



**CIG PANNÓNIA**  
INSURANCE

# 2023

## SUSTAINABILITY REPORT

2023 Sustainability Report of CIG Pannónia Életbiztosító Nyrt.  
and CIG Pannónia Első Magyar Általános Biztosító Zrt.





# TABLE OF CONTENTS

<b>THE CEO'S WELCOME MESSAGE</b>	<b>3</b>
<b>ABOUT OUR COMPANY'S ESG REPORT</b>	<b>4</b>
<b>OPERATION OF THE INSURANCE COMPANY IN 2023</b>	<b>6</b>
STRUCTURE AND FUNCTIONING	6
CORPORATE GOVERNANCE	9
ESG MANAGEMENT	13
RISKS POSED AND OPPORTUNITIES CREATED BY CLIMATE CHANGE	15
<b>ESG STRATEGY</b>	<b>16</b>
STEPS TAKEN BEFORE COMPILING THE REPORT	16
PILLARS OF SUSTAINABILITY	16
MATERIALITY	18
INVOLVEMENT OF EXTERNAL STAKEHOLDERS	20
ESG STRATEGY, ESG ACTIONS	21
<b>PILLARS OF SUSTAINABILITY AND MATERIAL TOPICS</b>	<b>23</b>
<b>A. PRUDENCE AND TRANSPARENT CORPORATE GOVERNANCE</b>	<b>24</b>
1. DATA PROTECTION AND SECURITY	26
2. REPORTING AND DATA PROVISION	30
3. TRANSPARENCY	32
4. ETHICAL BUSINESS PRACTICES AND LEGAL COMPLIANCE	35
5. INDIRECT ECONOMIC IMPACT	38
6. SOCIAL IMPACTS	39
<b>B. GREEN PRODUCTS AND CUSTOMER-ORIENTED SERVICE</b>	<b>42</b>
7. PRODUCT DEVELOPMENT	44
8. CUSTOMER INFORMATION AND AWARENESS-RAISING	47
9. CUSTOMER SATISFACTION	50
10. DIGITAL CUSTOMER MANAGEMENT	52
11. ESG RISK MANAGEMENT AND ASSUMPTION	54
<b>C. PEOPLE-CENTRED WORKPLACE CULTURE</b>	<b>56</b>
12. EMPLOYEE RETENTION AND CAREER DEVELOPMENT	59
13. EDUCATION OF EMPLOYEES AND AWARENESS-RAISING	64
14. WORKPLACE CULTURE	66
<b>D. SUSTAINABLE OPERATION OF OFFICES</b>	<b>69</b>
15. ESG COMPLIANCE BY SUPPLIERS	70
<b>REGULATION OF MATERIAL TOPICS</b>	<b>73</b>
<b>GRI INDEX</b>	<b>75</b>





## THE CEO'S WELCOME MESSAGE

GRI 2-22

Dear Reader,

The CIG Group is a Hungarian success story of which the founders, owners, and all our employees who have accompanied us along the way or have been part of our history can be rightly proud.

Recognising our responsibility, we try to differentiate ourselves from our competitors and stand out with our products in the Hungarian insurance market in order to offer our customers valuable and truly useful services that contribute to individual or institutional well-being, security, and a vision for the future.

The last year was characterised by change and dynamic growth for our Insurance Company, which of course also used up a lot of the organisation's internal resources. I would like to thank all my CIG colleagues for their positive attitude and professional commitment.

The Insurance Company's core business is closely linked to sustainability, as we provide predictability to our customers through our services. That is why, in addition to mitigating traditional insurance risks, it is becoming increasingly important for us to measure and incorporate climate risks into the Company's strategy and operations, as well as to represent environmental and social sustainability positively in our products.

CIG Pannónia Életbiztosító Nyrt. [CIG Pannónia Life Insurance Company] (hereinafter referred to as "Company") and CIG Pannónia Első Magyar Általános Biztosító [CIG Pannónia First Hungarian General Insurance Company], a consolidated subsidiary of the former, publish their Sustainability Report for the second time, now in accordance with the international Global Reporting Initiative (GRI) Standards. Over the past year, our Company took significant steps to ensure that its ESG activities, which are also presented in this publication, are strategically planned and structured. We defined the important subjects that are essential for the CIG Group from a sustainability point of view.

As the head of our company, I am of course aware that appropriate measurements, KPIs, and monitoring are essential in a given area to ensure development. As a leader, I also know that for the development of an area, it is essential to measure and monitor the work that is done there. Therefore, in 2023, we defined some performance indicators that will be monitored and evaluated regularly in the course of our sustainability activities and also at the top management level.

ESG, as a regulatory requirement, is increasingly becoming part of our everyday lives. In recent years, numerous EU and Hungarian laws and recommendations promoting sustainability have come into force in the insurance industry. Our company wishes to comply with these regulations, as it has always done. We see all of this not only as an obligation, but as an opportunity to deepen the ESG approach in our business model as much as possible, and to present our activities in this field.

The ESG-focused management of our Company, as well as the steps taken in cooperation with several Hungarian universities for the professional development and future of the insurance and intermediary industries, show our commitment to make real and deep sustainability efforts in Hungary.

I wish you good reading. Yours faithfully,

Dr. Fedák István,

Chief Executive Officer

CIG Pannónia Életbiztosító Nyrt., Board Member

CIG Pannónia Első Magyar Általános Biztosító Zrt., Chairman of the Board



## ABOUT OUR COMPANY'S<sup>1</sup> ESG REPORT

GRI 2-2, GRI 2-3, GRI 2-5

This report presents of the operation of CIG Pannónia Életbiztosító Nyrt.<sup>2</sup> (hereinafter referred to as “**CIG Life Insurance Company**”) and of CIG Pannónia Első Magyar Általános Biztosító Zrt.<sup>3</sup> (hereinafter referred to as “**CIG EMABIT**”), one of its subsidiaries, from the perspective of environmental, social and corporate governance (hereinafter referred to as “**ESG**”) in 2023. CIG Life Insurance Company is the sole owner of CIG EMABIT. The two companies are completely intertwined in terms of day-to-day operations, decision-making and product offering, and therefore this report assesses sustainability of CIG Life Insurance Company and CIG EMABIT together (CIG Life Insurance Company and CIG EMABIT are hereinafter collectively referred to as “**CIG Pannónia Group**” or “**Companies**”).

CIG Pannónia Group's sustainability vision and strategy were created in 2023. They were broken down into actions, and target dates and responsible persons were assigned to those actions. We aligned our sustainability goals with the corporate principles, and defined ESG goals related to our business strategy and product range. In relation to sustainability, we have not only set end goals, but have also developed and implemented a measurement and reporting system.

While in our 2022 Sustainability Report<sup>4</sup> we mainly presented our results related to sustainability in terms of financial and non-financial indicators for the business year and in terms of products, in the 2023 report, we placed a stronger focus on our metrics and their monitoring. Therefore, the methodology used for the report has been partially changed, and the range of metrics has been expanded. Alignment with the GRI Standards was also a novelty; we also consider this development to be important in order to achieve our short-term and our long-term sustainability goals.

The report, similar to the previous year's document, discusses several topics that are important from a sustainability point of view, organised by pillars and focus areas. The principles and commitment of CIG Life Insurance Company and CIG EMABIT regarding sustainability have not changed compared to those set out in our 2022 report. Our ESG vision for 2030 summarises our long-term objectives:

*“The CIG Pannónia Group is committed to the green transition. Our goal is to provide solutions to the new needs of our customers arising from the changed environmental and economic conditions and to support them in the green transition. Our employees are our main asset, and thus we have created systems and an atmosphere that helps us develop and retain them, and as part of our community involvement, we also support those who need help.*”

*The fulfilment of our ESG commitments is guided by business rationality. We have a stable and secure ownership structure, and we want to pay special attention to the creation of an ESG Strategy. As an insurer and at the same time a Hungarian listed company, we want to focus not only on our customers but also on our investors by showing in our reports how our*

<sup>1</sup> The terms „our Company”, „our Companies”, „Insurance Companies”, „our Insurance Company”, „our Insurance Companies” shall mean collectively the CIG Pannónia Group, i.e. CIG Pannónia Életbiztosító Nyrt. and CIG Pannónia Első Magyar Általános Biztosító Zrt. If a specific piece of information or reference in this report applies only to one or the other company, it will be specifically mentioned and attention will be drawn to it.

<sup>2</sup> The registered office of CIG Pannónia Életbiztosító Nyrt. is 1097 Budapest, Könyves Kálmán körút 11. Building B.

<sup>3</sup> The registered office of CIG Pannónia Első Magyar Általános Biztosító Zrt. is also 1097 Budapest, Könyves Kálmán körút 11. Building B.

<sup>4</sup> The 2022 ESG Report is available at <https://www.cigpannonia.hu/befektetok/beszamolok>



*ESG affairs can affect the Company's financial performance. We believe that we can tap into new opportunities and resources in this way, thereby further increasing the value of the Company for our customers and shareholders.*

*Our 2030 objective is to reduce the carbon footprint of our own operations by 55%."*

As already stated in our first report, it is also important for us to contribute to global sustainability in addition to sustainability at the corporate level. When creating our strategy and reviewing the material topics in 2023, we kept the Sustainable Development Goals in mind<sup>5</sup>. By raising awareness of these goals, we make visible the role of each material topic in relation to sustainable development. The direct and indirect impacts of the Insurance Company's activities, as well as the decisions made and the actions taken, are listed as important topics in the chapters of the Report.

The reporting period of our ESG report covers the calendar year 2023, similarly to our annual report. The report, which now conforms to the GRI Standards, represents a step forward in the field of sustainability reporting. Our report has not been audited by an external party; however, the authenticity of the data provided herein is supported by a multi-round internal investigation. You can contact us regarding our sustainability report at [esg@cig.eu](mailto:esg@cig.eu).



*5 In 2015, world leaders adopted the Sustainable Development Goals (SDGs) under the name 2030 Agenda at the 70th UN General Assembly. These are made up of 17 goals and 169 sub-goals for more effective economic, social and environmental development and cooperation.*



## OPERATION OF THE INSURANCE COMPANY IN 2023

GRI 2-1, GRI 2-6, GRI 2-7, GRI 2-8,  
GRI 2-9, GRI 2-12, GRI 2-14, GRI 2-15

### STRUCTURE AND FUNCTIONING

CIG Life Insurance Company was founded on 26 October 2007. Since 2010, it has been carrying out its principal activity under the name CIG Pannónia Életbiztosító Nyrt. The principal activity of CIG Life Insurance did not change in 2023 either: we continue to provide life and personal insurance services to our customers.

The subsidiaries of CIG Life Insurance Company are CIG EMABIT and Pannónia PI-ETA Kegeleti Szolgáltató Kft. (hereinafter referred to as "PI-ETA"). These businesses are solely owned by CIG Life Insurance Company. While CIG EMABIT and CIG Life Insurance Company are strongly intertwined, while PI-ETA's activities and operations are very different from those of the two aforementioned companies. In the Sustainability Report of the CIG Pannónia Group, the impacts and sustainability of CIG Life Insurance Company and CIG EMABIT are presented in a consolidated manner.

The majority of the 94,428,260 CIG Life Insurance Company shares are owned by Hungarian businesses and Hungarian private individuals. Based on the indirect and direct shareholding, Hungarikum Biztosítási Alkusz Zrt. has a 58.73%<sup>6</sup> shareholding. There are an additional approximately 5,500 shareholders. CIG Life Insurance Company considers itself to be responsible towards its shareholders for increasing compliance with the recommendations on responsible corporate governance<sup>7</sup> and for providing shareholders with balanced information.

CIG EMABIT is a subsidiary wholly owned by CIG Life Insurance Company. Its principal activity remained unchanged in 2023: it provides and sells non-life insurance products on the Hungarian market. In the everyday life of the CIG Pannónia Group, the two insurance companies are operated as a group, following a single strategy, and the two legal entities strengthen each other by leveraging the synergies of the joint operation. Their sustainability vision cannot be defined separately either; the two companies set their ESG goals as a group and achieve them in the short and long term<sup>8</sup>.

CIG EMABIT offers liability insurance, property insurance and fleet CASCO (Casualty and Collision) insurance products to business sector players, large corporations and SMEs. CIG Life Insurance Company offers several types of personal insurance products (life, accident, and health insurance) to both retail and corporate partners.

CIG Pannónia Group currently has three main sales channels. The Un-Tied sales channel is made up of more than 200 independent brokers and multiple agents. The Alternative sales channel serves a small number of customers of a significant size. CIG Pannónia Group currently has this kind of relationship with a few large corporations. From 2023, CIG Pannónia Group's strategic partner, MBH Bank Nyrt. constitutes the Bancassurance sales channel; nearly 2,000 sales reps are selling our products in 420 bank branches.

<sup>6</sup> Our related communication at the website of the Budapest Stock Exchange (BÉT): [https://www.bet.hu/site/newkib/hu/2023.08./EGYEB\\_TAJEKOZTATAS\\_a\\_szavazati\\_jogot\\_biztosito\\_reszvenyek\\_bejelentes\\_szerinti\\_hatarerteket\\_el\\_nem\\_ero\\_valtozasarol\\_128941574](https://www.bet.hu/site/newkib/hu/2023.08./EGYEB_TAJEKOZTATAS_a_szavazati_jogot_biztosito_reszvenyek_bejelentes_szerinti_hatarerteket_el_nem_ero_valtozasarol_128941574)

<sup>7</sup> The Annual Responsible Corporate Governance Reports available at <https://www.cigpannonia.hu/befektetok/tarsasagiranyitas>

<sup>8</sup> We have summarised our ESG goals in a separate chapter.

The CIG Pannónia Group strives to ensure that its partners provide customers with services of the highest possible quality. Our goal is to bring our services to as many satisfied customers as possible through our sales partners.

In 2023, as in the previous year, in order to create maximum financial stability, CIG Pannónia Group cooperated only with professional reinsurance partners with an at least “A” Standard and Poor’s or AM Best rating or – wherever no rating is available – a minimum capital adequacy ratio of 150%. These partners, in addition to coverage, also provide professional support and innovative solutions.

Our Companies try to be available to our customers through the popular channels. In addition to personal customer service, we operate inbound call centre and e-mail customer service. Our sales partner network is supported by a separate telephone sales support team, and these colleagues can also be contacted by e-mail. We support our sales partners in their work with automatic e-mails, as well as a constantly available partner portal and web services.

Our Insurance Companies are among the most dynamically developing companies on the insurance market, and we want to continue this momentum in 2024 as well. In accordance with the requirements of the risk and solvency capital assessment system, based on the available solvency capital and the expected future solvency capital requirements, it was necessary to increase the share capital of CIG EMABIT in 2023. The Board of Directors decided and implemented this carrying out capital increase of HUF 15 million at nominal value and HUF 1.5 billion at issue value.

