



**CIG PANNÓNIA**  
BIZTOSÍTÓ

# 2022

## SUSTAINABILITY REPORT

2022 Sustainability Report of CIG Pannónia Life Insurance Plc. and  
CIG Pannónia First Hungarian General Insurance Ltd.\*



\*The Sustainability report has not been audited.



## MESSAGE FROM THE CEO

CIG Pannónia Life Insurance and its consolidated subsidiary CIG Pannónia First Hungarian General Insurance (CIG EMABIT) (hereinafter collectively referred to as the "Company") have highlighted in their consolidated annual report 2022- adopted on the 19th of April 2022 that as a listed company they have recognised and intend to build on the benefits of a regulated market presence in the context of the ESG approach. We plan to make these benefits even more tangible for our client base in the future, thanks to our bank cooperation. We are managing the steps towards progress in accordance with the BSE ESG guidelines at project level, which is reflected in a separate annual sustainability report for the year preceding the current year - covering the same period and content as the annual report-, and in a presentation of long-term objectives.

Our Company has therefore launched its ESG programme at the end of 2022. With this ESG programme, the Company has embarked on a new path to build its long-term sustainability strategy and set - as a first step - its ESG targets for 2023.

To this end, we have set up a working group to support our Company's efforts at senior level, to integrate ESG into our own work processes.

For our Company, it is important to be a modern, socially and environmentally sustainable, digitally leading insurer, alongside our core mission of self-care. As a listed issuer, transparency and corporate governance are also a priority for us.

In our report we present the Company's sustainability efforts to this date and highlight the focus of our sustainability efforts.

We believe that digitalisation and sustainability go hand in hand and enable our customers to do business more conveniently. That's why we have started to develop paperless workflows over the past few years.

Our new headquarters (the Népliget Center) is located in a BREEAM (Building Research Establishment Environmental Assessment Method) certified modern place which is easily accessible by public transport in Budapest.

As a socially active community, our employees have been involved in several social initiatives to raise funds for charitable organisations. Of course, strategic partnerships are important to achieve our larger social goals. This is why the partnership with Hungarian Bankholding (HBH) is a major step forward, whereby their advisors are already involved in raising awareness of long-term financial self-care for our existing and potential clients. The next milestone in this will be the widespread dissemination of financial awareness.

As the head of the Company, I am confident that our sustainability report will convincingly demonstrate that CIG Pannónia Life Insurance and its subsidiary, within the given opportunities in its sector, are taking concerted action at an organisational level for a sustainable future.

Yours Faithfully,

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Dr. Fedák István,

*Board Member, Chief Executive Officer  
CIG Pannónia Life Insurance Plc.*

*CIG Pannónia First Hungarian General Insurance Ltd.*



## TABLE OF CONTENT

Message from the CEO	2
Introduction of CIG Pannónia Life Insurance and CIG Pannónia First Hungarian General Insurance (CIG Pannónia EMABIT)	4
Materiality issues	15
Sustainable business goals	15
Responsible corporate governance	15
Environmental aspects	21
Social aspects	23
Key principles and objectives for sustainable development	30
Our long-term sustainability plans	31
Summary of key sustainability data	32





# INTRODUCTION OF CIG PANNÓNIA LIFE INSURANCE AND CIG PANNÓNIA FIRST HUNGARIAN GENERAL INSURANCE (CIG PANNÓNIA EMABIT)

## CIG Pannónia Life Insurance

CIG Pannónia Life Insurance Plc. was incorporated on 26th of October 2007. Our registered office is located at Könyves Kálmán körút 11. B., 1097 Budapest, Hungary, and our main activity is the sale of life insurance products. Our company is registered with the Budapest Registry Court under company registration number 0110 045857, tax number 14153730-4-44.

## CIG Pannónia EMABIT

CIG Pannónia First Hungarian General Insurance Ltd. was incorporated on 19th of June 2008. The company has its registered office at Könyves Kálmán körút 11. B, 1097 Budapest, Hungary, and its main activity is the sale of non-life insurance products. The company is registered with the Budapest Registry Court under company registration number 01 10 046150, tax number 14440306-4-44.

As of September 2021, CIG Pannónia First Hungarian General Insurance Ltd. (CIG EMABIT) has reorganised its activities. CIG EMABIT is a 100% owned non-life insurance subsidiary of CIG Pannónia Life Insurance Plc. We offer liability insurance, property insurance and casco fleet insurance products to business sector players, large companies and SMEs. To ensure maximum financial stability, we work with professional reinsurance partners with the appropriate qualifications.

## Main consolidated financial data of our company

	2021	2022
Balance sheet total	127,784 billion Ft	129,943 billion Ft
Profit after tax	1,682 billion Ft	1,208 billion Ft
Revenue	36,348 billion Ft	32,294 billion Ft
Insurance premium income	22,713 billion Ft	32,346 billion Ft
Solvency II consolidated own funds compliance	255%	205%
Equity	13,169 billion Ft	8,872 billion Ft

## Our values and vision

We are at home in Hungary, so we serve our most important domestic audiences and companies with tailor-made products. We offer our customers the latest and most innovative solutions, our advanced products and flexible services provide secure solutions to the needs of different life situations.



We think realistically and react quickly to changing market conditions, in the interests of our customers and shareholders. Our aim is not to subordinate everything to reach a market leadership position, but to ensure that our investors are satisfied and that our insurance operations are profitable. To this end, we aim to be a leader in segments where we can operate successfully - i.e. profitably.

Our core values are expertise, reliability and ambition. Our niche, composite product range serves the needs and demands of the life insurance market in a consistent and reliable way, while our other services enable an innovative and dynamic development path that is essential to maintain employee well-being, a people-centric corporate culture and a customer-focused operation that responds quickly to change.

In the short term, our key vision is to develop a focused product offering and guarantee its reliability, and to lay the foundations for a dynamic growth trajectory in partnership with companies and financial institutions. The innovation needed to achieve this includes digitisation and organisational IT transformation, which will not only enable our company to operate in a more environmentally friendly way, but will also make the lives of our staff and customers significantly easier.

