Company's boards. By applying diversity management to all personnel, the insurance group expects to generate corresponding diversity in the candidate pool for internal successor planning in the long term.

For VIG Insurance Group, diversity reflects both the similarities and the differences it encounters in the Group, its markets and its partners as well as customers. Diversity management is based on genuine appreciation and open acceptance of diversity, and makes conscious use of this diversity. VIG companies include this understanding of diversity in the VIG Code of Business Ethics: *"We tolerate no discrimination. We are committed to equal opportunity in the hiring and promotion of employees, regardless of their beliefs, religion, gender, worldview, ethnic background, nationality, sexual orientation, age, skin colour, disability or marital status."*

Group and VIG Holding level

The diversity concept focuses on the criteria of gender, generations and internationality at the Group and VIG Holding level, and refined and developed measures for the following criteria:

- **Gender:** Ensure equal gender treatment in all areas (career and development options, benefits and income, etc.)
- **Generations:** Use mixed-age teams and take the various phases of life to develop full potential into account. Generation-appropriate offers and support in the various phases of life, learn from one another, healthy work, fair recruitment
- **Internationality:** Group-wide exchange of know-how (local expertise), collaborative learning, use of the internal Group job market and ensuring an appropriate mix of people from different countries within VIG Holding

The criteria of gender, generations and internationality are also taken into account when new Supervisory Board Members are proposed for election at General Meetings.

VIG Insurance Group has relied on the concept of local entrepreneurship for decades, thereby also promoting a very internationally diverse "community" of Group Managing Board Members and CEOs.

The topic of diversity is a key element in Group-wide management development training programmes, in terms of content as well as the participants and lecturers.

Level of the VIG insurance companies

Based on the principle of local entrepreneurship, the VIG insurance companies choose their own priorities against the background of priorities set for diversity at VIG Holding and at Group level. Further information on implementation of the diversity concept is available on page 34 of the insurance group's sustainability report.

Diversity Advisor

As Diversity Advisor, Angela Fleischlig-Tangl advises both VIG Holding and local VIG companies on matters related to diversity management.

MEASURES TO PROMOTE WOMEN IN MANAGING BOARD, SUPERVISORY BOARD AND MANAGEMENT POSITIONS

Appreciation of diversity and, therefore, removing barriers in women's careers is one of the key elements of the human resource strategy at VIG Insurance Group. Gender is one of the three priorities of the diversity concept at both VIG Insurance Group and VIG Holding level.

Nomination procedures for Group-wide training programmes for management, high potentials and experts are also required to have as balanced a gender representation as possible, with the local human resources department bearing ultimate responsibility.

Female Supervisory Board Members

Women hold 19.6% of the positions in the Supervisory Boards of the consolidated insurance companies across Europe (as at 31 December 2019) and 40.0% of the positions in VIG Holding.

Female Managing Board Members

Women hold around 25.7% of the positions on the Managing Boards of consolidated VIG insurance companies and around 22.0% of the Managing Board chairs are women. In VIG Holding, 50.0% of the Managing Board members were women as of 31 December 2019, including Elisabeth Stadler as Chairwoman.

Females in management positions

Including distribution, women hold around 46.3% of the management positions at the level directly below the managing board of consolidated VIG insurance companies across Europe (not including distribution: around 52.2%).

GENERATIONS AND INTERNATIONALITY

The average age of all Managing Board Members of the consolidated insurance companies is around 49.1 years (as of

31 December 2019), and the average age of Supervisory Board Members is around 55.9 years. 21 different nationalities (based on citizenship) are represented in the Managing Boards of the consolidated VIG insurance companies, and 19 different nationalities in the Supervisory Boards. Further information is provided in the sustainability report on page 35.

EXTERNAL EVALUATION REPORT

C-Rule 62 of the Austrian Code of Corporate Governance provides voluntary external evaluation of compliance with the C-Rules of the Code at least every three years. This evaluation was last performed in 2018 for the consolidated Corporate Governance Report for 2017. All of the evaluations came to the conclusion that all requirements in the Code had been observed. The summarised information on these evaluations is available on the website of VIG Insurance Group.

Vienna, 23 March 2020

The Managing Board:



Elisabeth Stadler
General Manager,
Chairwoman of the
Managing Board



Franz Fuchs
Deputy General Manager,
Member of the Managing Board



Liane Hirner
CFO,
Member of the Managing Board



Peter Höfinger
Member of the Managing Board



Gerhard Lahner
Member of the Managing Board



Gábor Lehel
Member of the Managing Board



Harald Riener
Member of the Managing Board



Peter Thirring
Member of the Managing Board