The objective of our growth strategy is to increase our insurance portfolio, reaching a size that enhances the profitability of our products. In 2023, we re-evaluated the results of our growth strategy published in 2021 and found that we had achieved our goals set for 2023 – namely to provide composite insurance services, strengthen our market presence, and broaden our product portfolio – despite the challenges posed by the current market environment. At the same time, in order to further develop in this changed market environment, we need to find solutions that meet the new challenges. In this context, we started to update our strategy in 2023. Our goal is to build digital competences and improve operational efficiency, in addition to organic growth.

The steps we took in 2021 and then in 2022, which can be followed up on, show that we have put the CIG Pannónia Group on a growth path. For the latest information on our progress, you can consult our recently published consolidated stock market flash report for Q4 2023<sup>9</sup>.

In one year, our consolidated after-tax profit increased by HUF 1.9 billion (90 percent) compared to last year’s profit under IFRS 17, hitting a record high HUF 4,059 million (adjusted with the effects of the one-off corporate tax liability of HUF 498 million of the capital increase due to the transition to IFRS 17, and of the HUF 687 million “extra-profit tax” introduced with effect from 1 July 2022). Our premiums earned increased by 35 percent, i.e. by more than HUF 11 billion (CIG Life Insurance Company’s premium revenues increased by 16 percent, while CIG EMABIT’s premiums earned increased by 142 percent in one year compared to 2022, reaching HUF 43 billion). We are convinced that, as an insurance company operating on the regulated Hungarian market, our growth is on a steady and successful trajectory.

The drivers of the dynamic growth of our premiums earned in 2023 continued to be credit protection insurance, corporate property insurance, and group personal insurance services. Behind the outstanding increase in premiums earned is the continuous increase in sales, the rate of which was higher than the average growth typical of the insurance sector.

<sup>9</sup> [https://www.bet.hu/site/newkib/hu/2024.02./A\\_CIG\\_Pannonia\\_Eletbiztosito\\_Nyrt\\_negyedevés\\_jelen-tese\\_-\\_2023\\_negyedik\\_negyedev\\_129022072](https://www.bet.hu/site/newkib/hu/2024.02./A_CIG_Pannonia_Eletbiztosito_Nyrt_negyedevés_jelen-tese_-_2023_negyedik_negyedev_129022072)

The following events were of great importance to the operations of the CIG Pannónia Group in 2023:

- On 16 January 2023, CEO Zoltán POLÁNYI resigned from his position on the boards of both Companies. As a result, starting from that day, dr. István FEDÁK has been acting as the sole CEO of the Companies.
- To support this “single CEO model”, the CIG Pannónia Group has started to transform the organisational structure adopted by the Board of Directors. On 1 February 2023, our Company put into effect a new organisational structure and Organisational and Operational Regulations<sup>10</sup> reflecting the changes.
- During 2023, the CIG Pannónia Group transformed its sales organisation and processes, placing the focus of its sales activities on the banking and independent brokerage networks, while maintaining the alternative channel.
- Our Insurance Companies and VISTA Utazási Irodák Kft. [operating a chain of travel agencies] signed a strategic cooperation agreement for 3+3 years, under which their travel agencies exclusively sell the customer-oriented travel and cancellation insurance products of CIG EMABIT, which deals in property insurance.
- CIG Life Insurance Company won an open EU tender procedure published by the Ministry of the Interior in the field of life and accident insurance for a period of two years.
- CIG EMABIT became the winning tenderer by quoting the most favourable insurance service changes in the tender procedure launched by the Nemzeti Sportügynökség Nonprofit Zrt. in the field of property and liability insurance.
- On 21 December 2023, CIG EMABIT and Magyar Telekom Nyrt. concluded a group extended warranty insurance contract with each other. The duration of this agreement is 36 months. Part of the agreement is an additional insurance brokerage contract, under which Telekom will carry out extended warranty insurance sales activities for CIG EMABIT from April 2024.

In 2023, we also found that managing the changes that occurred in the world requires greater resilience from people, including our colleagues. Employees take the same approach: they require employers to be increasingly resilient. The CIG Pannónia Group also had to respond to the need to quickly address inflation: performing a salary increase as soon as possible, flexible working hours, expansion of the range of those eligible to work remotely and an increase in the number of home office days were the expectations of our employees. In addition to all of this, our employees also expect that the CIG Pannónia Group, as an employer, provides them with a secure vision for the future, a career path, and opportunities for advancement. This duality determined the year 2023 from the employer’s point of view, which was handled by our Insurance Companies according to their business strategy and possibilities. This is explained in more detail in the chapters of the pillar “People-Cantered Workplace Culture”.

CIG Life Insurance Company (and thus also CIG EMABIT which is an undertaking included in its consolidation) reports quarterly to shareholders and the public in accordance with the relevant legislation on the capital market and the rules of the Budapest Stock Exchange (hereinafter referred to as “BÉT”)<sup>11</sup>. Every year, we fulfil our reporting obligation on a consolidated and company level by means of financial statements audited by an auditor and approved by the General Meeting, in accordance with the relevant IFRS 17 standard and using the format required by the National Bank of Hungary (hereinafter referred to as “MNB”).

<sup>10</sup> With regard to both CIG Life Insurance Company and CIG EMABIT

<sup>11</sup> A quarterly consolidated flash report is available at <https://www.cigpannonia.hu/befektetok/beszamolok>





## CORPORATE GOVERNANCE

The supreme governing body of CIG Life Insurance Company is the General Meeting, which is a gathering of all shareholders. In the 2023 business year, the Annual General Meeting continued to be convened by the Board of Directors<sup>12</sup>, in compliance with all provisions of the relevant legislation and the Articles of Association, by sending a General Meeting Invitation. The Board of Directors also notified the representatives of the BÉT and the MNB separately about the venue, time and proposals intended to be submitted to the Annual General Meeting. In 2023, CIG Life Insurance Company held its Annual General Meeting<sup>13</sup> on 19 April starting at 10 a.m. and the (consolidated) annual financial statements of CIG Life Insurance Company were accepted at that meeting. The management of CIG EMABIT is decided by its founder, CIG Life Insurance Company. In 2021, 2022 and 2023, none of the Insurance Companies convened an Extraordinary General Meeting.

The Board of Directors is the executive body of the Company, whose task is to establish and manage the organisation of the Company. The powers of the Board of Directors are determined by the applicable legislation, the Company's Articles of Association ("Alapszabály") and CIG EMABIT's Deed of Incorporation ("Alapító okirat"), the resolutions of the Company's General Meeting and for CIG EMABIT, the Founder's resolutions, and the rules of procedure of the Board of Directors. The Board of Directors adopts its own rules of procedure by a simple majority of the Board members casting an affirmative vote. The rules of procedure contain, among other things, matters concerning the functioning of the Board of Directors, the exact duties and powers of members, the structure of the Board of Directors, the mandatory content of each meeting and of the minutes to be drawn up.

### Board members<sup>14</sup> as at 31.12.2023

NAME	POSITION HELD	START DATE OF THE POSITION HELD	OTHER SIGNIFICANT POSITIONS AND RESPONSIBILITIES HELD BY MEMBERS
Dr. István FEDÁK	Board Member of CIG Life Insurance Company Chairman of the Board of Directors of CIG EMABIT	19.04.2022	CEO
Dr. Péter BOGDÁNYFY	Chairman of the Board of Directors of CIG Life Insurance Company Board Member of CIG EMABIT	16.01.2023	-
Zsuzsanna Ódorné ANGYAL*	Board Member in both Insurance Companies	19.04.2022	
Dr. Gábor Miklós DAKÓ	Board Member in both Insurance Companies	19.04.2022	Deputy CEO

\* At the time of publication of this 2023 Sustainability Report, Zsuzsanna Ódorné ANGYAL is no longer a member of the Board of Directors of the Companies.

<sup>12</sup> In accordance with the rules set out in Section 3:272(1) of the Hungarian Civil Code, CIG Life Insurance Company published the invitation to the General Meeting at least thirty (30) days before the start date of the General Meeting in the official places of publication (Budapest Stock Exchange, National Bank of Hungary, website).

<sup>13</sup> In accordance with Section 3:272(3) of the Civil Code, prior to the General Meeting, on 29 March 2023, CIG Life Insurance Company disclosed the relevant data of the draft consolidated financial statements and the reports of the Board of Directors and the Supervisory Board, the summaries of the number of shares and voting rights existing at the time of convening the meeting, as well as a summary of the proposals related to the matters on the agenda and the draft resolutions on its website, on the website operated by the MNB and on the website of Budapest Stock Exchange Private Limited Company.

<sup>14</sup> The Company shall have a Board of Directors consisting of minimum three and maximum seven members, whose are elected or recalled by the General Meeting. The provisions of Act LXXXVIII of 2014 on the Business of Insurance (hereafter referred to as "Insurance Act") on senior officers shall apply to the members of the Board of Directors. <https://www.mnb.hu/letoltes/3-1-5-1-1-vezeto-allasu-szemely-foglalkoz-tatanak-engedelyezese.pdf>

After Zoltán POLÁNYI – who, as the Chairman of the Board of Directors of CIG Life Insurance Company also performed the duties of the CEO and who was a Board member in CIG EMABIT – left the Insurance Companies' Board of Directors at the beginning of January 2023, the Board of Directors of CIG Life Insurance Company elected dr. Péter BOGDÁNYFY as chairman.

The Deputy CEO for Corporate Governance and Prudential Compliance is the Board member dedicated to tasks related to ESG compliance. They supervise the enforcement of the ESG criteria and the definition of related tasks within the Insurance Companies. The fact that they are a Board member is a guarantee that the Board is up to date on the sustainability matters relevant to the CIG Pannónia Group.

The decisions falling within the competence of the Board of Directors mainly concern strategic issues and ongoing operational tasks in the field of risk management, as well as tasks that require control and significant resources. At the level of day-to-day operations, the management of the Insurance Companies adopts operative decision independently, in the manner and within the scope of competence set out in the internal regulations.

The work and performance of the Board of Directors are presented annually and at the time of its election as part of the submission to the General Meeting (or in the case of CIG EMABIT, submission to the Founder). In order to be elected or re-elected, members are required to have numerous competencies. The members' performance assessment is carried out at two levels with the coordination of the Corporate Governance department: (i) self-assessment (ii) assessment by a body. Assessment is carried out in writing, and the CIG Pannónia Group presents the relevant documentation and the materials of the comprehensive assessment to the MNB. Assessment of the competencies of the members is the responsibility of the Remuneration and Nomination Committee. Board members can hold the given position subject to authorisation by the MNB.

The consistency of our corporate strategy and business conduct is ensured by the harmony of our internal regulations. The Board of Directors is responsible for creating and continuously maintaining this harmony, as well as for verifying its at least once a year.

The Supervisory Boards of the two Companies<sup>15</sup> manage the Internal Audit function and formulate recommendations and suggestions based on the findings of the investigations by the Internal Audit.

In 2023, the primary goal of the Supervisory Boards<sup>16</sup> was to ensure that a comprehensive and effective system of controls is in place at our Companies in the performance of the tasks laid down in the legislation. The Supervisory Boards<sup>17</sup> met five times in 2023<sup>18</sup>. At their meetings, Supervisory Board members discussed the reports prepared by the management on the financial situation and business policy of the Companies as well as their financial statements and the relevant audit opinions. Moreover, as part of the tasks related to the management of the Internal Audit, recommendations were made based on the findings of the investigations conducted.

*15 In accordance with the Articles of Association of CIG Life Insurance Company and the Deed of Incorporation of CIG EMABIT, the Insurance Companies shall have a Supervisory Board consisting of minimum three and maximum ten members and the Chairman and members of the Supervisory Board shall be elected for a period of five years or recalled by the General Meeting of CIG Life Insurance Company (and for CIG EMABIT, the founder, i.e. CIG Life Insurance Company). The Supervisory Board adopts its own rules of procedure, which are to be approved by the General Meeting of CIG Life Insurance Company (and for CIG EMABIT, by the founder, i.e. CIG Life Insurance Company).*

*16 The Supervisory Board operates in accordance with the provisions of Section 85(4) of the Insurance Act.*

*17 On its website, the CIG Pannónia Group also published the rules of procedure of the Supervisory Board and the CVs of the members also including their competencies and describing independence: <https://www.cigpannonia.hu/befektetok/tarsasagiranyitas> and <https://www.cigpannonia.hu/rolunk/vezetoseg/eletbiztosito>.*

*18 The Supervisory Board meets at least five times a year, or as often as the business interests of the Insurance Companies so require.*

## Members of the Supervisory Board of both Companies as at 31.12.2023

NAME	AS AT 31 DECEMBER 2023	START DATE OF THE POSITION HELD
Erika VADA	Member of the Supervisory Board in both Insurance Companies	14.08.2018
János TIMA	Chairman of the Supervisory Board in both Insurance Companies	19.04.2022
Ildikó GINZER	Member of the Supervisory Board in both Insurance Companies	05.05.2022

The Audit Committees of the Companies are bodies supporting the work of the Insurance Companies' Supervisory Boards, issuing opinions, conducting evaluations and making proposals. These bodies comment on the financial statements prepared according to the Accounting Act, monitor the audit, and assist the work of the Board of Directors and the Supervisory Board in order to properly control the financial reporting system. The members of the Audit Committees are elected by the General Meeting from among the members of the Supervisory Board.

## Members of the Audit Committee of both Companies<sup>19</sup> as at 31.12.2023

NAME	AS AT 31 DECEMBER 2023	START DATE OF THE POSITION HELD
Erika VADA	Committee Member in both Insurance Companies	appointed at the General Meeting every year
János TIMA	Chairman of the Committee in both Insurance Companies	appointed at the General Meeting every year
Ildikó GINZER	Committee Member in both Insurance Companies	appointed at the General Meeting every year

The Board of Directors of the Insurance Companies established Remuneration and Nomination Committees for each Company to prepare remuneration proposals, assess board members and prepare the election of officers. These Committees make proposals on the new officers, the determination of the honorariums, and comment on the system of interests of the management and of the Company's employees. The annual assessments also carried out in 2023 contribute to the activity of Board members and, through this, to the effectiveness of the Insurance Companies.

The Remuneration and Nomination Committee consists of three members elected by the Supervisory Board and meets three times a year. The Remuneration and Nomination Committee may also elect other non-voting representatives to attend its meetings and to seek advice from them before making its decisions.

The management of CIG Pannónia Group's ESG impacts is linked to remuneration, as defined in the rules of procedure of the Remuneration and Nomination Committee. Some elements and levels of remuneration<sup>20</sup> were created with the involvement of an external consultant<sup>21</sup>, which was preceded by preliminary market and internal surveys.

<sup>19</sup> The CIG Pannónia Group shall have a Board of Directors consisting of minimum three and maximum seven members, whose are elected or recalled by the General Meeting. The provisions of Act LXXXVIII of 2014 on the Business of Insurance (hereafter referred to as "Insurance Act") on senior officers shall apply to the members of the Board of Directors of CIG Pannónia Group.

<sup>20</sup> For more information about the Insurance Company's remuneration system, see the section explaining the sustainability pillar named "People-Centered Workplace".

<sup>21</sup> Remuneration Consultants are independent from our Company's supreme governing body and senior managers.