In the long term, up to 2026, our company is on an innovative growth path, which will also be reflected in a wider range of products available to the public and in simplified administrative processes.



## Products/services

# PENSION INSURANCE

Our pension insurance products comply in all respects with Recommendation No. 1/2017 (I.12.) of the National Bank of Hungary (NBH) on pension insurance, and tax relief is available on payments made into these products.

### **Pannónia Pension Bond**

Regularly paid unit-linked savings with a 7-year term to provide financial security in retirement. The client who chooses this scheme decides for themselves how to invest hers/his capital in investment structures (asset funds) with different performance potentials and assumes investment risk to achieve the desired goal. The savings to be accumulated can be increased by occasional contributions. Clients who stick to their long-term goals are rewarded with a loyalty bonus.

### **Pannónia Klikk Pension Insurance**

A product designed to serve our clients who are about to retire. It has all the same important features as the Pannónia Pension Bond, as shown above, but can be taken out for a maximum term of 7 years. It has a moderate cost burden for a relatively short accumulation period.

### **Pannónia Value Retainer Pension Insurance**

A form of pension insurance with traditional premium calculation and reserving, with regular premium payments, a low-cost burden, a minimum term of 5 years, where the insurer assumes a guaranteed return (thus guaranteed service) and bears the investment risk. The service guaranteed based on regular premiums can be increased by occasional payments. The loyalty bonus of this type of pension also contributes to the start of retirement.

### **Pannónia Gravis Pension Insurance**

Single-premium unit-linked pension insurance with a very favourable cost structure, available from 5 years. It is designed to increase the savings already available with state subsidies at a higher return than bank deposits. Savings are invested directly in asset funds with different risk and expected return levels, at the discretion of the client. The insurance offers a wide range of asset funds, allowing the creation of a customised investment portfolio. The capital to be accumulated can be increased through ad hoc contributions and loyalty bonuses.



## **LIFE INSURANCES WITH GENERAL PURPOSE AND SAVINGS NATURE**

Like our pension insurance policies, our general-purpose savings life insurance policies also meet the requirements for ethical life insurance constructions set out in Recommendation No. 8/2016 (VI.30.) of the National Bank of Hungary and certain provisions of Act LXXXVIII of 2014 on Insurance Activities.

### **Pannónia Esszencia Investment Life Insurance**

A savings plan available in HUF and EUR, with regular premium payments, linked to an investment unit, with a term of 7 years. The customer can determine the length of the savings period and the maturity of the contract according to his/her savings goals. The contractor decides to invest his/her capital in investment structures (asset funds) with different performance potentials, taking an investment risk to achieve the desired objective. The capital to be accumulated may be increased by means of ad hoc contributions. Our clients are rewarded with a loyalty bonus.

### **Pannónia Klikk Life insurance**

A unit-linked life insurance policy with flexible access and favourable initial costs. Not only for the long term, but also suitable for short- and medium-term investment goals thanks to its low initial costs.

### **Pannónia Mentor Life Insurance**

A classic form of savings with traditional premium calculation and reserving, with regular premium payments and a term of at least 5 years, where the insurer gives a guaranteed return (thus guaranteed service) and bears the investment risk. In addition to the savings element, the insurance (in case of death) cover (lump-sum and annuity) built into the scheme is also emphasised.

### **Pannónia Ametiszt Single Premium Life Insurance**

Pannónia Ametiszt Single Premium Life Insurance is a single-premium, HUF-based unit-linked contract. The minimum single premium is HUF 250 000, but you can start investing without any upper limit. Pannónia Ametiszt Single Premium Life Insurance can be taken out by individuals or companies. You can invest your savings in international and domestic markets, with the help and support of our award-winning MKB-Pannónia Fund Management experts.



## **Euro based Ametiszt Single Premium Life Insurance**

The Euro based Ametiszt Single Premium Life Insurance is a single-premium unit-linked contract based on Euro. The minimum single premium is €750, but you can start investing with no upper limit. The life insurance can be taken out by individuals or companies. The entry age of the insured can range from 2 to 95 years. You can invest your savings, both in international and domestic markets, with the help and support of our award-winning MKB-Pannónia Fund Management experts.







## **RISK-TYPE LIFE, ACCIDENT, HEALTH AND SICKNESS INSURANCE**

This category includes no savings element and provides financial assistance in the event of unexpected tragedies, accidents and illnesses.

### **Pannónia Bárka Life, Accident and Sickness Insurance**

Regular premium, fixed term traditional risk insurance that includes death, disability and critical illness cover (in one lump sum and annuity). Thanks to its modular structure and the additional cover available, the coverage and level of protection can be tailored to our clients' needs.

### **Pannónia Alkony Life Insurance**

Pannónia Alkony Bereavement Insurance is a regular premium, HUF-based life insurance policy that allows the insured individual to provide for a dignified end of life without financially burdening the client's family. The insurance can cover not only the funeral costs, but also the final resting place.

### **Pannónia BajTárs Accident insurance**

An individual accident insurance policy covering ten accident types, offering three service packages and a claims settlement time guarantee, which can be extended to cover children.

### **CIG Health Visa**

We organise your medical treatment abroad and cover up to 2 million EUR in medical expenses (travel, hotel accommodation, hospitalisation, medicines, operations, family travel) for five types of dreaded illness. You can ask us for a second medical opinion for almost any illness, issued by a world-renowned specialist in the medical field concerned, after analysis of the medical findings.



## OUR NON-LIFE INSURANCE PRODUCTS

### **Corporate Property Insurance**

#### **Business fire and breakdown insurance**

Corporate fire and breakdown insurance is made up of a basic insurance policy and optional supplementary cover, providing our clients with insurance protection tailored to their individual needs.

#### **All Risks business property insurance**

What makes All Risks property insurance unique is that any insured event that is not an excluded risk is automatically covered. It is typically tailored to the specific needs of industrial manufacturing companies, but its comprehensive nature ensures that all our clients, regardless of industry, are adequately protected.