The remuneration rules are subject to the provisions of Directive (EU) 2017/828 of the European Parliament and of the Council amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement, and are also in line with the “Board Selection Guidelines” applied by the Company and published publicly” published and used by the Company. In accordance with the requirements of the Regulation on sustainability-related disclosures (Regulation (EU) 2019/2088, hereinafter referred to as “SFDR”), an assessment in accordance with the ESG criteria was integrated into the remuneration by our Company in 2023.

The remuneration system of the CIG Pannónia Group is checked by the auditor on an annual basis.

The CIG Pannónia Group did not receive any State aid in either 2022 or 2023.

### State aid granted to CIG EMABIT and CIG Life Insurance Company in HUF

	2021	2022	2023
State aid	0	0	0
Financial assistance from the EU	0	0	0
R&D support	512 247 978	0	0
Tax advantage	0	0	0

The Operational Management Meeting (hereinafter referred to as “OMM”) is held weekly. These meetings are convened by the CEO. The OMM is responsible for operative management, ensuring the continuous flow of information, as well as preparing, scheduling and determining decisions in matters falling within the competence of the Board of Directors. The OMM is also responsible for discussing decisions in matters not falling within the competence of the Board of Directors, if they represent a major expense that increases the annual budget. Furthermore, the OMM is responsible for launching and ending projects, setting directions, as well as defining and controlling the strategic directions of the risk management system. The CEO and the Deputy CEOs – hereinafter collectively referred to as “Management” – are present at OMMs.

At weekly OMMs, the managers in charge also report on ESG actions related to the implementation of the ESG strategy. Within the framework of quarterly reporting, the Boards of Directors prepare a proposal for the Supervisory Boards, which shall also include ESG-related reporting and decision preparation. Sustainability related tasks are defined for the departments of the Insurance Companies by the Deputy CEO for Corporate Governance and Prudential Compliance and the Corporate Governance Department under their management; they shall support the responsible people for sustainability.

At the Annual General Meeting held on 19 April 2023, the shareholders adopted a decision and approved the 2022 consolidated financial statements of the CIG Pannónia Group. In making the decision, the General Meeting was assisted by the proposal of CIG Life Insurance Company’s Board of Directors, the opinions of the Company’s Audit Committee and of the Supervisory Board, as well as the prior opinion based on the Auditor’s statement. The General Meeting of CIG Life Insurance Company adopted the Sustainability Report of CIG Pannónia Group simultaneously with, but separately from, the adoption of the Company’s financial statements. The report was published by the Company in accordance with the pertinent rules<sup>22</sup>.

22 [https://www.bet.hu/site/newkib/hu/2023.04./a\\_CIG\\_Pannonia\\_Csoport\\_2022-es\\_evre\\_vonatkozotatott\\_Fenntarthatosagi\\_Jelentesenek\\_kozzetetele\\_128874776](https://www.bet.hu/site/newkib/hu/2023.04./a_CIG_Pannonia_Csoport_2022-es_evre_vonatkozotatott_Fenntarthatosagi_Jelentesenek_kozzetetele_128874776)



## ESG MANAGEMENT

It was a decisive change for us that we systematised the decisions we taken to ensure sustainability. Our objectives are guided by the European Union's sustainability-related disclosures obligations and the Green Recommendation of the National Bank of Hungary (hereinafter referred to as "MNB Green Recommendation").<sup>23</sup> Compliance with Hungarian and international sustainability rules requires the implementation of a well-prepared and detailed multiannual action plan, which is detailed in our strategy.

Consciously managing our activities with ESG in mind leads to better results and transparency. In order for our Company's everyday decisions to be guided by transparent ESG management, we have assigned three focus areas to the pillar of ESG decision-making: the ESG management system, ESG reporting and ESG communication.

By the ESG management system, we mean that there is a designated person within our Company, who is competent according to the organisational structure and is responsible for managing and supervising ESG matters and integrating them into the Company's strategy and activities. Since the first quarter of 2023, it has been laid down in the revised Organisational and Operational Regulations that the Deputy CEO for Corporate Governance and Prudential Compliance is in charge of environmental sustainability. Through these structural changes, we aim to integrate the ESG approach into our corporate culture, so that all employees of our Company are aware of the manager and organisational unit responsible for ESG, the Company's ESG strategy, all processes related to ESG, and that employees are aware of have their own roles and responsibilities in these processes.

ESG reporting means the preparation of a standardised (non-financial) sustainability report as well as the structure of the data collection required for this. The Company prepared and published its ESG Report for 2023. In accordance with the legal requirements, our Company discloses the data required by law, as well as the corporate commitments related to the SFRD, the level of compliance and the related data. CIG Pannónia Group is committed to disclosing its ESG performance together with its business performance every year, thus providing a more complete picture by publishing ESG and financial data together and providing comprehensive information for investors covering all operating segments.

We call the communication of our sustainability efforts to internal and external stakeholders "ESG communication". The Company aims to express itself in relation to sustainability through various channels, even through its corporate identity and slogans, and to publish the results. In 2023, apart from the previous year's ESG Report, sustainability was not linked to the corporate identity. Our Company definitely wants to change this and express what sustainability means to it. Our goal is to put more emphasis on the ESG approach in the corporate identity, and to represent it more towards investors and employees. We are supported in all this by the platform designed to publish the single operating model of the BSE, with which issuers are expected to comply.

Sustainability is an important value for the CIG Pannónia Group. In the second semester of 2023, at an ESG workshops, the management declared the impact of their decisions on sustainability in general and in particular with regard to the Company. These workshops helped to strengthen and raise awareness of the existing ESG approach of the management. The duration of the ESG strategy was determined, goals were set in the strategic focus areas, and an action plan was created to support their achievement. At the workshops, we validated the importance of our existing ESG topics and added new ESG topics to the topic map.

<sup>23</sup> Recommendation No. 12/2023. (XI.27.) of the National Bank of Hungary on climate change-related and environmental risks, and on mainstreaming environmental sustainability in the activities of insurance companies, which is available at <https://www.mnb.hu/letoltes/12-20123-biztositoi-zold-ajanlas.pdf>



By 2024, plans regarding the topic of ESG management include incorporating environmental and social aspects into the duties and responsibilities of most essential functions, as well as providing adequate resources to organisational units involved in climate risk management. Our objective is to set up a structure that is able to adapt to the development of environmental risks, feed them into the management information system and ensure implementation of the strategy. In relation to environmental risks, the responsibilities of those performing internal management and control functions are well defined, and an assessment of the knowledge of environmental risks is integrated into the performance assessment of managers. Our goal is to extend the risk management system<sup>24</sup> to include short, medium and long-term risks related to climate change.

According to our plans, within the framework of ESG reporting, environmental risks will also be integrated into the internal reporting system during 2024, and we will develop efficient and reliable data provision, disclosure and communication systems in accordance with the applicable rules. At the end of 2023, the person responsible for ESG communication was determined in the Companies' Organisational and Operational Regulations. In the coming year, in cooperation with the Management, they are expected to develop a system for providing ESG-related information and to incorporate ESG into the various elements of the corporate identity.

Our further ESG actions that are closely related to the material topic of Corporate Governance, and our decisions made specifically for sustainability are detailed in the chapter explaining the material topics.



*24 A system that also covers the responsibilities of the Risk Management Directorates and the Compliance and Internal Audit Departments.*



## RISKS POSED AND OPPORTUNITIES CREATED BY CLIMATE CHANGE<sup>25</sup>

GRI 201-2

The 2015 Paris Agreement on climate change<sup>26</sup>, the UN's Sustainable Development Goals, and the 2023 Synthesis Report of the Intergovernmental Panel on Climate Change<sup>27</sup> all call for a the reduction of greenhouse gas emissions and the creation of an economy with lower a impact on the environment and lower pollutant emissions. The European Union has set targets to be achieved by 2030 regarding the reduction of greenhouse gas emissions, renewable energy, and energy efficiency. Years ago, the European Commission published its strategy for the realization of a climate-neutral economy by 2050. Hungary is also taking steps<sup>27</sup> to reduce the impact of climate change and to better adapt to the consequences of climate change. It is enshrined in the legislation that Hungary will achieve climate neutrality by 2050<sup>29</sup>. These goals bring systemic changes in the society and the economy.

The insurance sector is of great importance in improving the resilience of Hungarian economy<sup>30</sup>, but it is also seriously affected by the potential risks and losses. As investors, insurance companies can also help the transition to a sustainable economy. The International Association of Insurance Supervisors (IAIS) discusses more in detail addressing climate change-related and environmental risks in a supervisory framework in the insurance sector. Given that insurance companies will be affected by physical and transition risks associated with climate change, the European Insurance and Occupational Pensions Authority (EIOPA) has decided that it is important to encourage the forward-looking management of these risks in the long term.

In its Green Recommendation, the MNB draws attention to the fact that some of the physical, transition and liability risks potentially affecting insurance companies and the related processes also offer business opportunities for insurance companies. These may include the development of new products. The Company's efforts in this regard are discussed in a separate chapter.

*25 In response to Recommendation No. 12/2023. (XI.27.) of the National Bank of Hungary ("Recommendation on climate change-related and environmental risks, and on mainstreaming environmental sustainability in the activities of insurance companies").*

*26 Council Decision (EU) 2016/1841 of 5 October 2016 on the conclusion, on behalf of the European Union, of the Paris Agreement adopted under the United Nations Framework Convention on Climate Change, available at <https://eur-lex.europa.eu/legal-content/HU/TXT/?uri=OJ:L:2016:282:TOC>.*

*27 AR6 Synthesis Report – Climate Change 2023: <https://www.ipcc.ch/report/ar6/syr/>.*

*28 Act XLIV of 2020*

*29 The remaining GHG emissions and removals will be balanced in Hungary by 2050.*

*30 Resilience against the negative impacts of climate change*



## ESG STRATEGY

### STEPS TAKEN BEFORE COMPILING THE REPORT

This Sustainability Report – in addition to ensuring the transparency expected by the public due to our presence on a regulated market – is primarily addressed to the investors, customers and partners of our Companies. In our report, the umbrella term **“stakeholders”** is used to indicate this group of interested parties. This group is made up of the entities that directly or indirectly influence our operations, or whose operations are influenced by us. As the first step for preparing our sustainability report, these stakeholders were identified, and it was considered how our stakeholder groups changed during the reporting period.

At the beginning of 2023, our Company considered the new expectations that it needs to meet in terms of sustainability as an insurance company. From 2023, our Company will promote sustainability and related corporate actions at the corporate level. Our operation as a sustainable insurance company has been coupled with a transparent approach to ESG, which is why the Management discussed the steps for general compliance and specific ESG actions at several workshops. During those workshops, we supplemented the previous ESG focus areas and made progress towards our previously set mid and long-term goals. In our 2022 report, we described the operation of our Company from the perspective of Environmental, Social and Corporate Governance. In 2023, we also included sustainability in our strategy. Indicators, metrics and responsible persons were assigned to individual tasks in order to implement them in a controlled manner. From the point of view of corporate governance, transparent pillars and topics provide a framework for specific ESG actions and bring together the environmental, social and corporate governance impacts of our operations.

### PILLARS OF SUSTAINABILITY

Our general corporate ESG approach brings together the sustainability focus areas defined in the previous year and aligns them with the pillars of our sustainability strategy:

- a. *Prudence and transparent corporate governance*
- b. *Green products and customer-oriented service*
- c. *People-centred workplace culture*
- d. *Sustainable operation of offices*



**THE STRUCTURE OF OUR COMPANY'S ESG STRATEGY**

**S** **People-centred workplace culture**

- Workforce composition
- Diversity and equal opportunities
- Employee retention and career development
- Education and training of employees, awareness-raising
- Workplace culture
- Community involvement

**E** **Sustainable operation of offices**

- Waste management
- Energy and water consumption
- Employee mobility
- Carbon and ecological footprint
- ESG compliance by suppliers

**G** **Prudence and transparent corporate governance**

- Reporting and data provision
- Data protection and security
- Transparency
- Ethical business practices and legal compliance

**E**  
**S**  
**G** **Green products and customer-oriented service**

- Product development
- ESG risk management and assumption
- Customer information and awareness-raising
- Customer satisfaction
- Digital customer management



- The ESG management system
- ESG reporting
- ESG communication

The review of the 2022 Sustainability Report as well as feedback from the Insurance Companies' stakeholders determined the ranking of our material topics.

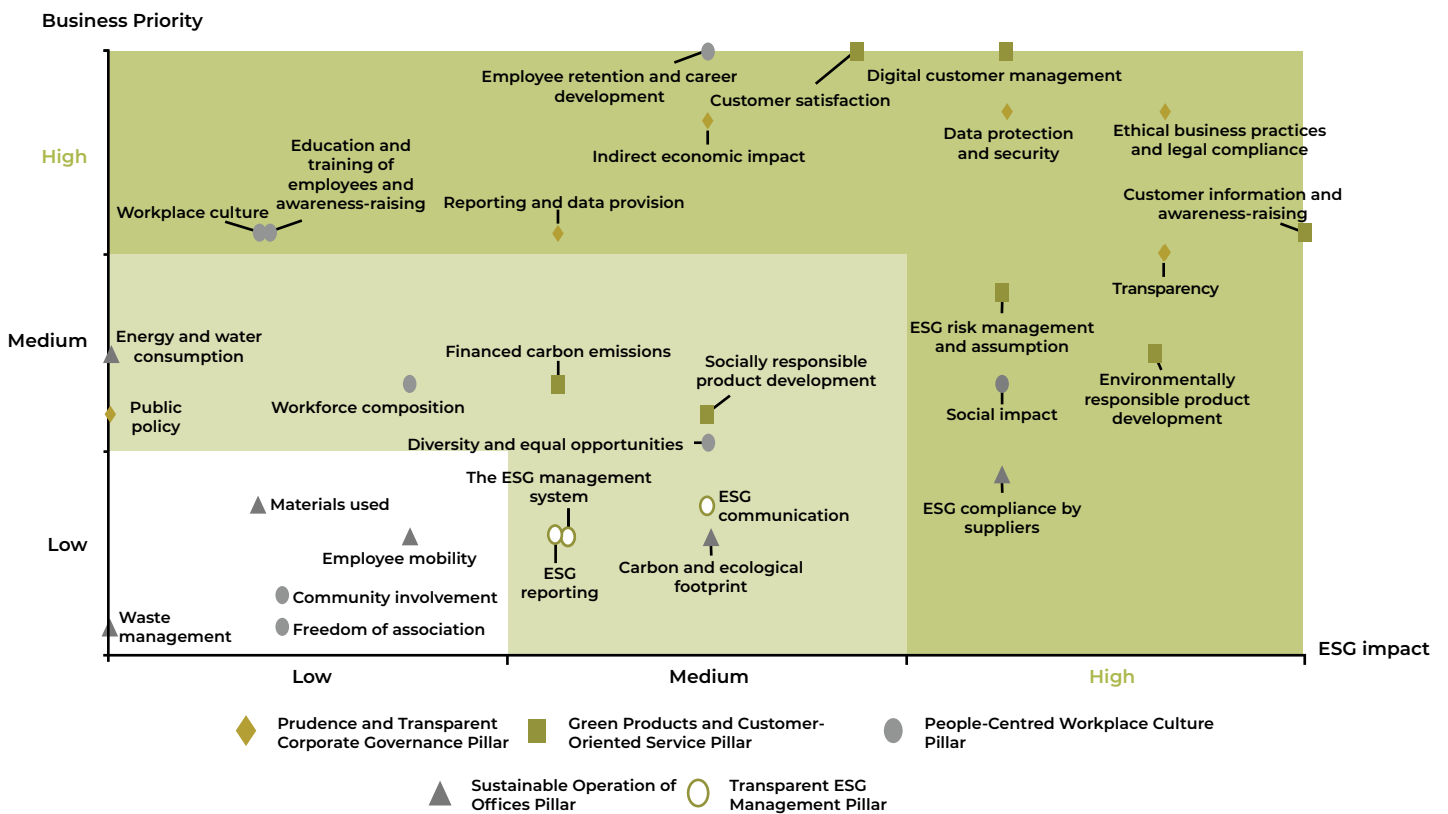


## MATERIALITY

GRI 3-1, GRI 3-2

During the annual review of the Insurance Companies' sustainability and in preparing for the report, each sustainability pillar was associated with material impacts. During consideration by the management and the assessment of the ESG and business impacts of sustainability topics, a matrix of impacts was created which shows the priority of each material topic in terms of our business and ESG.

### Materiality matrix



During the materiality assessment, the Management, involving middle managers and specialist functions, identified the materiality threshold as follows: those topics under examination are to be considered material topics that were assigned a high priority in at least one dimension.

After these decisions were made and they asked for feedback from internal and external stakeholders (as their contribution is an important element in the preparation and structure of the report), the Insurance Companies finalised the list of material topics.

The defined 15 material topics are related to the Insurance Companies' sustainability pillars, each marked with a letter as follows:

- a. Prudence and transparent corporate governance
  - 1. Data protection and security
  - 2. Reporting and data provision

3. *Transparency*
4. *Ethical business practices and legal compliance*
5. *Indirect economic impact*
6. *Social impact*
- b. *Green products and customer-oriented service*
  7. *Product development*
  8. *Customer Information and Awareness-Raising*
  9. *Customer satisfaction*
  10. *Digital customer management*
  11. *ESG risk management and commitment*
- c. *People-centred workplace culture*
  12. *Employee retention and career development*
  13. *Education of Employees and Awareness-Raising*
  14. *Workplace culture*
- d. *Sustainable operation of offices*
  15. *ESG compliance by suppliers*





## INVOLVEMENT OF EXTERNAL STAKEHOLDERS

GRI 2-29

The relevant groups and organisational units gave feedback on the material topics defined by senior managers by filling out a questionnaire. Among the stakeholders, we have selected organisations and people with an insight into our work and operations. We received valuable feedback from our employees, suppliers, sales partners, customers, and NGOs. Based on the stakeholders' responses, we reached the following conclusions:

- the respondents validated the most key material topics and impacts determined by the Management of the CIG Pannónia Group;
- no topic was listed that was not included in the list of material topics during the Insurance Companies' preliminary analysis;
- the topics of "Employee retention and career development" and "Indirect economic impact", as well as customer-related topics and "Data Protection and Security" are considered to be material topics with the greatest impact. The social impact of our Companies, product development that takes environmental aspects into account and supplier ESG compliance were classified as less material.

The opinions we received prove that it is important to further strengthen our communications related to sustainability and our social responsibility. We believe that transparency is decisive also in this context.





## ESG STRATEGY, ESG ACTIONS

GRI 2-25

Based on the previously explained corporate ESG approach, the ESG Strategy of our Companies rests on four pillars related to our operations. Within these pillars, a number of ESG goals were assigned to several focus areas as well as a path towards such goals and target dates. In doing so, we kept in mind smooth compliance with the MNB's Green Recommendation, BÉT's guidance and in general, the high expectations of regulators.

Our ESG Strategy is in line with our Business Strategy. The ESG Strategy supports the realisation of the Business Strategy and the set goal of market growth. Our ESG Vision for 2030 is a longer-term, more general and permanent objective, in which we formulate our longer-term ambitions, and which covers several strategic periods. The target date of our ESG Strategy, which is necessary for the realisation of this vision, is 2026, allowing us to make significant progress within a foreseeable time frame. Implementation requires specific tasks, responsible people, monitoring, and review.

FOCUS AREA	TARGET STATE (2026)
<b>Strategic goals of the corporate ESG approach</b>	
The ESG management system	All employees of the Companies know the manager in charge of ESG and are aware of the Company's ESG processes and activities, as well as their own responsibilities in relation to the ESG criteria.
ESG Reporting	The Companies annually publish their ESG performance together with their business performance in an integrated report.
ESG Communication	ESG is reflected in the corporate identity of the CIG Pannónia Group, in the communications directed at customers, investors and employees alike, demonstrating that sustainability is an important value for the CIG Pannónia Group.
<b>Strategic goals related to material topics</b>	
Data protection and security	Data security that is compliant with the regulatory requirements (DORA, GDPR). The Companies have an effective procedure for handling security incidents.
Reporting and data provision	Continually ensuring maximum and timely compliance with data provision and reporting requirements (data, indicators, related definitions, and methodology). Operating an efficient and reliable data provision and communication system that enables the above.
Transparency	Continuously ensuring the comprehensibility and availability of data.
Ethical business practices and legal compliance	Maintaining full legal compliance and operation in accordance with internal regulations. In addition, the Insurance Companies also expect and monitor business partners' compliance with the standards of ethical business practices.
Community involvement	The CIG Pannónia Group has a conscious CSR strategy, where it designates the social and environmental issues that are important to it. Employees are also involved in the implementation.
Product development	The Insurance Companies' product range specifically includes products that support the green transition (e.g. UL SFDR 9) and in all business lines, they will apply a set of discounts that contributes to the green transition.
Customer information and Awareness Raising	The CIG Pannónia Group fully complies with the information requirements of the IDD (Insurance Distribution Directive) and PRIIPs (Packaged retail investment and insurance-based products) Regulation (it has clear insurance product information documents (IPIIDs) and key information documents (KIDs)). Customers receive detailed information on ESG-related matters, so that they can make a well-considered decision about the products. During the sales process, they receive professional support in relation to ESG.
Customer satisfaction	Regular customer satisfaction surveys are conducted in both the residential and corporate segments. This also encompasses the quality of the entire range of products and services (sales, loss adjustment, customer service).
Digital customer management	Internal operations, document handling and dispatches are completely paperless. 75 percent of customer contracts and administration are done without printing.

FOCUS AREA	TARGET STATE (2026)
ESG risk management and assumption	In addition to the insurance risk, the Insurance Companies also identify and record climate risks based on the customer's activities. Such risks are taken into account in the premiums in the form of an activity-based discount system independent of the insurance risk and integrated into the Insurance Companies' risk strategy.
Employee retention and career development	The employees are satisfied with their current situation and are aware of their possibilities for the future. The CIG Pannónia Group takes care of the employees' health, mental and social well-being.
Education of Employees and Awareness-Raising	The CIG Pannónia Group ensures that its employees have competitive knowledge through awareness-raising and training that go beyond the mandatory minimum. Employees have the opportunity to participate in organised training sessions/courses annually.
Workplace culture	A single corporate culture based on common values, which is reinforced by corporate events and a unified management approach from the moment one enters the Company. Managers are developed in line with the company values.
ESG compliance by suppliers	Centralised procurement and supplier evaluation process, in which decisions on suppliers are made taking into account the ESG aspects included in the Procurement Policy (selection of new ones and vetting of current ones).
<b>Strategic goals independent of the material topic</b>	
Waste management	The CIG Pannónia Group has implemented separate waste collection in its offices: there are bins for paper, plastic, municipal and hazardous waste (batteries). In addition, it aims to reduce municipal waste by 40 percent.
Energy and water consumption	The CIG Pannónia Group regularly measures and monitors energy and water consumption and is constantly looking for ways to reduce it (e.g. economical lighting, conscious use of air conditioning).
Employee Mobility	Reduction of emissions from traffic and commuting by 30-35 percent. 80 percent of employees commutes to work using sustainable means of transport, which is supported by the Company.
Carbon and ecological footprint	Accurate measurement and reduction of carbon and ecological footprints (Scope 1, 2, and 3) by 20 percent. (In line with Hungary's commitment, compared to the value calculated for 2024 according to the plans).





## PILLARS OF SUSTAINABILITY AND MATERIAL TOPICS

In the previous year's ESG Report, the products and operations of the CIG Pannónia Group, as well as the impacts of its operations in terms of environmental, social and corporate governance were analysed. The report also provided an overview of our office operations and product portfolio. Our 2023 Sustainability Report is divided into sections according to the 15 material topics. We report on each topic by examining its impact on sustainability. For each topic, we list the relevant rules, as well as the internal operating frameworks, people in charge, and responsible departments that ensure regulation. Bearing measurability in mind, we assigned metrics in line with the GRI Standards and our own company indicators to the goals set and the results achieved. We also indicate how each topic is linked to the Sustainable Development Goals<sup>31</sup>, and its alignment with the Company's strategy and vision.



<sup>31</sup> <https://ksh.hu/s/kiadvanyok/fenntarthato-fejlodes-indikatorai-2022/>



## A. PRUDENCE AND TRANSPARENT CORPORATE GOVERNANCE

GRI 3-1, GRI 3-2

In accordance with the relevant legislation on the capital market and the rules of the Budapest Stock Exchange, the CIG Pannónia Group reports to shareholders and the public on a quarterly basis, in a consolidated manner<sup>32</sup>. Annually, the Group fulfils its reporting obligation on a consolidated and company level by publishing its financial statements audited by an auditor and approved by the General Meeting, in accordance with the relevant IFRS 17 standard and using the format required by the National Bank of Hungary. The supervisory and management bodies of the CIG Pannónia Group<sup>33</sup> carry out their duties in a coordinated manner, in accordance with their publicly available rules of procedure and time schedule, with a sufficient degree of flexibility, such as the possibility of written decision-making, addition of new agenda items. In addition to the internal regulatory framework, operations are based on the preparation and adoption of annual plans for the meetings of corporate bodies and work plans to be adopted before the business year, as well as ensuring operations according to those plans and coordinated at the level of the appropriate body.

The following material topics are classified under the Prudent and Transparent Corporate Governance pillar: data protection and security, reporting and data provision, transparency, ethical business practices, indirect economic and social impacts.

The Organisational and Operational Regulations of CIG Life Insurance Company and of CIG EMABIT are the keystones within the Companies for ensuring transparent functioning; these regulations uniformly designate the Deputy CEO for Corporate Governance and Prudential Compliance and the Corporate Governance Department managed by the latter as functions under the direct control of the CEO.

The overall responsibilities of this organisational unit are closely related to all material topics of the sustainability pillar “Prudence and Transparent Corporate Governance”. This department prepares the regulations directly assigned to it and any amendments thereof and coordinates the Insurance Companies’ regulatory framework. This department contributes to the preparation of our Company’s financial statements, especially to the preparation of textual materials necessary due to presence on a regulated market; the creation of prudence in corporate governance, the underlying framework, and adaptation of the same to the operative processes; administration related to decision-making by supervisory and management bodies; coordination of the execution of task; and ensuring the performance and compliance of duties and obligations imposed by authorities. This department is specifically responsible for the management of the Capital Market, Corporate Governance, Compliance, and Anti-Money Laundering departments, facilitating training courses for employees working at these departments, active participation in the mainstreaming of ESG, as well as liaising.

As a body, the Corporate Governance department is responsible for coordination, expressing an opinion on matters and ensuring compliance, especially in the establishment of internal lines of defence.

In order to ensure the flow of information between the responsible functions, the CIG Pannónia Group holds monthly meetings for the areas involved in operating the internal lines of defence at the operational level. The purpose of these meetings is to ensure their

<sup>32</sup> Quarterly consolidated flash reports:

<sup>33</sup> Audit Committee, Supervisory Board and Board of Directors





reliable and efficient operation in accordance with the legislation and internal regulations, including those preventing conflicts of interest. These scheduled meetings are intended to contribute to ensuring prudence, in order to maintain smooth and effective operation and trust in the institution. The goal is to identify and deal with any problems and deficiencies that may arise during operation at the earliest possible stage. Meetings are convened and coordinated by the Deputy CEO for Corporate Governance and Prudential Compliance. Permanent and invited members include, in addition to members of the Management, the employees performing supervisory and control functions (e.g. Senior Internal Auditor, Senior Risk Manager, Head of Compliance). The system of internal controls<sup>34</sup> is one of the cornerstones of transparent insurance processes. At our Company, this system continued to operate in accordance with the relevant legislation<sup>35</sup> in 2023.



*34 Recommendation No. 12/2022. (VIII.11.) of the National Bank of Hungary on the establishment and operation of internal lines of defence and on the management and control functions of financial organisations.*

*35 The relevant recommendations that need to be taken into account are: 1. Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II); Commission Delegated Regulation (EU) 2015/35 (supplement to Solvency II) and 2.*

*Recommendation No. 27/2018. (XII.10.) the National Bank of Hungary on the establishment and operation of internal lines of defence and on the management and control functions of financial organisations as well as Recommendation No. 17/2019. (IX.20.) on the management system or insurance and re-insurance undertakings.*



## 1. DATA PROTECTION AND SECURITY

GRI 3-3

By “data protection”, the CIG Pannónia Group means that we give top priority to the protection of personal data and sensitive information in our operations, including the collection, storage and sharing of data, as well as the regulation of these processes. By “data security” we mean securing the safety of digital systems and data, i.e. our goal is to prevent any unauthorised access and data phishing. It is extremely important in this area that our employees exercise caution: ESG related topics and individual decisions may have a much stronger impact in terms of corporate governance (reputation, liability) and society (advocacy groups of customers, partners).

In addition, in accordance with the legislation and case-law, we have created separate Privacy Notices for each data subject category, several of which were renewed in 2023. These documents are continuously available to data subjects on our website and at the Insurance Companies’ Customer Service points. Requirements and steps aimed at ensuring the protection of the personal data of natural persons are also set out in the contracts concluded with our partners.

GRI 2-26, GRI 418-1, CIG-ADATI, CIG-ADAT-2

At the CIG Pannónia Group, data protection is coordinated by a common Data Protection Officer appointed for both Insurance Companies. Their task is to monitor and check data protection processes in place and incidents occurring at the Insurance Companies, and to provide assistance, if necessary.

In addition to the referenced Privacy Policy and documents, the most important guarantee of data protection and security in the operation of our Company is the regular annual training of employees, as well as the occasional continuing training of employees and partners, where necessary. The fact that the Data Protection Officer is constantly available to the employees and that the data subjects can contact them contributes to prudence. It is the responsibility of the data owners to involve in their activities the most suitable experts for each process and area.

In addition to the Data Protection Officer, the IT Security Officer and data owners, data protection and data security are also influenced by the departments under the management of the Deputy CEO for Legal and Business Support and the IT Directorate. By conveying the needs of the customers, data owners, the Compliance Department, and the Internal Audit Department continuously contribute to ensuring data security and data protection.