#### **Burglary, robbery and delegate theft insurance**

Cover is provided for property/groups of property and insured expenses marked with an insured amount, at the places of risk specified in the insurance contract. The maximum limits per claim and per period of insurance for burglary, robbery and delegate theft and supplementary insurance, as well as the deductibles, are set out in the insurance contract.

#### **Breakdown insurance**

For the purposes of these additional conditions of insurance, an insured event is considered to be a business interruption loss due to the forced cessation or stoppage of the insured's normal economic activity, which occurs as a result of or in direct causal connection with the occurrence of an insured event specified in the basic insurance contract and not excluded under the business interruption insurance.



## **ENGINEERING INSURANCE**

### **Machinery and equipment All Risks property insurance**

Machinery and Equipment All Risks Property Insurance provides comprehensive insurance protection for our clients' industrial machinery and equipment.

### **All risks electrical equipment property insurance**

Electrical Equipment All Risks Property Insurance offers comprehensive insurance protection for our clients' electrical machinery and electronic equipment.

### **Machine breakdown insurance**

Machine breakdown insurance provides financial assistance in the event of machine breakage of mechanical, thermal, chemical machinery and equipment.



## **BUSINESS LIABILITY INSURANCE**

### **General liability insurance**

General liability insurance is the first pillar of our clients' insurance protection, providing insurance cover to mitigate the burdens and consequences of unintentional damage arising outside contractual relationships.

### **Service liability insurance**

Our services liability insurance product provides our clients with adequate insurance cover for damage caused to their customers in the performance of their contractual obligations.

### **Employers' liability insurance**

Employer's liability insurance covers the damage suffered by our client's employee as a result of an accident at work, in addition to social security claims for compensation for an accident at work.

### **Environmental pollution liability insurance**

The purpose of pollution liability insurance is to provide our clients with insurance cover against pollution damage caused by their typical business activities.



## OUR CAR INSURANCE PRODUCTS

### CIG EMABIT fleet casco

Among our motor insurance products, our CIG EMABIT Fleet Casco solution is currently available, which is a great choice for all our business customers with its wide range of deductibles and excellent service. Our product provides comprehensive cover for all our clients' motor vehicle fleet. For our partners, direct accessibility, fast service, and the competitiveness of our services, as well as the possibility of customised solutions, guarantee a good and long-lasting partnership.

### Materiality topics

In order to identify the key topics of sustainability relevance for the Company, 5 main areas were examined:

- Business conduct, ethics and compliance
- Company financial performance
- Employee attraction, education, reward and retention
- Social impact
- Climate change and environment

The following order of priority emerged from the materiality analysis conducted with the management:

ORDER OF PRIORITY	5 MAIN TOPICS
1.	Company financial performance
2.	Business conduct, ethics and compliance
3.	Employee attraction, education, reward and retention
4.	Climate change and environment
5.	Social impact

In the management sustainability materiality analysis, **we identified a total of 9 areas that are consistently considered to be of high importance by our managers. These nine priority areas all fall under the headings of financial performance and business conduct. These are the areas that the company is currently focusing on and will continue to focus on in the future in relation to sustainability.**



1. Delivering high quality products and support in a cost-effective way
2. Legal compliance
3. Data protection and security
4. Innovation
5. Consumer satisfaction
6. Business growth
7. Delivering value to our customers
8. Developing and operating ethical business practices
9. Trust and transparency





## SUSTAINABLE BUSINESS GOALS

The medium-term ambition level for our company is that, as an insurer and as a capital market participant in the premium category, to achieve the premium category in compliance with the BSE ESG framework, which will allow us to reach a mid-market position according to the system of rules defined in the BSE ESG Guidelines.

Our priority is to become a composite insurer and to strengthen our client base by setting an example and building trust. We want to attract domestic and international institutional investors and meet the expectations of our owners and partners.

In the longer term, looking 3-5 years ahead, we aim to achieve a 15-20% market share. The development of a sustainable business model is key to this, alongside the development of products and human resources. We believe it is imperative to operate transparently, and reporting on the company's sustainable activities is an essential means to this end.

### Responsible corporate governance

In the following section, we present our company's activities related to corporate governance, in particular sustainability, ESG management, corporate governance, management system, anti-corruption, business ethics, public relations and transparency, and product development. This area is of particular importance to us as a listed issuer and insurer, as we must comply with significant legal and regulatory requirements in both roles.

### Sustainability, ESG management

On 17 December 2021, our Board discussed the company's ESG roadmap and approved its inclusion in the Growth Strategy. As a publicly traded company, we recognize and intend to build on the benefits of a regulated market presence under the ESG approach, and we are managing the steps to implement the BSE ESG Guidelines at project level.

As we think about the long-term financial future of our company and our customers, we intend to continue on this path to sustainability that we embarked on at the end of 2022. As an insurer, we not only have to think about future timeframes and insurance events on a daily basis, but also constantly make decisions that affect our future. As a responsible company, we are convinced that implementing sustainability principles at group level will enrich our company's operations and vision.

Our ESG project was launched in the last quarter of 2022, with the project sponsored by the Deputy CEO responsible for Corporate Governance and Prudential Compliance (including Investor Relations) and led by the Director of Risk Management. The work currently includes ten departments covering all activities of the company.

On January 18, 2023, the Boards of Directors of both companies discussed and approved the planned steps and timeline of the Company's ESG project, discussed and approved internal staffing for the project, and requested that CIG EMABIT management provide regular updates on the progress of the project.

In accordance with the Articles of Association approved on the 1st of February 2023, our Company has an executive specifically responsible for environmental sustainability, who is



also a member of the Board of Directors and Deputy CEO. We also have a compliance officer. The compliance officer has authority, resources, experts to carry out his or her duties, and access to the information required for his or her activities.

In order to comply with the Regulation of the European Parliament and of the Council on sustainability disclosures in the financial services sector, we publish insurance disclosures on sustainable investments at company, product and asset fund level.

Our company also takes into account the Sustainable Finance Disclosure Regulation (SFDR), Act C of 2000 [Auditing Act], the guidance of the Hungarian National Bank, the provisions implemented in the Insurance Act, the materials of the Sustainability Working Group of the Association of Hungarian Insurers and, as a public limited company, the guidance of the BSE, among other ESG-related legislation and recommendations.

### **Corporate governance and management system**

The management of risks related to our Company's activities, in particular in the context of its business relationships, products or services, as well as social and employment issues, respect for human rights, the fight against corruption and bribery, is a priority for us. We are alert to risks that may have adverse effects in these areas. Our way of risk management is creating and applying our policies and monitoring risks.

We have a number of policies, which are interpretable and relevant in the context of the ESG framework, that guide our day-to-day operations.

- Rules of Organisation and Operation
- Labour Policy
- Data Protection Policy and Report
- Equal Opportunities Policy
- Internal Audit Policy
- Regulations under the Uniform Remuneration System, in particular the Remuneration Policy for the group of staff defined in Article 2(2) of the SRD Act
- Performance Appraisal Policy
- Compliance Policy
- Money Laundering Prevention Policy
- Complaints Handling Policy, of which the Complaints Handling Policy is Annex 1
- Conflict of Interest Policy
- Product Development Order of Business
- Fraud Prevention Policy

Our Company's **Rules of Organisation and Operation** are the basic document of the internal operational order, the adoption and approval of amendments is the responsibility of the Board of Directors. It contains the basic provisions concerning the operation,





organisation and governance of the Company, and defines the duties and powers of the Shareholders, the Board of Directors, the Supervisory Board, the Audit Committee, other functional units and the Auditor of the Company, in accordance with the Company's Articles of Association. The purpose of our **Compliance Policy** is to set out the rules governing our own conduct, which apply to us in all situations as employees and senior officers of the Company and which guide us in the day-to-day conduct of our business. All persons employed or otherwise engaged in employment by our Company are required to read the Compliance Policy.

We have effective internal procedures to prevent **money laundering**, to regulate our processes, and a comprehensive system of controls to prevent and mitigate the impact of internal and external fraud when it occurs. Continuous training and education of employees in these areas is provided by these specialised departments. Exposure to money laundering and terrorist financing risks is regularly assessed and, where necessary, steps are taken to mitigate the associated risks (e.g. operational and reputational risk).

Free market economy and **competition** are the optimal way for us to allocate resources. We accept the limits of competition and that we must compete within the framework of the laws that regulate competition.

## **Anti-corruption**

We do not do business with customers who are suspected of providing unfair advantages. In addition, in order to prevent financial abuse, all payments for goods or services should be made to the person supplying/providing them and cash payments should be avoided. In our contractual relationships and transactions, we only make and accept payment by bank transfer. Remuneration of intermediaries and consultants should only be based on duly transparent and documented decisions, authorisations and contracts, details of which are set out in detail in our intermediary conflict of interest policy.

Under our Compliance Policy, the **procurement** of goods and services is carried out in a controlled and transparent manner, with competitive tendering and relationship checks before the first order is placed. Our Company does not currently have a Supplier Code of Conduct, however we plan to include ESG provisions in our model supplier contracts. In each procurement case, the head of the respective department decides whether sustainability aspects are subject to scrutiny.

Our company has a **Data Management Policy**. To maintain customer trust and protect the interests of our owners and employees, we take all necessary and possible measures to **protect trade secrets, insurance confidentiality and personal data**. Personal data will only be processed in the manner specified by law and internal regulations, taking into account the relevant internal rules. All employees and agents of our company, upon entering into a contractual relationship, declare their knowledge of the confidentiality and data protection provisions and their binding compliance with them, and attend annual renewal training.



## Business ethics

We have a **policy about equal treatment and equal opportunities**. We are committed to promoting and respecting **human rights against discrimination** of any kind.

We have a **Complaints Handling Policy**, with a strong emphasis on handling and assessing complaints without discrimination. In addition to the individual assessment of complaints, we also analyse complaints with a view to how we can improve our processes in the future to ensure that incidents or events that give rise to a complaint do not recur.

**Our Labor and Human Resource Management Policy** is intended to set forth our labor and human resource management processes and all general and basic policies and procedures that apply to employees who are employed by our Company.

Our Company's remuneration system is a unified system with three pillars (Unified Remuneration System).

The Unified Remuneration System is laid down in separate internal regulations, taking into account the interrelationships and interconnections between the different regulatory regimes, along with the personal scope of the regulators and, as a specific element, a system of remuneration with its own set of rules.

The provisions of the three pillars, and thus of the Unified Remuneration System, applicable to employees are contained in the CIG Pannónia Remuneration Code (Pillar I: Remuneration Code), which, in the light of the 2019 Law on the Promotion of Long-term Shareholder Involvement and the Amendment of Certain Laws for the Purpose of Legal Harmonisation. LXVII Act of 2019 (SRD Act), Section 29 (3), which provides for a delayed entry into force, and the obligation set out in point 3 of this document, the provisions of the SRD Act are expressly set out in a separate document (Annex 1). In addition, the Unified Remuneration System includes a remuneration policy (Pillar III: Remuneration Policy), which was drawn up in the context of the ESOP programme (Pillar II: Remuneration Policy). In addition, the Unified Remuneration System includes a remuneration policy (Pillar II: ESOP Remuneration), which is a separate remuneration element defined under the ESOP Act for the implementation of the Pillar I and Pillar II rules, which is in line with the form of remuneration and the number of persons defined in the ESOP Remuneration, but not a separate remuneration system.

The Remuneration Policy contains a description of the decision-making process for the determination, review and implementation of the remuneration policy and the role of the Remuneration and Nomination Committee operated by the Company as defined in the SRD Act.

The Remuneration Policy is in line with the "Board Selection Guidelines" applied by the Company.

Our Company operates an internal appraisal system to measure performance in line with the above policies. The purpose of the **Performance Appraisal System Policy** is to set out the rules of the Performance Appraisal System (PES) and the eligibility, payment and other conditions for the objective evaluation of the performance of employees covered by the Policy. The purpose of the PER is to assess the performance of employees on the basis of their contribution to the achievement of organisational objectives, thereby encouraging higher levels of employee performance. It also aims to show the concrete links between organisational and individual performance and to provide an opportunity to compare individual performance and thus provide management feedback, correction and career path planning.