The work of the Data Classification Committee is closely related to this material topic. This ad hoc committee consists of the Investor Relations Officer, the General Counsel, the CEO and the Deputy CEO for Corporate Governance and Prudential Compliance. The Data Classification Committee is responsible for determining whether a given piece of information/data, given its content, should be classified as regulated information and within this, as insider information. Depending on the nature of the given piece of information or data, the Data Classification Committee shall classify it without delay, but within the shortest possible time (paying special attention to and observing the time limits and frameworks for publication determined by the relevant sectorial legislation), and shall immediately inform those concerned of the results of the classification, and initiate the publication of that information, where required by law.



In 2023, the data protection awareness of the Company’s employees increased, and the exact steps of data protection processes were developed. No personal data breach<sup>36</sup> occurred at the Company that should have been reported to the Hungarian National Authority for Data Protection and Freedom of Information (NAIH).

Personal data breaches are recorded. These records allow data to be filtered, thereby the root causes of typical incidents can be identified, and thus existing processes can be modified, or new ones can be put in place to prevent such incidents. In these records, the departments most involved in data protection as well as any necessary training and the frequency thereof can be monitored and flagged. Our goal is to keep the number of incidents at the current level despite a growing customer base.

**Number of data protection and security incidents**

	2021	2022	2023
Personal data breaches notified to the authority	6	1	0
Resolved security incidents	7	5	0

The Data Protection Officer is involved in the resolution and management of personal data breaches; employees report any suspected personal data breaches to them, and they are entitled to decide whether or not a personal data breach has occurred. In the event of a personal data breach, the Data Protection Officer shall assess the risks, decide on the notification thereof to the data protection supervisory authority, as well as on information to be provided to the data subjects. In order to terminate a personal data breach and mitigate its consequences, this officer shall call on the data owners and employees to take appropriate measures and to inform the data subjects.

**Number of non-compliances with internal and external data protection and security rules (regulatory non-compliances)<sup>37</sup>**

	2021	2022	2023
Total regulatory non-compliances	38	75	72
Non-compliance with regulatory requirements on data protection	8	23	29
Non-compliance with regulatory requirements on safety	30	52	43

In all cases, data transfers to and between suppliers, partners and Insurance Companies are recorded and regulated in detail in the contracts between the suppliers/partners and the Insurance Companies so that personal data as well as insurance and business secrets are treated in accordance with the law and our internal regulations. These safeguards also contribute to avoiding incidents. In order to ensure appropriate expertise, the Data Protection Officer and the IT Security Officer shall also participate in the formulation and review of data protection and data security provisions, which shall be an inseparable part of contracts.

No supplier was involved in data protection processes in 2023 either. An IT security annex is part of the contracts to be concluded with the service providers engaged by the Insurance

<sup>36</sup> “Personal data breach” means a breach of security leading to the accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to, personal data transmitted, stored or otherwise processed.

<sup>37</sup> Internal or external supervisory regulatory non-compliance, broken down by type (data protection or data security related).



Companies. The set of requirements laid down in this annex is intended to ensure compliance with our data security requirements. Data flow and communication takes place through a secure VPN connection<sup>38</sup>, in a data room, or on an SFTP server. Providing an encrypted channel is a mandatory requirement for both parties – the insurer and its contracted partners.

The CIG Pannónia Group strives to communicate with both customers and contracted partners through secure channels. A significant part of communications with customers who are natural persons is carried out through the customer portal<sup>39</sup>. When corresponding with customers electronically, our employees send personal data, insurance and business secrets as encrypted attachments. Customers can view the encrypted attachments by entering a password of an appropriate security level, which consists of their own data and prevents unauthorised access. Communication with contracted partners about their tasks is done through a ticketing system. They cannot access customer data in the production environment; thus, data breaches are prevented.

However, any system storing data can be affected by a data breach.

**Cases of data breach and data theft**

	2021	2022	2023
Number of customer data breaches	5	2	2
Theft of customer data	0	0	0
Loss of customer data	0	0	0

In order to prevent data breaches, our employees regularly participate in data protection and IT security training. Completion of this training is also mandatory for all new hires. After the training, colleagues shall demonstrate their knowledge in an online test. This element of the data security process was kept in 2023 as well.

If any employee or sales partner becomes aware of any data breach, they shall immediately notify the IT Security Officer, and if personal data are involved, also the Data Protection Officer. It is important that the whistleblower provides all known circumstances of the data breach.

Although our data protection and data security processes largely depend on the implementation of IT security measures and the security of IT systems, employee awareness is also essential in this field. Raising awareness plays a prominent role in our corporate culture. In 2023, as part of the “Risk Awareness Week”, colleagues could also listen to lectures on this topic.

An important achievement showing the high quality of our data security is that we have received zero complaints from external parties that have been found to be substantiated by the organisation and zero complaints from regulatory bodies over the years.

In 2024, our data protection goal is to maintain and further increase the data protection awareness of employees, salespeople, and service partners, and to review and, if necessary, make more efficient the data protection processes of the Insurance Companies. We plan to enhance the automation of internal records and to speed up measures related to data protection.

*38 Via encrypted private line*

*39 A portal allowing unique identification of the customers, which is only accessible to customers.*



Our medium-term goal is to introduce the data security processes required by the Digital Operational Resilience Act (DORA, Regulation EU 2022/2554) together with the related controls, regular security testing and vulnerability testing.

Keywords	- Data protection and IT security training - Updated Privacy Policy and data protection processes
Planned for 2023	Completed: ✓ The number of personal data breaches to be reported <sup>40</sup> to the data protection supervisory authority in 2023: 0
Commitments for 2024	<ul style="list-style-type: none"> <li>· Raising data protection awareness</li> <li>· Enhanced automation of internal records</li> <li>· Speeding up measures related to data protection</li> <li>· Preparation for compliance with DORA</li> </ul>



One element of CIG Pannónia Group's ESG approach is that its sustainability focus areas should contribute to achieving the UN Sustainable Development Goals<sup>41</sup>. We have also assigned an impact measurement to the topic of Data Protection and Security, thereby increasing broader financial and technological awareness. This step indirectly strengthens the joint action against climate change and its effects, as it follows up and measures the results of our decisions at the organisational level (SDG 17). With our data security efforts, we set a good example for the full implementation of fair institutional and financial procedures (SDG 16).

<sup>40</sup> Personal data breaches are to be reported to the competent supervisory authority, unless the personal data breach is unlikely to result in a risk to the rights and freedoms of natural persons

<sup>41</sup> Source: <https://www.naih.hu/tudnivalok-az-adatvedelmi-incidensek-kezeleserol>

## 2. REPORTING AND DATA PROVISION

GRI 3-3

The material topic of Reporting and Data Provision includes the strict reporting mandatory for listed companies and for the sector, as well as other required information/data provision to external and internal stakeholders. This shall also include the responsible departments and the relevant processes through which we can ensure regularity and accuracy in our operations.

CIG Life Insurance Company is a public joint-stock company, therefore any legally required information concerning investors is published in a form compliant with the rules and in due time. This also applies to ESG topics, where the level of information justifies or allows this according to the legislation in force.

CIG-BESZAM-1, CIG-BESZAM-2

The Compliance Manager shall perform the monitoring tasks necessary to comply with legal requirements and to adopt good practices and recommendations of the MNB. The relevant department will then be informed of the associated changes, new or modified responsibilities. In case of more complex changes affecting several areas and/or the Organisational and Operational Regulations, the Deputy CEO for Corporate Governance and Prudential Compliance shall perform the coordination tasks necessary for implementation of the changes.

### Number of disclosures, mandatory reports and data transmissions to the supervisory authorities

	2021	2022	2023
All mandatory reports	465	542	449
Mandatory reports by deadline	465	542	449
All disclosures	68	61	43
Cases of incompleteness/inaccuracy in connection with the published data	0	0	0

In order for the CIG Pannónia Group to comply with its data provision and reporting obligations (data, indicators, related definitions and methodology), the key is to operate an efficient and reliable data provision and communication system.

Starting from 2023, CIG Pannónia Group publishes documents produced in connection with the disclosure of company-level policies, the pre-contractual disclosure of currently sold products in accordance with the SFDR (Sustainable Finance Disclosure Regulation), and the disclosure for tied insurance intermediaries<sup>42</sup> in accordance with the SFDR on a page specially created on its website for communicating the transparent steps taken in the field of ESG.

Our company manages uniformly, at a project level, the steps taken to make progress in line with the Budapest Stock Exchange's ESG guidelines, in compliance with other

<sup>42</sup> An intermediary is a natural or legal person who performs insurance intermediary activities for remuneration. They can be (1) a tied intermediary (an agent who intermediates the insurance products of one insurance company or the non-competing insurance products of several insurance companies or a multiple agent who simultaneously intermediates the competing insurance products of several insurance companies) and (2) a non-tied insurance intermediary who acts on behalf of the client.

rules applicable to insurance companies. These steps are embodied in a separate, non-standardised annual Sustainability Report for the 2022 business year – having the same date and covering the same period as the financial statements – and the setting of long-term objectives. Thus, on 19 April 2023, a Sustainability Report was published in coordination and simultaneously with the annual General Meeting and its decisions.

In 2024, our Company will be preparing for the new disclosure requirements, collecting the criteria and obligations. The Sustainable Finance Disclosure Regulation (SFDR), the Corporate Sustainability Reporting Directive (CSRD) and the Taxonomy Regulation largely define our reporting-related objectives for the coming years. Our medium-term commitment is to give an account of the way risks are integrated, the exposures according to the industry classification of the insured activities, and their sustainability from an environmental point of view. Taking into account the MNB's Green Recommendation, an assessment of the materiality of environmental risks related to climate change has been incorporated into our disclosure policy. We report on short, medium, and long-term climate-related risks and opportunities, as well as their impacts on our activities and strategy. We also meet the requirements by disclosing, in the medium term, the way asset classes more exposed to natural disasters are managed and how they are incorporated into the investment framework, as well as how climate-related risks are considered in investment portfolio decisions.

The CIG Pannónia Group publishes its consolidated financial statements and most important economic events quarterly and annually in accordance with the International Financial Reporting Standards adopted by the EU. In 2023, some new standards became mandatory, among others, IFRS 17 took effect, which had a significant impact on our financial statements and their interpretation. We were the first in Hungary to publish a stock exchange flash report compliant with IFRS 17. Due to the applicable rules, the CIG Pannónia Group is the only insurer in Hungary publishes its results according to the new standard.

In addition, the CIG Pannónia Group is committed to preparing a Sustainability Report at least on an annual basis, and from 2024, to publish climate change related environmental risks relevant to operations in an easily understandable form, based on reliable data.

Keywords	<ul style="list-style-type: none"> <li>- Mandatory reports and reports published on time on the website</li> <li>- Transparency of several mandatory reports</li> </ul>
Planned for 2023	<p>Completed:</p> <ul style="list-style-type: none"> <li>✓ Communication of transparent steps taken in the field of ESG, publication of a sustainability report</li> <li>✓ Mandatory reports completed by the deadline</li> </ul>
Commitments for 2024	<ul style="list-style-type: none"> <li>• Compliance with the requirements of the Non-Financial Reporting Directive (NFRD) Corporate Sustainability Reporting Directive (CSRD), Sustainable Finance Disclosure Regulation (SFDR) and Taxonomy Regulation, preparation for disclosures</li> <li>• Publication of a sustainability report</li> </ul>



Célunk, hogy a beszámolás és adatszolgáltatás témához hatásmérést rendelve javul a fenntarthatósági tudatosság. Közvetetten a klímaváltozás és hatásai ellen való közös fellépés eszköztárát erősítjük, szervezeti szinten követjük, mérjük döntéseink eredményét (SDG 16, SDG 17, SDG 13). Tevékenységünk adatszolgáltatási törekvéseivel jó példával járunk elől az igazságos intézményi és pénzügyi eljárások teljes körű megvalósulásához, az egyenlőtlenségek csökkentéséhez (SDG 10<sup>43</sup>).



### 3. TRANSPARENCY

GRI 3-3

The clarity of data and processes, the availability of disclosures and documents, as well as the tasks necessary for their continuity and security are classified under the material topic of Transparency. This includes the departments responsible for the transparency of reporting obligations and other information required to be provided to stakeholders as well as the relevant processes. In the course of our work, we aim to ensure accuracy and compliance with the rules in such a way that our reports and statements remain understandable, transparent and easy to find. The department overseeing the transparency of our reports and disclosures differs depending on which stakeholder group they are addressed to. As a result of our legal form, we publish all data required by law for the notification and information of shareholders and partners, as well as employees and customers.

GRI 2-23, GRI 2-26, CIG-ÁTLÁT-1

Regarding the issue of transparency, it is important to highlight that it falls within the competence of the Board of Directors of CIG Life Insurance Company to approve strategic commitments. These commitments are required to be published in official places of publication. Both our quarterly and yearly reports and statements promote clarity and transparency, among several other things, by referring back to the same period of the previous year and are uploaded to our web pages accessible to external parties. Our goal is to provide information in a structure that is easily searchable and understandable.

On the one hand, we inform our shareholders, regulators, service partners, and intermediaries in line with the principle of full disclosure. On the other hand, we also present the most important events in the internal weekly HR Newsletter for employees, which contains information regarding strategic steps, decisions, and major changes.

In the HR Newsletter, our Company publishes on a weekly basis all issues concerning all employees or specific groups of employees, together with the relevant responses. In addition, all Deputy CEOs and other managers in accordance with the Insurance Act<sup>44</sup> are regularly provided with possibilities to present the key projects in their fields. These projects may affect some groups of employees or all of them. We consider it necessary to monitor the relevant rules, their changes, and any new rules and practices. These management meetings give our employees an opportunity to ask questions regardless of the topics discussed. In these fora, employees were informed about the definition of our ESG strategy, as well as the related ESG actions.

In all cases, employees' questions and requests will be answered – if several employees have the same or similar questions, collectively – in one of the above fora, promoting the transparency of the rules and corporate changes for our employees and the management.

The smooth operation of the communication channels with sales partners (portals, newsletters, etc.) is extremely important in order to ensure that the quality guidelines are complied with, and the goals set in the business plan continue to be met, even with an increased number of partners. It is very important for us that the materials and portals available to our partners continue to be clear and specific, and that the responsible department reacts quickly when improvement needs arise.

<sup>44</sup> According to the Insurance Act (Act LXXXVIII of 2014 on the Business of Insurance): Chief Actuary, General Counsel, Chief Accounting Officer, Internal Audit Manager, Chief Risk Management Officer and Compliance Officer.



An important indicator of the quality of transparency at our Company is that there have been no complaints regarding the disclosed data during the last years (not including customer complaints received by our Companies).

Management of the interfaces between processes and areas and of the transparency of the same is yet to be done, which is one of the goals for 2024.