Our Company strives to ensure that the remuneration policy promotes the appropriate and effective management of sustainability risks. We strive to ensure that the structure, elements and overall level of remuneration do not encourage excessive risk-taking with respect to sustainability risks and are linked to risk-adjusted performance.

The purpose of the **Conflict of Interest Policy** is to identify the conflicts of interest that may exist under Act V of 2013 on the Civil Code, Act LXXXVIII of 2014 on Insurance Activities, Act I of 2012 on the Labour Code and certain provisions of the Hungarian National Bank, and to set out the procedures under which they can be monitored and managed. It also aims to identify potential conflicts of interest related to the operation, transactions and services of our Company, and to define the procedures and control points that are essential to follow in order to manage them. It also aims to identify potential conflicts of interest that may arise in connection with our Company's operations, transactions and services, and to identify the procedures and control points that must be followed to manage them.

## **Disclosure and transparency**

Transparency in the operation of our Company is of paramount importance. We publish quarterly reports and annual reports on our website as part of our regular disclosures, and our extraordinary and other disclosures have been fully compliant and meet all applicable legal requirements. In 2022, we published 61 regular and extraordinary disclosures on each of our official disclosure venues (the official website of the Budapest Stock Exchange, the disclosure system operated by the Hungarian National Bank and our own website).

## **Product development**

Our Company's Product Development and Product Review Policy sets out the procedures and processes to be followed when launching new products and for the regular review of products already launched. We pay particular attention to legal, market and customer requirements.

Our policy on product development also serves to comply with the provisions of the Commission Delegated Regulation (EU) 2017/2358 of 21st of September 2017 supplementing Directive 2016/97 of the European Parliament and of the Council as regards product supervision and management requirements for insurance undertakings and insurance intermediaries and Act LXXXVIII of 2014 on insurance activities. In addition, the requirements of point 10 of Hungarian National Bank Recommendation 9/2020 (14th of July) on the application of consumer protection principles are also taken into account.

In our personal insurance portfolio, the product development process aims at creating and introducing new modalities that fit our personal insurance strategy, meet the requirements of the external and internal regulatory environment and provide mutual benefits for customers, owners and intermediaries.

In our product development activities, we estimate the cost and time required for the IT implementation of the product during the IT feasibility study and the potential profitability and return on investment of the product during the profitability study.

When developing our product proposals, we pay particular attention to the basic features of the new product (type, coverage composition, premium scale, residual rights, reserve management principle, cost structure, commission structure, reinsurance needs,



operational processes, IT systems involved), the purpose of the modality, the target group and all the key risks of the target group, and the marketing strategy appropriate to the target group.

For product innovations, we aim to focus on environmentally friendly processes (paperless digital solutions).





## ENVIRONMENTAL ASPECTS

### Environmental topics

Concern for our environment, environmental issues, climate change and related weather phenomena have a major impact on the global and domestic insurance industry. Global environmental issues also present new and unexpected risks to the domestic insurance industry. Our company is aware that this requires action in its day-to-day operations, both from a practical and strategic perspective. Our Company is at the beginning of its journey towards sustainability, but we are committed to reduce our own direct impacts by assessing our own operations.

### Waste management

Municipal waste and paper waste is collected separately in the office building. We measure the amount of paper waste for disposal generated by our operations, which is verified by the data in the disposal report. The waste is transported by a partner company, which carries out the transport annually. We take care to reduce waste production and recycle the waste generated. Our goal is to have a paperless office. The Company is not yet able to measure the amount of waste by type, as waste is accumulated and collected for the whole building, which also accommodates a number of other legal entities.

Our Company has already set go paperless as a mission in 2017. One of the steps was the unified setup of the customer portal/e-communication in January 2017. Subsequently, the physical movement of incoming paper mail was transformed using enterprise content management software. During 2019, internal processes were gradually transformed in several steps. In the claims area, the digitisation of a significant amount of paper due to data submission was the most time-consuming and complex task. In hindsight, it was a huge success and achievement, given that we were hit by the COVID-19 pandemic from March 2020. This is one of the reasons why the organisation's operations and processes were able to run smoothly during and after the pandemic.

Exceptions to paperless processes:

- legal documents (e.g. signed contracts)
- requests to the guarantor area
- sales administration (e.g.: partner contracts)
- personal letters (management letters)

All other types of material are archived after scanning, filing and distribution.

The long-term plan is to have the majority of customers choose e-communication, so that outgoing mail is also paperless. We aim to further extend paperless procedures to areas where the legislation allows it.

Type of waste	Mass (kg)	Year
Paper waste for disposal	400 (estimated value)	2022



## Energy and water use

An important consideration for our company when choosing a head office was the selection of an office building that had been certified as a Sustainable Building. For this reason, the Népliget Center Office Building was selected, which has an „Excellent” sustainable building rating by BREEAM In Use, the most popular rating in Hungary (green building rating).

### Scope 1. emission (direct emissions from our activities)

Fuel consumption:

At the end of 2022, the Company had 49 vehicles, all of which were leased and whose fuel consumption in 2022 was as follows:

GASOLINE	FUEL CONSUMPTION (LITERS)	CO <sub>2</sub> EMISSIONS (KG) CALCULATION
2022	86 551,7	203 396,495
DIESEL	FUEL CONSUMPTION (LITERS)	CO <sub>2</sub> EMISSIONS (KG) CALCULATION
2022	15 336,9	40 642,679

### Scope 2. emissions (indirect emissions related to the energy we buy)

The consumption of electricity, water and gas in the office premises rented by the Company in the Népliget Center Office Building in 2022 is as follows:

	ELECTRICITY (KWH)	GAS (M <sup>3</sup> )	WATER (M <sup>3</sup> )
	2022	2022	2022
Measured consumption of the CIG area	103 514	12 671	475
CO <sub>2</sub> e emissions of consumption (kg) (calculation)	25 154	2 534	---

Hot water is produced by a renewable energy system, using solar collectors. The solar collector produces thermal energy using the sun's rays. The produced energy can be used to provide hot water and to assist heating. As a user of a solar collector system, you not only save money, but you also make a significant contribution to protecting the environment.

### Data from the solar collector on the roof of the Népliget Center Office Building:

25,1m<sup>2</sup> total performance 15'878 W

#### PARAMETERS ACCORDING TO MSZ 12975-1:2006

Surface	2,3 m <sup>2</sup>
Maximum working pressure	6 bar
Maximum operating temperature	120 °C
Condensing temperature <sub>(t<sub>stg</sub>)</sub>	200 °C
Thermal output (G = 1000 W/m <sup>2</sup> and T <sub>m</sub> -T <sub>a</sub> = 30K)	1'455 W



## SOCIAL ASPECTS

As an insurer, we are connected to society at many points, in which we are active players. In the following section, we describe the steps we take to retain our employees, trainings, benefits, internal communication, charity and team-building programmes organized together. In this section, we also present policies that guide our everyday life, such as diversity, equal opportunities, non-discrimination, equal treatment and respect for human dignity. Our customers are also an important stakeholder group, for whom we pursue responsible marketing and fair business relations.

### Our employees in numbers

The number of our employees was 174 on 31.12.2021 and 209 on 31.12.2022, which means an increase of 20.1%. The fluctuation rate ranged between 20 and 30%. The average number of employees in 2022 was 192.

	MALE	FEMALE
All employees	81	128
Middle and operational management level	25	26
Board of Directors	3	1
Supervisory board and audit committee	1	2

### Employee engagement

We see the success of our company's growth strategy in organisational cooperation, motivated and loyal employees, and prudent compliance with various external and internal regulators. In order to retain our employees, the Company organises various organisational development programmes, professional, IT and competency development training, statutory and recommended education.

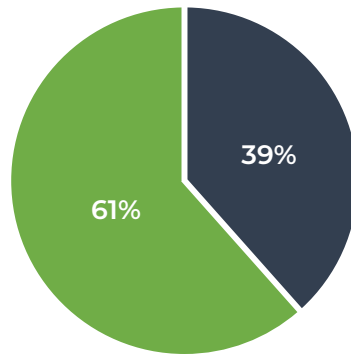
Communication between management and employees is important in promoting employee engagement. The Company's CEO held a morning program monthly in 2022, which any employee could join, ask questions and share suggestions.

### Work environment and workers' rights

Our company is committed to providing a safe, healthy workplace and fair working conditions for all its employees. The Labour Policy allows in addition to full-time fixed working hours, casual work schedule, part-time work and work from home.

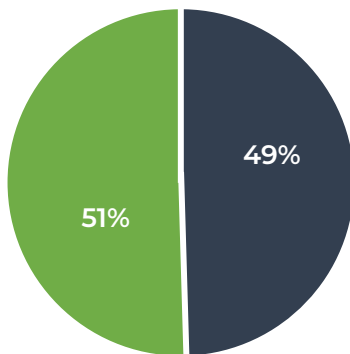


**Gender ratio within the company (%)**



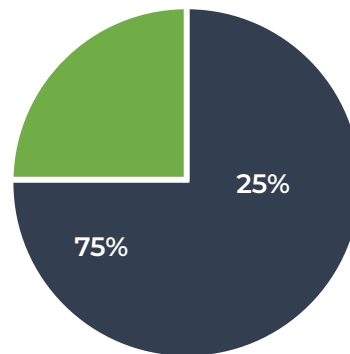
■ Male ■ Female

**Gender ratio at middle and operational management level (%)**



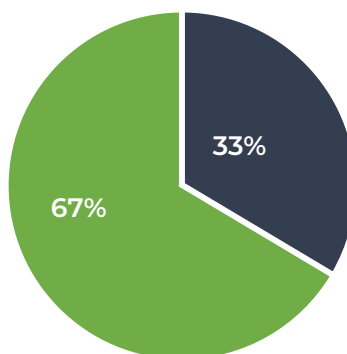
■ Male ■ Female

**Gender balance within the Board of Directors (%)**



■ Male ■ Female

**Gender ratio within the supervisory board and audit committee (%)**



■ Male ■ Female





## **Employee retention**

Our employees work in a modern workplace with a wide range of training opportunities and an emphasis on equal treatment. A variety of flexible and alternative forms of employment (e.g. part-time work) give our employees the opportunity to adapt their work-life balance to their life circumstances. In addition, we motivate our employees through a range of benefits and CSR programmes.

## **Benefits**

We provide the following benefits for our employees:

- Cafeteria
- Mobility allowance
- Bonuses
- Insurance: our employees have the possibility to benefit from the CIG Pannónia Employee Insurance, the Pannónia Elixir Group Service Financing Health Insurance
- Bonus for recruiting a new colleague.
- Coffee, tea, fruit

## **Employee training and career development**

### **Training, organisational development**

The manager responsible for the HR area in collaboration with the Training Department prepares a training plan each year, which includes mandatory and non-mandatory training courses and workshops. Training and organisational development programmes take the form of mandatory training.

Mandatory training required by our Company may apply to all our employees or to a specific group of our employees, may be done to comply with legislation or to support our Company's internal priorities. Our Company organises training in several forms (classroom, e-learning and hybrid (classroom and e-learning) or skype). Attendance sheets or, in the case of skype training, participant documentation are always produced and maintained in SharePoint by HR and Training.

The HR department organises group training sessions, taking into account the needs of the organisation, mainly in the areas of organisation, management, competences, IT or certain internal training (basic training, systems training).

### **Internal training for new entrants**

In line with our strategic growth plans, we have seen a significant increase in the number of new employees joining the organisation. The planned training programme for new colleagues will introduce our Company from many angles and familiarise new colleagues with our operations and product range in the first quarter of their employment, according to the following schedule.