It is essential for our stakeholders that the Company's operations and activities are open. This includes the availability and easy accessibility of information, including financial data, corporate strategy, operational processes and governance structure. Due to our presence on the stock exchange, the Company shall remain completely transparent, and information (communication of the operating results, strategy, organisational changes) is also extremely important from the point of view of shareholders.

Our transition to IFRS 17 (the data provision standard applicable to insurance companies) has been completed. The introduction of IFRS was preceded by several years of preparatory and development work. Depending on the characteristics of the product, several valuation methodologies are used. We use these valuation methodologies for products offered both in the life insurance and the non-life insurance segments.

The development of IFRS for insurance contracts began decades ago. It is a principle-based standard that creates comparability among similar markets and similar products worldwide, is in harmony with the conceptual framework for IFRSs and other international accounting standards, and properly informs investors about the performance of insurers.

We applied IFRS 17 for the first time for the business year starting on 1 January 2023. The date of first application of IFRS 17 was therefore 1 January 2023, and the date of transition to IFRS 17 was 1 January 2022. This means that the CIG Pannónia Group shall also present the 2022 business year – as a comparative year included in the 2023 financial statements – in accordance with IFRS 17 in its next financial statements.

Contrary to IFRS 4, according to IFRS 17, our expectations for the future and their changes play a much greater role in determining our results. We are required to have forecasts, broken down by groups of insurance contracts (GICs), regarding service levels and the resulting cash flows. Another change is that since there is always uncertainty in assumptions, it is necessary to present and manage that risk. In other words, a measure showing the risk associated with non-financial assumptions is a new element. A separate valuation methodology is used for unit-linked and traditional savings insurances, and thus our results only show the financial information, income, and expenses of the Insurance Company associated with insurance services; the portions of premiums related to non-insurance services are not shown in the case of these insurances.

Our Q1 2023 report was a milestone for the CIG Pannónia Group. Our first consolidated financial statement and business report prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU were published in May 2023. The CIG Pannónia Group was the first on the Hungarian capital market to issue a stock exchange flash report to investors according to this new standard. Already in our 2022 financial statements, we reported in detail about our new accounting policies compliant with the IFRS 17, but the first practical application of the new accounting policies was in our Q1 2023 report. The full audit of our Company with regard to the year 2023 will take place in Q1 2024, in accordance with previous practice.

2023 did not bring any change with regard to transparency as set out in Solvency II. The difference in the basic objectives of the accounting standard (IFRS 17) and the prudential regime (Solvency II) results in significant differences in terms of calculation, presentation, disclosure, and processes. While the main purpose of the accounting standard is to measure

performance and inform investors appropriately, the purpose of the prudential regime is to protect policyholders at an appropriate level and provide them with transparent information.

During the reporting period, the National Bank of Hungary – as the supervisory authority – conducted comprehensive supervisory procedures every three years at both companies of the CIG Group with regard to the previous years.

---

Keywords Keywords - First quarterly reports according to IFRS 17

---

Planned for 2023	Completed: ✓ The communication of business results, strategy, and organisational changes took place on time without any complaint ✓ The transition to IFRS 17 (the data provision standard applicable to insurance companies) has been completed
------------------	--

---

Commitments for 2024	<ul style="list-style-type: none"> <li>• Increasing the transparency of interfaces between the various areas of CIG Pannónia Group</li> <li>• Fine-tuning and development of financial statements in accordance with IFRS 17 reports</li> </ul>
----------------------	---

---



Our efficient and transparent services help us align with the rules and processes that require public access to information, the protection of fundamental freedoms, and the full implementation of fair financial procedures, in accordance with the legislation and international conventions. Thus, we also contribute to the reduction of inequalities (SDG 10). We offer a predictable business model, a strong institutional example, accountability, balanced business relationships, and information that is easily accessible and transparent for various stakeholder groups (SDG 16, SDG 17<sup>45</sup>).

<sup>45</sup> Source of the pictograms: <https://ksh.hu/s/kiadvanyok/fenntarthato-fejlodes-indikatorai-2022/>



## 4. ETHICAL BUSINESS PRACTICES AND LEGAL COMPLIANCE

“Ethical business practices and legal compliance” means full legal compliance and operations in accordance with the internal regulations. The Insurance Companies’ employees are required to participate in Compliance, Consumer Protection, Data Protection and Anti-Money Laundering e-learning courses every year, at the end of which they take an online exam.

They receive additional educational materials in the following documents, which also touch on information on ethical rules and procedures:

- a. Part of our Onboarding training for new employees is the introduction of our company values;
- b. Our Insurance Basics training touches on ethical issues (the ethical insurance concept valid from 2017);
- c. The training material related to unit-linked insurances contains a description of the evolution of the transparency of these products (customer service and sales support staff participate in this training);
- d. An important part of the training on credit protection insurance organised for the bancassurance staff is the content of mandatory customer information.

During the sale of insurance products, the needs and requirements of our customers are assessed in accordance with the requirements of the Act on Insurance Activities. In the case of life insurance products, we also clarify the potential customers’ exact needs with regard to life insurance. In relation to insurance-based investment products, the Insurance Company carries out an Appropriateness and Suitability Test, on the basis of which it determines the risk profile of customers and issues a statement on the outcome. We always sell our insurance-based investment products through face-to-face selling. If, based on the needs assessment and the Appropriateness and Suitability Test, there is no product that is suitable for the customer, CIG Life Insurance Company will not sell any product to the customer concerned. As regards insurance-based investment products, CIG Life Insurance Company designed its sales process in such a way that the information documents (insurance quote) are provided to customers at least 24 hours prior to the conclusion of the insurance contract, thereby ensuring the time necessary to understand and familiarise themselves with such documents.

At the CIG Pannónia Group, in the course of product development, the target market of the product concerned, and a relevant sales strategy are determined. These strategies are reviewed at least annually, and were justified, modified based on received customer feedback, sales agents’ reactions, and other information.

Operating in a regulated market involves compliance with strict regulations. In addition to compliance with those regulations, we are committed to engaging in ethical business practices throughout our value chain. One of the relevant metrics – the number of corruption cases due to which the Insurance Company dismissed an employee or terminated its contract with a supplier – is zero.

We consider it important that our employees also familiarise themselves with CIG Pannónia Group’s Anti-Corruption Strategy. The Compliance Policy is an important tool in the fight against corruption and bribery, and it defines rules for all organisational units.

## Data related to the anti-corruption strategy

ANTI-CORRUPTION STRATEGY	2021	2022	2023
Those who have participated in anti-corruption training	174	199	188
Board of Directors and Supervisory Board (*)	5	5	5
Senior managers	5	5	6
Middle managers	41	46	38
Employees	128	148	144
Those who are familiar with the Anti-Corruption Strategy	179	205	193
Board of Directors and Supervisory Board (*)	7	8	7
Senior managers	5	5	6
Middle managers	41	46	38
Employees	128	148	144

(\*): The Boards of Directors and the Supervisory Boards have both external and internal members

In 2021, 2022 and 2023, there was no case of corruption resulting in the dismissal of an employees of the Insurance Companies. There have been no cases of corruption involving CIG Pannónia Group and/or any its employees. No supplier's contract has been terminated or not renewed due to corruption in recent years.

Our employees are aware of our anti-corruption strategy since all our employees were informed about it as part of the compliance training. Fines imposed for mistakes are paid in a timely manner. If it is necessary to improve our processes due to an error, the colleagues working in the competent department shall work out a solution. The number of non-compliances is also an important metric, an indicator of a culture of compliance. The success of our Company's efforts is demonstrated by the fact that the amount of fines imposed is very low compared to the size of the Insurance Companies, and that the number of violations in several categories has been zero for years.

## Number of fines and non-compliances

FINES, NON-COMPLIANCES	2021	2022	2023
Amount of fines imposed by the MNB or other bodies (in thousand HUF)	1 497	6 520	200
Number of cases of non-compliance and violations	2	3	1
of which: cases resulted in fines	2	3	1
other cases concluded with the imposition of a sanction	0	0	0
Fines paid (in thousand HUF)	1 497	6 520	200
Fines for cases occurred in the previous reporting period	0	0	0
Fines for cases of non-compliance (in thousand HUF)	1 500	7 150	200
Number of cases of non-compliance with the Code of Ethics	0	0	0
Number of legal non-compliances	0	0	0
Number of violations of tax rules	0	0	0

FINES, NON-COMPLIANCES	2021	2022	2023
Number of pending legal proceedings related to violations of competition, antitrust and anti-monopoly provisions	0	0	0
Outcome of pending legal proceedings related to violations of competition, antitrust and anti-monopoly provisions	0	0	0
Number of non-compliances with marketing communication rules	1	2	1

Upon conclusion of the consumer protection procedure, in its decision dated 8 February 2023, the MNB called on CIG Life Insurance Company to always comply with the legal provision on responding to complaints within the time-limit. The authority imposed a consumer protection fine of HUF 200,000 (in words: two hundred thousand Hungarian forints) on our Company due to the violation of the legal provision on the timely response to complaints.

Our goal is to fully comply with the legal requirements and internal regulations. In addition, the Insurance Companies expect ethical business practices from their business partners and will monitor them. In the near future, a process for checking the ethical business practices of partners will be prepared and the relevant methodology will be developed. The CIG Pannónia Group will regularly display its values regarding ethical business practices, for example during communications with business partners<sup>46</sup>.

Keywords	- Compliance, Consumer Protection, Data Protection and Anti-Money Laundering training is mandatory for all employees of our Company
Planned for 2023	Completed: <ul style="list-style-type: none"> <li>✓ Number of corruption cases: 0</li> <li>✓ The number of non-compliances with consumer protection rules decreased; the fine imposed amounted only to HUF 200,000.</li> </ul>
Commitments for 2024	<ul style="list-style-type: none"> <li>• Preparation of the audit of ethical business practices expected also from the Insurance Companies' business partners</li> <li>• Communication of ethical business practices</li> </ul>



Several indicators have been assigned to the topic of Ethical Business Practices too, thereby greatly contributing to its measurability and raising awareness of the topic. Our meaningful policies help us conduct ethical practices and reduce the possibility of inequalities and conflicts of interest in any field (SDG 10<sup>47</sup>). We are reinforcing the toolkit for joint action for responsible consumption, adding our own organisational and business model. (SDG 12).

<sup>46</sup> For example: at meetings with partners/brokers, and in the work of broker administrators and bank administrators

<sup>47</sup> Source of the pictograms: <https://ksh.hu/s/kiadvanyok/fenntarthato-fejlodes-indikatorai-2022/>



GRI 415-1, GRI 207-1, GRI 207-2, GRI 207-3, GRI 207-4

## 5. INDIRECT ECONOMIC IMPACT

The indirect impacts of our operations affect many people. According to the UN guidelines<sup>48</sup>, it is important how an insurance company integrates global challenges, such as climate protection and ESG risks, into its decisions during its operation<sup>49</sup>. However, our operations also have an indirect influence through the types of companies whose shares we invest in, what we do to maintain tax compliance, and what we do to reduce the environmental footprint of our operations.

Through the contracts concluded with the Insurance Companies, we help protect the financial stability of our customers, and the sustainability of their lifestyles or businesses. Our products provide a secure background for those who, in case of an adverse event, would otherwise lose their livelihoods, property, productive or earning capacity, or lives and thus the ability to provide for their loved ones materially. As an employer and a financial service provider, we have an impact on our stakeholders, in the broad sense of the term. We touch on these topics in the following chapters.

As regard taxation, the CIG Pannónia Group conducts its insurance activities in Hungary and is resident for tax purposes in Hungary. We did not violate any tax rules in 2023, similarly to the previous two years. By settling our tax liabilities, we promote the achievement of the broader objectives of society. We publish our annual financial statements<sup>50</sup> every year in accordance with the rules, including our taxation conduct. Within the CIG Pannónia Group, the Financial Directorate is the organisational unit responsible for operating taxation processes.

Keywords - Office programs and environmentally conscious choices

Planned for 2023 Completed:  
✓ Tax-related violations: 0

Commitments for 2024 · Tax compliance



The products we provide contribute to economic stability (SDG 8). We do this indirectly by being committed to preventing money laundering and fraud and promoting sustainable economic growth. (SDG 8). Through our donations to foundations and associations, we indirectly support socially important causes. (SDG 1, SDG 10<sup>51</sup>).

48 [https://www.unepfi.org/insurance/insurance/?fbclid=IwAR3BJSsK2C6sK10TwZ23ICCJKGyfZ-87Zb-3yjEYNETdpA04RaKT\\_2bfFnX0](https://www.unepfi.org/insurance/insurance/?fbclid=IwAR3BJSsK2C6sK10TwZ23ICCJKGyfZ-87Zb-3yjEYNETdpA04RaKT_2bfFnX0)

49 For more information, see the chapter “ESG Risk Management and Assumption”

50 <https://www.cigpannonia.hu/befektetok/tarsasagiranyitas>

51 Source of the pictograms: <https://ksh.hu/s/kiadvanyok/fenntarthato-fejlodes-indikatorai-2022/>



## 6. SOCIAL IMPACTS

GRI 3-3

In the context of the material topic of Social Impact, by “social impacts” the CIG Pannónia Group means the social impacts of its operation as a sustainable company and of its responsible corporate attitude and actions. For the Insurance Companies, this means a business approach and commitment: our Companies and partners commit to care not only for their direct stakeholders, but also for the broader society around them, as well as the social impacts of their own corporate decisions.

GRI 2-28, GRI 415-1

In general, insurance has a significant social impact by providing a safety net and tangible assistance in the event of a crisis. The CIG Pannónia Group also offers insurance products for situations in which, in the absence of savings, the lives of many Hungarians would collapse. Long-term unemployment arising, a severe health problem, or the death of the breadwinner are all situations where those concerned may feel that the world falls apart around them. Unfortunately, life insurance is still not a priority for many people in Hungary. According to an industry survey, only 15 percent of the working-age population has a term life insurance<sup>52</sup>. This lack of safety net and of financial awareness necessary to recognise uncertainties and risks underpins the social impact of the CIG Pannónia Group and embodies its social responsibility, which is directly reflected in its products. Our commitment to increasing financial awareness and, in general, to promoting conscious decisions by our customers is explained in more detail in the chapter “Customer Information and Awareness-Raising”.

In 2023, we contributed greatly to raising the standard of the training system of the insurance profession in the coming years. Three Hungarian universities are also launching specialised training programmes in Insurance and Financial Consulting. In September 2023, the Széchenyi István University in Győr was the first higher education institution to launch this programme, and in 2024, the University of Miskolc and the University of Dunaújváros will join this innovative initiative<sup>53</sup>.

The University of Dunaújváros, the Széchenyi István University of Győr and the University of Miskolc, as well as CIG Pannónia Group and Hungarikum Biztosítási Alkusz Zrt. ceremonially signed a cooperation agreement on 29 August 2023 in Budapest. In order to improve the quality of the insurance profession in Hungary, ensure specialised training and teach the next generation insurance and financial knowledge in an academic setting, we are participating in the introduction of high-quality professional education at these three universities. All this will keep our Company busy in the coming years as well. In 2023, our employees contributed greatly to completion of the education materials and to ensuring that education could begin. Launched in 2023 at the University of Győr, students can take a two-semester correspondence course in Insurance and Financial Consulting, which is offered online. The prerequisite for application is at least a BSc, BA or equivalent college or university degree in any field of study.