Week 1: mandatory training, general company information

Months 1-2: onboarding day (insurance basics, company operations, company values, etc.)

Months 1-3: basic product knowledge training (life, accident, health, property and liability, passenger, home, vehicle)

Months 1-3: basic system knowledge training

### **Eligible training courses**

Our Company's Labour Policy provides for the possibility of personal development of knowledge outside of in-house training. Eligible training, courses and studies are those which have a clear advantage for the employee's current job or prepare him/her for a future position, which are included in the annual budget of the cost centre concerned and which do not disadvantage the employer in any way (full-time studies are not eligible). In 2022, we typically provided mandatory trainings.

### **Forms of training and organisational development programmes**

- Mandatory training
- Group training/organisational development programmes organised by the HR department
- Training organised by the Education department
- Training organised by managers
- IT and systems training

## **Diversity and equal opportunities**

### **Non-discrimination, equal treatment**

As set out in our Equal Opportunities Policy, we take action against employee discrimination and seek ways to prevent it. This covers recruitment, employment, wages, income, benefits, training, further education and other employment-related matters (transfers, dismissals, redundancies, etc.). The prohibition of discrimination applies to discrimination against employees on any ground, in particular age, sex, marital status, nationality, race, language, origin, religion, political opinion, disability, health, sexual orientation and employment status.

### **Respect for human dignity**

Our Company respects the human values, dignity and uniqueness of employees in the course of their employment. We consider it an important task to create an appropriate working atmosphere and to contribute to the preservation and strengthening of fundamental values.



## Customers

Customer focus and publicity are important to the Company. Data protection is emphasised in the service we provide to our customers, as set out in our internal Data Protection Policy for the protection of customer data.

The Data Protection Officer is responsible for organising and delivering training on data protection.

New employees will be trained on data protection rules within a maximum of 3 months of start of employment. Data protection training is provided to all employees once a year, after which all employees are required to complete the training course once a year on the Intranet Training page to complete a data protection test. In addition to the annual mandatory training, the Data Protection Officer will provide special training, if it can be accommodated, at the request of the department.

The Data Protection Officer and the HR department shall jointly arrange the training.

On the Intranet Data Protection Data Protection Knowledge subpage, educational material, information sheets, useful information and interesting facts on data protection are published. This interface contains the internal data management policy for the protection of customer data, the results of the customer satisfaction survey and a description of responsible marketing activities.

In 2022, we launched our podcast series Sustainability and Business, the first part of which will explore how responsible business leaders think about their role and the future of our planet. The podcast has six episodes, exploring sustainability and ESG with a range of industry experts. The podcast series is a great opportunity to raise awareness and keep customers well informed, as well as support our Company's brand by providing up-to-date information and actively addressing sustainability and raising ESG awareness.

## Positive discrimination

We strive to apply the principle of preferential treatment to women, employees over 40 years of age, people with a disability, employees with two or more children under the age of ten, employees bringing up children alone, and employees with a child who is permanently ill or disabled.

## Health

### Health and team building

In the context of health care, we offer employees health insurance with discounted service financing, which includes health screening and specialist clinic services (Pannónia Elixir Group Service Financing Health Insurance). In its HR newsletter, our company encourages employees to participate in sporting events, such as the WIZZ AIR BUDAPEST HALF-MARATHON on the 11<sup>th</sup> of September 2022 and the Santa Claus Run on the 4<sup>th</sup> of December 2022.



## **Internal communication**

We are committed to transparent and open communication. To this end, we regularly publish business results, corporate updates, strategic information, organisational changes or other updates in different forms and platforms. Electronically in the weekly HR newsletter, on our internal TV system - 'Dashboard', possibly via email; online or offline in staff briefings, CEO breakfasts. The HR department also maintains its own intranet platform, with the aim of providing staff with access to various HR and HR-related information, documents, policies, forms, training materials and other documents.

## **Collaborations, charity**

At the end of the year 2022, we supported the Ecumenical Relief Organisation with children's furniture and equipment. The value of the Brendon products was approximately 900 000 HUF.

Also in December, we organised a bake sale among colleagues as part of an employer branding activity. Participants were able to support the cause as cookie bakers with their home-made cakes and as buyers. The money raised was donated to the Heves County Child Protection Centre. The amount raised from the bake sale was 150 000 HUF.

## **Responsible marketing**

We conduct our marketing and advertising communications with our customers and persons who are not customers in accordance with the GDPR and the applicable rules of the Advertising Act. We describe the ways in which we market and advertise to our customers and non-customers in this part of the report.

The members of our Company (CIG Pannónia Life Insurance and CIG Pannónia EMABIT) normally handle data separately. If joint data processing takes place, it is based on a separate data processing agreement.

We conduct our direct marketing activities in compliance with the provisions of the Advertising Act. The direct method of addressing a natural person as the recipient of advertising, in particular by electronic mail or other equivalent means of individual communication (Section 6 of the Advertising Act). According to the Advertising Act, economic advertising is any communication or information that is aimed at promoting the sale or otherwise using a product, service, real estate or right of property, or, in connection with this purpose, at promoting the name, designation or activity of an undertaking or increasing the awareness of goods or trademarks (Section 3 of the Advertising Act). Such means include direct marketing letters sent by post or electronically and telesales. The sending of so-called newsletters to customers also falls within the scope of advertising as defined above.

Our joint processing of data for marketing purposes is summarised below:

Joint processing occurs when two or more data controllers jointly determine the purposes and means of the processing. Our Company (CIG Pannónia Life Insurance and CIG EMABIT), as joint data controllers, define in a transparent manner, in an agreement between us, the division of our responsibilities for the fulfilment of our obligations under the GDPR, in particular our responsibilities for exercising the rights of the data subject and providing information. In our agreement, a contact person may be appointed for data subjects. Our agreement should appropriately reflect the role of the joint controllers vis-à-vis data subjects and their relationship with them. Regardless of the terms of the agreement, a data subject may exercise his or her rights under the GDPR in relation to and against



each controller. Joint processing is implemented in the case of processing for marketing purposes, for which an agreement is in force between the members of our Company.