In 2023, employees of the Insurance Companies spent more than 50 hours teaching classes at the university<sup>54</sup>. The first semester started in October 2023; 51 students participated in the training.

<sup>52</sup> MABISZ (Association of Hungarian Insurance Companies) Yearbook 2020

<sup>53</sup> This educational cooperation was initiated by Hungarikum Biztosítási Alkusz Zrt.: <https://www.cigpannonia.hu/rolunk/hirek/2023/08/29/hi%C3%A1ny%C3%B3r%C3%B3-egyetemi-k%C3%A9p%C3%A9s-in-dul-el-%C5%91szt%C5%91l-a-hungarikum-biztos%C3%ADt%C3%A1si-alkusz-zrt.-kezdem%C3%A9nyez%C3%A9se-%C3%A1lta>

<sup>54</sup> ✓

We also have a social impact through the charitable donations by the Insurance Companies, the annual charity programs and with an one-off or regular volunteer programs<sup>55</sup>. The latter is organised to raise funds and support a social or charitable cause chosen by the employees. Informing customers about the possibilities to donate to charities through our products is also an example of corporate social responsibility and is closely linked to the communication of our products.

While in 2022 we supported the Hungarian Interchurch Aid by donating children’s furniture and equipment, in 2023, we helped several foundations with cash donations. We supported the work of the Food Bank with non-perishable food packages as part of the “Tündérpakk” (Fairy Package) program, and we also helped underprivileged children by collecting and delivering donations in shoe boxes. The employees of the CIG Pannónia Group donated the amount collected during our 2nd Charity Bake Sale to the Szent Márton Gyermekmentő Szolgálat (Saint Martin Children’s Rescue Service).

In addition, the Insurance Companies donated the amount intended to buy gifts for partners at the end of the year (HUF 500,000) to the Bethesda Foundation, the charity entity of Bethesda Children’s Hospital. Sponsorship is also an important part of our corporate social responsibility. In 2023, we increased the amount dedicated to this purpose by almost HUF 1 million compared to the previous year. In 2023, we supplemented our contributions in the field of health and social care with a donation to a cultural organisation: we supported a series of dance performances by the Recirquel Company.

### Donations, sponsorships

IN HUF	2021		2022		2023	
	DONATION	SPONSORSHIP	DONATION	SPONSORSHIP	DONATION	SPONSORSHIP
Healthcare and social	9 535 000	0	899 946	16 350 000	15 150 000	17 209 875
Sports	0	0	0	0	0	0
Culture	0	0	0	0	3 000 000	0
Sustainable development	0	0	0	0	0	0
Charitable organisations	0	0	0	0	0	0
Education and training	0	0	0	0	0	0
Other	0	0	0	0	4 059 875	0
Total	9 535 000	0	899 946	16 350 000	22 209 875	17 209 875

Our more distant goal regarding social responsibility is for the CIG Pannónia Group to have a conscious CSR strategy where we designate the social and environmental topics that are important to us. According to our plans, we also involve our employees in the preparation of the CSR strategy, similar to the degree program in insurance. A good example of corporate-level and long-term responsibility is our many years of involvement in the Association of Hungarian Insurance Companies (MABISZ) and our participation in professional advocacy.

CIG EMABIT distributes ten percent of the insurance premiums earned from the PadTárs student insurance product, which was planned to be launched in 2024 and has already been launched by the time of publication of this Report, among the foundations attached

<sup>55</sup> Also in 2023, the Company organised a charity bake sale and a community run event.



to schools that have signed a grant agreement with it. When taking out an insurance policy, the policyholders (parents) can declare which contracted foundation they wish to support. CIG EMABIT will distribute the support among the contracted foundations in proportion to the declarations of the contracting parties.

Aware of our social impact on our employees, we considered that our people-centred, balanced attitude as an employer was such a crucial element of the CIG Pannónia Group that we would dedicate a separate sustainability pillar to this topic. For more information, see the chapters Employees and Career Development; Education of Employees and Awareness-Raising; and Workplace Culture.

Keywords	<ul style="list-style-type: none"> <li>- Transparency of donations to foundations and sponsorships</li> <li>- Cooperation with universities</li> </ul>
Planned for 2023	Completed: <ul style="list-style-type: none"> <li>✓ Extensive educational cooperation and related tasks</li> <li>✓ Active assistance in the compilation of educational materials for the September 2023 training</li> <li>✓ Charity Bake Sale</li> </ul>
Commitments for 2024	<ul style="list-style-type: none"> <li>· Increasing financial awareness through university education</li> <li>· Granting the opportunity to donate part of the premiums of the PadTárs student insurance product</li> </ul>



A beneficial effect of our insurance products is that they make vulnerable people resilient and adaptable. Our educational cooperation helps reduce inequalities (SDG 1, SDG 11<sup>56</sup>). Indirectly, we strengthen the toolkit and models of organisations that have very different images, but are capable of acting together, and we levy our own organisational and business models to address socially important issues (SDG 8, SDG 17).



## **B. GREEN PRODUCTS AND CUSTOMER-ORIENTED SERVICE**

Our corporate identity is determined to the greatest extent by our products and the sales partners who deliver them to customers. As regards all material topics belonging to this focus area, the three key sales channels of the CIG Pannónia Group are decisive: Non-Tied sales channel (brokers and multiple agents), Alternative sales channel (few but large partners), and Bancassurance channel, which is based on our strategic partnership with MBH Bank. The sales support tasks of our bancassurance network are grouped based on whether the customers are large corporations or small and medium-sized enterprises. The sales channels also largely determine the different customer segments: retail customers (within this, individual and group insurance products) and corporate customers.

The CIG Pannónia Group strives to ensure that its partners can produce work of proper quality, and to this end, all intermediaries are provided with the necessary training. Intermediaries are classified into different categories based on portfolio size and quality indicators and are supported and incentivised according to their classification. This does not only mean financial incentives, but also various extra training opportunities, or even more intense forms of support.

The departments under the direction of the Deputy CEO for Sales are responsible for the performance assessment of intermediaries, with effective support from the back-office areas, including the actuarial, controlling, reporting, risk management and compliance departments. Performance and quality monitoring is continuous and is a determining factor in the activities of Key Account Managers working in the sales channels and in the intensity of contacts.

The sales force is supported by a telephone support team, as well as automated e-mails, a partner portal and other online services. We continuously monitor and update the data uploaded by our sales network to the supervisory authority's interface. In 2023, we did not see any deviations in the registry of agents compared to the uploaded data.

Depending on the sales channel and the intermediary partner, educational materials are made available to our partners, and they are also provided with personal training upon request. In the bancassurance channel, the Key Account Managers who provide local support focus on providing primarily practical training to banking consultants in the branches conveying product-related, sales and customer service knowledge.

Our Insurance Companies are still early in the process of developing a bancassurance business model together with MBH Bank; it's currently being fine-tuned. In addition to increasing the number of partners in the non-tied network, an important goal for 2024 is to increase joint sales with each partner. In the past two years, the CIG Pannónia Group has achieved a significant growth in the field of corporate property insurance and corporate personal insurance. In the case of the latter products, coverage is still low, and thus we see a great potential for growth here.

Our Training and Education Department works closely together with the educational specialists of MBH Bank. Our colleagues hold a two-day basic insurance training for consultants newly hired by the Bank. Bancassurance training is an integral part of the banking-related training calendar. The materials compiled by the trainers focus specifically on bancassurance. In addition to conveying theoretical knowledge, we also provide practical guidance and tips to sales reps during the training.

In addition to the standard training, all areas engaged in sales support or education & training also compile further training materials as needed. This option is also available for the network of non-tied intermediaries. The colleagues supporting non-tied insurance intermediaries meet with partners every day and assist them in their work, hold refresher courses and support them during campaigns. In 2024, the Insurance Company's goal is for its partners to have easier access to educational and sales support materials.

In accordance with the law, our customer service is also available in case of customer complaints. Our colleagues are available in person, by phone and online on several channels. To increase the capacity of these areas, we also involve external partners, where necessary. The customer portal functions as a sort of personal electronic account, "NetBiztosítás" [Online Insurance] for our personal insurance products. Our goal is to create this function for other products as well.

Below we describe a material topic closely related to our services.



## 7. PRODUCT DEVELOPMENT

GRI 3-3

In the context of this topic, product development is understood as an activity aimed at the development of new insurance products and services, or the updating and modification of existing products and services and the integration of the ESG dimension into the product range.

CIG-PROD-1

Our product range is reviewed and updated every year, and our offering is constantly being expanded. The products sold are reviewed at least annually in accordance with the above-specified regulations. During 2023, we introduced several modifications to our product portfolio. No decision was made to phase out products.

### Key indicators relating to our products

	2021	2022	2023
All products (pcs)	237	270	297
Gross closing premiums written (total in thousand HUF)	25 404 421	30 196 873	42 994 767
<b>Life insurance</b>			
Number of products (pcs)	76	81	99
Annual premiums from new contracts (total in thousand HUF)	3 029 152	5 747 991	4 386 674
Number of new contracts (pcs)	10 936	13 064	22 299
Closing portfolio (annual premiums) (total in thousand HUF)	19 592 423	24 229 999	25 548 797
Closing portfolio (pcs)	71 632	77 712	89 645
Gross premiums earned (total in thousand HUF)	24 771 838	25 945 807	31 464 881
<b>Non-life insurance</b>			
Number of products (pcs)	161	189	198
Annual premiums from new contracts (total in thousand HUF)	429 506	6 459 535	7 930 944
Number of new contracts (pcs)	243	20 434	22 899
Closing portfolio (annual premiums written – total in thousand HUF)	543 172	7 998 084	10 931 311
Closing portfolio (pcs)	447	20 746	22 823
Gross premiums earned (total in thousand HUF)	632 583	4 251 066	11 529 886

No specific ESG requirements were introduced in relation to insurance products. However, in the case of insurance-based investment products, CIG Life Insurance Company assesses the sustainability preferences of customers in accordance with the relevant legal requirements when they complete the Appropriateness and Suitability Test during the sales procedure.

In the case of several of our products (corporate property and liability insurance), environmental compliance and the presentation of permits are required. This requirement is subject to the activities of our customers.

Steps have been taken to integrate ESG-related discounts and incentives into corporate property and liability insurance products, but in 2023 such aspects were not yet taken into account in our product pricing. Rating of the activities of corporate policyholders is underway, and it is anticipated that we will make a final decision on this topic in 2024 as well. In the corporate customer segment – fleet, group personal, corporate property and liability insurance products – it is a practice already in place that we offer the possibility of joint sustainability actions with the insured partners.

As regards product development, we are planning to have the same dynamism in 2024 as in 2023. The CIG Pannónia Group is preparing more than ten product launches in the first half of 2024 in both the retail and corporate sectors. Product ideas or need for renewal are incorporated into the products to be developed based on indications from our sales channels and product development staff. Feedback from customers and partners is an integral part of development, and it is also essential to monitor legislative changes.

Part of the approval process is a feasibility plan and return calculation for the given product, and CIG Pannónia Group carries out back-testing using the available tools. In addition to calculations, the CIG Pannónia Group also assigns quantitative and qualitative indicators measuring the performance of each insurance product. The Insurance Companies review the products' terms and conditions and relevant calculations annually and, where necessary, initiate their modification. An important goal is for the Insurance Companies to become increasingly aware of product life cycle management from 2024 and thus respond to market changes.

During 2024, we need to move forward in order to fulfil the requirements of MNB's Green Recommendation regarding products and services. We need to meet the requirements of the Recommendation by 1 January 2025. In accordance with the Recommendation, the Management prepares a gap analysis in workshops with the involvement of middle managers, because its results may come in handy in the development of further products. CIG Life Insurance Company is renewing its entire unit-linked life insurance product range in order to be able to offer products aimed at green compliance.

Our goal is that CIG Pannónia Group's product range should include products that specifically support the green transition and recognise the decisions made by our customers for sustainability. In addition, we are planning to apply a set of discounts in all business lines that contributes to the green transition. These discounts were determined by asset group as follows:

- We are planning to add an Article 8 fund (a "light green", compliant with Article 8 of SFDR) to the offering of unit-linked asset funds, as well as to expand the offering of unit-linked green asset funds with an Article 9 fund ("dark green", compliant with Article 9 of SFDR).
- In the field of term life insurance and personal insurance, our goal is to increase the awareness of and educate customers, which can contribute to their improved knowledge about an environmentally and health-conscious lifestyle being reflected in their product choices. As a concrete step, we are planning to build a database related to the environmentally and health-conscious lifestyle of our customers.
- We also plan to incorporate the industry-specific ESG assessment into our motor vehicle insurance products. We also see an opportunity to incorporate discounts promoting the use of sustainable means of transport into product premiums, perhaps even for retail products.
- In the medium term, we will also strive to assign additional ESG criteria to our corporate property and liability insurance products. We are already considering environmental



aspects in case of companies and industries engaged in activities that pollute and damage the environment. These segments are currently subject to extra obligations (e.g. presentation of permits). In the future, we plan to build ESG-related discounts and incentives into product pricing. We think that this is feasible primarily based on the activities of the insured company<sup>57</sup> in relation to corporate products, the details are still being finalised.

- In the field of retail property insurance, in the longer term, we are planning to roll out a green insurance product that can be linked to MBH's green loan products. We plan to incorporate risk-mitigating health care programs and benefits as well as discounts into the premiums of our group personal insurances, because corporate customers can play a significant role in preserving/improving the health of employees.

Keywords	- Feasibility of green products - Dynamic changes, expanding product range
Planned for 2023	Completed: ✓ Steps taken to incorporate ESG related discounts and incentives ✓ Decisions made in order to comply with the MNB's Green Recommendation
Commitments for 2024	• Launch of products according to SFDR 8 • Incorporation of ESG-related discounts and incentives into corporate property and liability insurance products and group personal insurance



Also in the context of product development, our Insurance Companies contribute to the UN Sustainable Development Goals by their decisions made with the MNB's Green Recommendation in mind<sup>58</sup>. Steps towards green products support decisions made to promote health and well-being, and by supporting the green transition, also promote action against climate change, in addition to maintaining economic security. (SDG 3, SDG 8, SDG 13).

<sup>57</sup> It is possible that we will link certain pricing elements to ESG certification and/or corporate decisions supporting sustainable operations (e.g. installation of green roof, cultivation of plants resistant to climate change).

<sup>58</sup> Source of the pictograms: <https://ksh.hu/s/kiadvanyok/fenntarthato-fejlodes-indikatorai-2022/>



## 8. CUSTOMER INFORMATION AND AWARENESS-RAISING

GRI 3-3

The CIG Pannónia Group classifies under the material topic of “Customer Information and Awareness-Raising” all activities in which the company communicates with customers in a targeted manner, draws their attention to the importance of the green transition, and directs their attention to the ESG values of its products. Clarity is important. It is also essential that customers get information related to sustainability and are able to make well-thought-out decisions about the products of CIG Pannónia Group.