It is a fundamental legal and Company expectation that our customers should be informed in the necessary and possible manner and to the extent possible, both in the period prior to the offer and throughout the duration of the contract concluded. In providing information, we must apply the principle of transparency, i.e. we must ensure that the necessary information is comprehensible, transparent and accessible. The services to be provided to customers must be provided in a fair and complete manner. We must provide correct and comprehensive information about the services we provide to our customers.

In personal customer relations, we should strive to ensure that customers understand the terms and conditions of the product offered/sold to them under the Compliance Policy and are able to weigh up the risks involved and make a responsible decision. The quality of customer information and the compliance of marketing materials related to products with the information principles is monitored by the Compliance team.

Complaints against the Company contain information that is important to the Company, and the Company places emphasis on the non-discriminatory handling and evaluation of complaints. In addition to the individual assessment of complaints, the Company also analyses complaints with a view to how it can improve its processes in the future to ensure that incidents or events giving rise to complaints do not reoccur. The rules on complaint handling are set out in a specific policy which is published on the Company's [website](#).



# KEY PRINCIPLES AND OBJECTIVES FOR SUSTAINABLE DEVELOPMENT

## Short-term sustainability goals

We aim to implement our sustainable business model along different objectives on the environmental, social and governance pillars. For each pillar of ESG, we set the following targets for 2023:

	TARGET	KEY EFFICIENCY INDICATOR (BY 2023)
<b>E (Environment)</b>	Increase energy savings	Implement a two-day-a-week home office
	Reduction of paper waste	Reduce paper waste by 5-8% compared to 2022
	Establishment of separate office waste collection system	Implementation of selective collection of office paper and plastic waste, extension of the types of waste that can be collected separately by EWC/HAK code group
	Mobility strategy	Fuel use reduction by 5% compared to 2022 (encouraging the use of bicycles), greening of fleet vehicles
	Promoting a healthy lifestyle	Organising quarterly team-building activities to promote healthy lifestyles, such as running or blood donations
<b>S (Social)</b>	Average number of employees in 2022	192 employees
	Reduce employee fluctuation	Reduce employee fluctuation to below 20%
	Family- friendly brand label	Meeting at least 30% of the targets required to obtain the label
	Building customer awareness	Create 10 podcasts per year
	Increase diversity	Offer leadership training for women
	Develop career paths	Start internship and mentoring programs in addition to mandatory training
	Expand paperless workflows	Extending the enterprise content management software to the following areas: · digitalisation of enquiries to the management area · digitalisation of sales administration (e.g. partner contracts) · digitalisation of personalised letters (management letters)
	Centralised social responsibility strategy	In the framework of an annual plan, the determination of what goals our Company stands for and what program we offer our employees to participate in.
	Product development	Launch of an SFRD 8 compliant insurance product
	<b>G (Governance)</b>	Standardised non-financial reporting
Extension of risk management		Examine and assess the introduction of ESG aspects in risk management



## OUR LONG-TERM SUSTAINABILITY PLANS

The Company's ESG development plan to BSE:

	2023	2024	2025	2026	2027
Type of publication (simple or integrated)	simple	simple	simple	simple	integrated
Frequency of publication (annual, quarterly)	annual	annual	annual	annual	annual
Reporting format (simple or standardised)	simple	simple	simple	standardised	standardised
External certification (yes, no)	no	no	no	no	yes
Objectives (there are, there are none, monitoring is in place)	there are none	there are, monitoring is in place	there are, monitoring is in place	there are, monitoring is in place	there are, monitoring is in place
ESG category (level) during the year (in which it can be classified based on existing elements)	entry level	entry level	entry level	intermediate	advanced
Development targets for leveling up by the end of the year (e.g. use of standard, certification, etc.)	setting objectives	setting objectives	standardisation	standardisation	standardisation
Actions planned by the end of the year (e.g.: define baseline, assess reporting processes/capacity, develop data collection methodology, conduct materiality assessment, etc.)	<ul style="list-style-type: none"> <li>- definition of baseline</li> <li>- setting targets</li> <li>- clarification of data collection methodologies</li> </ul>	<ul style="list-style-type: none"> <li>- definition of materiality</li> <li>- definition of data collection processes</li> <li>- development of a responsibility matrix</li> </ul>	<ul style="list-style-type: none"> <li>- management of data collection</li> <li>- development of standardisation requirements</li> </ul>	<ul style="list-style-type: none"> <li>- operation of a standardised reporting process</li> <li>- definition an audit process</li> </ul>	<ul style="list-style-type: none"> <li>- implementation of the audit process</li> </ul>

## SUMMARY OF KEY SUSTAINABILITY DATA

	INDICATOR	2022		
Environment	Paper waste for disposal	400 kg (estimated value)		
	Quantity of scanned documents			
	Number of vehicles	49		
	Scope 1. emissions	Fuel consumption (gasoline)	86 551,7 liters	
		CO <sub>2</sub> -emission calculation	169 051,6 g	
		Fuel consumption (diesel)	15 336,9 liters	
		CO <sub>2</sub> -emission calculation	34 314,1 g	
	Scope 2.	Measured electricity consumption of CIG area	103 514 kWh	
		CO <sub>2</sub> -emission calculation	25 154 kg	
		Measured gas consumption of CIG area	12 671 m <sup>3</sup>	
CO <sub>2</sub> -emission calculation		2 534 kg		
	Measured water consumption of CIG area	475 m <sup>3</sup>		
Social	Number of employees	209		
		of which male	81	
		of which female	128	
	Middle and operational managers		51	
			of which male	25
			of which female	26
	Board of Directors		4	
			of which male	3
			of which female	1
	Supervisory Board and Audit Committee		3	
			of which male	1
			of which female	2
		Increase in number of employees compared to 2021	20,1%	
	Employee fluctuation	20-30%		
	Value of support provided to Ecumenical Aid	900 000 HUF		
	Value of support provided to Heves County Child Protection Centre	150 000 HUF		
Governance	Investments for the benefit of unit-linked life insurance policyholders			