GRI 417-2, GRI 417-3, CIG-INF-1

Sectoral legislation imposes a number of information obligations on the Insurance Companies. The required form and timing of these information obligations varies: pre-contractual information, *ad hoc* information or regular during the term of the contract, information related to termination of the contract, and other disclosure obligations. The form and content of information provision depends on the type of product and the sales channel, as well as the customers’ preferences. Pursuant to the regulations governing the process and form of customer information, customer information shall primarily be provided on paper and may only be provided in electronic form if the customer has specifically chosen this means of information, and this is a suitable means of information and communication for them. The law on insurance activities sets out additional requirements regarding the provision of information via a website. Therefore, in general, the Insurance Companies are bound by legal provisions also regarding the form of information, and such provisions not necessarily facilitate digitalisation and online communication.

Currently, there is a specific disclosure obligation (and not information obligation) in relation to asset funds suspended as a result of the war between Ukraine and Russia<sup>59</sup>, as well as sustainable investments<sup>60</sup>. Since the introduction of the “green” regulation, CIG Life Insurance Company has supplemented its pre-contractual information related to insurance-based investment products as well as its Investment Policy with the minimum information required by law and has fulfilled its disclosure obligation related to its products. Furthermore, in 2023, CIG Life Insurance Company supplemented the Appropriateness and Suitability Test used in the sale of its insurance-based investment products with questions about customers’ sustainability preferences. Considering that the current life insurance products of CIG Life Insurance Company do not take sustainability aspects into account, the educational materials for salespeople have not been updated either. However, CIG Life Insurance Company is investigating the possibility of integrating ESG into its products, and is planning to launch specifically green products, for which it has already enabled the use of measurement points<sup>61</sup>. As soon as such a product is rolled out, the relevant customer information will be modified and supplemented.

The activities of the Insurance Companies can be divided into life and non-life insurance activities. Depending on the type of insurance product and sales channel, the information documents for each product also vary. Requirements regarding pre-contractual information are directly defined in the Act on Insurance Activities, the Act on Distance Selling, and SFDR. We publish on our website, among other things, the insurance terms and conditions, customer information, information on insurance products, taxation information, the terms of use of the customer portal, documents containing key information, as well as our investment policies. For life insurance products, we have also made available on our

59 <https://www.cigpannonia.hu/hasznos/tajekoztato-eszkozalapok-felfuggesztesero/>

60 <https://www.cigpannonia.hu/rolunk/fenntarthatosag-esg>

61 The CIG-PROD-2, CIG-PROD-3 indicators have been prepared



website under the name “Mindentudó” (Omniscient) simplified product summaries and total cost indicators (as part of the terms and conditions).

Moreover, we especially try to facilitate the reporting of complaints, whistleblowing, and the provision of information to people with disabilities<sup>62</sup>, for example through the documents entitled “Information on the require content and format of powers of attorney” and “Information on the whistleblowing system”<sup>63</sup>. Our website also contains information for beneficiaries and heirs, as well as a glossary. These documents and the content of the “Frequently Asked Questions and Answers” tab<sup>64</sup> on the Insurance Companies’ website are updated upon changes in products and current laws. The document search function available on the Insurance Companies’ website makes it easier to find specific information and documents.

In 2023, CIG Life Insurance Company had no insurance policy that could be taken out online. CIG Life Insurance Company planned to start online sales of “Pannónia Bajtárs” Personal Accident Insurance from the beginning of 2024 (this had already been implemented by the time of publication of this Report). CIG EMABIT’s home and travel insurance products can currently be purchased online. PadTárs, a student insurance that can exclusively be purchased online, was anticipated to be rolled out at the beginning of 2024 (this had already been implemented by the time of publication of this Report).

The CIG Pannónia Group is committed to educating insurance intermediaries and customers, and increasing financial awareness. Our goal is to increase the prestige of the insurance profession. To this end, we published several social media posts during the year, which were also aimed to increasing consumer awareness and helping them choose the right insurance. The CIG Pannónia Group will continue on this path in 2024. In addition to home and travel insurance, bancassurance products (e.g. credit protection insurance) as well as accident and term life insurances will also be included in the awareness campaign.

In 2024, we are planning to launch an online section dealing with damage prevention techniques that will help customers mitigate environmental risks and increase resilience. Our long-term plan is to develop a comprehensive ESG communication strategy that defines ESG-related communication opportunities throughout the entire customer journey. This strategy will also affect feature-benefit selling, customer service and customer communication work, as well as damage prevention and loss adjustment processes.

**Number of publications/appearances concerning ESG**

	2021	2022	2023
Customer education programs, setting up a stand at outdoor events, materials published online, offline customer information materials, etc.	10	13	18

The listed customer information materials, including mandatory information materials provided in accordance with regulatory requirements, are being amended and supplemented with a view to sustainability. According to our plans, we will use the opportunities for personal contact with customers provided by MBH Bank Nyrt.’s branch network to implement actions designed to promote sustainability and social responsibility. We will examine the possibility of operating early warning systems. They would notify customers of threats to the insured assets. We also consider the latter important because this could directly increase the financial awareness of customers.

62 [https://www.cigpannonia.hu/ugyfeleinknek/fogyatekkaL\\_elok](https://www.cigpannonia.hu/ugyfeleinknek/fogyatekkaL_elok)

63 The Head of Compliance, as an impartial and independent person, was appointed to operate the internal whistleblowing system. A whistleblower (either an external or internal stakeholder) can make a whistleblowing report in writing or orally. Written reports may be sent to the e-mail address [bejelentem@cig.eu](mailto:bejelentem@cig.eu). Oral reports can be made by phone or in person.

64 <https://www.cigpannonia.hu/hasznos/gyik>.





Keywords	- Our customer information materials meet the regulatory requirements
Planned for 2023	Completed: <ul style="list-style-type: none"> <li>✓ Social media presence for awareness-raising</li> <li>✓ Supplementing the Appropriateness and Suitability Test linked to our insurance-based investment products with questions about customers' sustainability preferences</li> </ul>
Commitments for 2024	· Supporting the use of damage prevention techniques among customers.



The material topic of Customer Information and Awareness-Raising indirectly contributes to action against the effects of climate change and the revitalisation of the Global Partnership from among the UN's Sustainable Development Goals<sup>65</sup> (SDG 12, SDG 17). Within this topic, easy to understand and transparent customer information materials and our corporate commitment to increase financial awareness could have the most direct impacts, since this way, we also help to ensure responsible consumption (SDG 12).



65 Source of the pictograms: <https://ksh.hu/s/kiadvanyok/fenntarthato-fejlodes-indikatorai-2022/>



## 9. CUSTOMER SATISFACTION

GRI 3-3

The CIG Pannónia Group classifies under the material topic of “Customer Satisfaction” the collection of customer feedback, which allows us to get an idea of the consumers’ perception of the products and services of the Insurance Companies. Customer satisfaction is measured during incoming phone calls. The CIG Pannónia Group has developed a special process for providing feedback on any customer complaints so that the affected areas can modify their operations based on positive or negative feedback from customers in order to better meet their expectations.

GRI 2-16, CIG-ÜGYFÉL-I

The CIG Pannónia Group is committed to taking further steps to measure the satisfaction of our customers. In 2023, not all our customers were available for satisfaction measurement, only those visiting to our customer service points and those acquired through our partnership with the electricity provider MVM<sup>66</sup>. Their feedback concerns administration and the customer portal, and therefore the feedback about our products is not comprehensive. We are also planning to introduce Net Promoter Score<sup>67</sup>, which measures customer loyalty, as a metric for customer satisfaction.

A general satisfaction measurement covering all our customer groups has not yet been carried out. Our long-term goal is to implement regular satisfaction measurements periodically, covering both the retail and corporate segments. These measurements will cover the products and the entire spectrum of service use.

### Number of registered complaint cases

	2021	2022	2023
Number of complaints	1 161	1 891	2 924

The number of complaints can be attributed to the expanded sales channel and the increased number of contracts and customers. The number of our customers and insured persons nearly tripled from 2021 to 2023.

An ESG-related action set for 2024 is the expansion of customer satisfaction surveys conducted during customer service inquiries. When contacting customers by telephone, we plan to set as default a question that is to be asked before the end of the call, which would give an opportunity to measure customer satisfaction for each operator. In the case of personal customer relations, our goal is to be able to measure customer feedback with a digital tool. The method of measurement can be, for example, the subsequent automatic sending of e-mails. Our further goal is that on digital channels, a question measuring satisfaction should be displayed automatically after transactions.

<sup>66</sup> Customers having a group life or accident insurance contracts concluded through our partnership with the MVM Group

<sup>67</sup> A customer loyalty and satisfaction measurement is usually consisting in asking customers how likely they are to recommend the product or service of the given company to others on a scale of 0-10.



CIG Life Insurance Company has so far not detected an increased market demand for green products (products according to Articles 8 and 9 of the SFDR), nor that other insurers would suffer from a competitive disadvantage due to the lack of specifically green products. No sustainability-related feedback or complaints were received from our customers.

Keywords	- Partial data regarding the satisfaction and expectations of CIG customers
Planned for 2023	Completed: ✓ Measurability of customer service inquiries ✓ Feedback from MVM customers
Commitments for 2024	· Questions about satisfaction after talking to a telephone operator · Possibilities for digital measurement in the case of personal relations with customers · Requesting feedback on satisfaction via digital channels



Measuring our customers' satisfaction and receiving feedback from them directly helps to ensure that access to financial services becomes more balanced, thereby encouraging innovation and contributing to the goal of fair economic growth (SDG 5<sup>68</sup>).



## 10. DIGITAL CUSTOMER MANAGEMENT

GRI 3-3

By the material topic of “Digital Customer Management”, CIG Pannónia Group means a principle guiding the internal operation of the Insurance Companies and the management of customer processes as well as the decisions made along that principle, which aims to minimise the number of printed documents during data storage, sharing and processing.

CIG-DIGI-1, CIG-DIGI-2, CIG-DIGI-3

We have designated as an ESG action the development, in the medium term, of identical processes for paper management in the retail and corporate customer segments. As a longer-term goal, we plan to set up and use a customer portal for all customer segments (this option is not yet available for corporate customers) and for all product ranges. First, we will introduce electronic signatures first for retail and then for corporate customers. We aim to encourage their use through discounts. The introduction of electronic identification and authentication in all customer segments will be an important step in achieving a high degree of digitisation of customer management processes.

The use of paper and the number of printed contracts were affected by the increased number of customers. The extent to which customers use the digital customer portal is an important indication of their digital propensity and availability. In the corporate segment, this figure was 31 percent in the last three months of 2023, and 32 percent among retail customers.

### Digital contract conclusion and administration

	2021	2022	2023
Sheets of paper used for printing (pcs)	226 557	291 872	283 142
At the registered office of CIG Pannónia Group	94 296	147 635	106 323
In the printing house	86 789	89 433	85 315
By partners	45 472	54 804	91 504
Number of printed contracts (pcs)	44 976	54 756	91 504
Number of contracts not printed <sup>69</sup> (pcs)	496	48	0

In 2023, the CIG Pannónia Group automated several of its internal operating processes, which helped increase efficiency. Owing to this, partners and customers could obtain information more quickly or access the information they needed and receive help more easily. Automated processes have also appeared in communication with partners, complaint handling and underwriting.

Customers with life insurance policies like to choose the digital administration through the customer portal. Currently, no customer portal is unavailable for customers with non-life insurance products. Upon concluding a contract, only the most necessary quote document and statement to be signed by the customer are printed, all other pages are uploaded online. In the case of our corporate property insurance products, we typically communicate with customers electronically, and most of the contracts are received in a scanned format.

<sup>69</sup> The number contracts concluded using of SelfID has decreased. In 2023, there was no possibility to conclude a contract online.



Insurance Companies plan to introduce an online claims settlement interface in 2024. In 2024, we will also have to take some key steps necessary for launching our online sales interfaces by making the entire insurance underwriting process available to customers electronically.

The IT Directorate is performing tests and simulations so that the Insurance Companies can respond in a prepared manner to potential loss events, claims, and to addressing these situations. No real emergency occurred in 2023 when the emergency scenarios would have been needed.

Thanks to the developments of recent years, we have communications are almost 100 percent electronic in the retail personal insurance segment. The customers of the CIG Pannónia Group receive notifications about their contracts through a portal or by e-mail. The goal that all individual retail and, if possible, corporate products of the Insurance Companies should have a dedicated interface by 2025. Our goal is to make the entire customer management process paperless, starting from the contract conclusion to all steps that arise during the life of the policy.

The internal operations and dispatches are not yet completely paperless, documents are printed during contract conclusions with customers and the administration process, largely in order to comply with the legal regulations. Our goal is that 75 percent of customer contracts and administration are done without printing.

These steps are all related to the Insurance Companies' innovation project. The CIG Pannónia Group is preparing a project that will enable us to become one of the most dynamically developing insurance companies in the Hungarian insurance market by the end of 2025, thereby there will be a better focus also on compliance with ESG guidelines.

Besides these goals, we plan to use artificial intelligence and unify the portal system. On the one hand, this will enable us to satisfy partner and customer needs even better, and on the other hand, it will create an opportunity for CIG Pannónia Group to reduce the number of systems used and make its operations even more efficient.

Keywords	<ul style="list-style-type: none"> <li>- The customer portal is available to all customers</li> <li>- A large proportion of customer processes are supported electronically</li> <li>- One third of our customers use the customer portal</li> </ul>
Planned for 2023	<p>Completed:</p> <ul style="list-style-type: none"> <li>✓ Renewed internal processes</li> <li>✓ Preparation of a digitisation project</li> </ul>
Commitments for 2024	<ul style="list-style-type: none"> <li>· Introduction of an online loss adjustment interface</li> </ul>



We promote equal access to financial services with our digitisation efforts and encourage easier monitoring, availability, and conscious financial decisions (SDG 8, SDG 10<sup>70</sup>).



## 11. ESG RISK MANAGEMENT AND ASSUMPTION

GRI 3-3

The material topic of “ESG Risk Management and Assumption” means that ESG risks are identified, assessed and, if necessary, taken into account in the Risk Management and Risk Assumption Policy. Such risks include, for example, the threats caused by climate change, which may affect the well-being of people, companies, communities, infrastructures and the environment. The Chief Risk Management Officer is responsible for operating the risk management system, supporting other persons performing key functions<sup>71</sup> in the field of risk management, advising the Supervisory Board, for example, on strategic matters, and cooperating with the person(s) performing actuarial tasks. It is important for the Board of Directors to determine the “risk appetite”. Performance of this task is monitored by the Risk Management Committee<sup>72</sup>.

GRI 201-2

“ESG risks”<sup>73</sup> shall mean the risk of losses resulting from the current or expected impacts of environmental, social and governance factors on the entity’s partners or invested assets and from the negative financial impact on the entity.

In its Green Recommendation, the MNB suggests that insurance companies apply the UN Principles for Sustainable Insurance and integrate ESG risks both into the strategy and the internal management systems. The proposed measures affect the decision-making of insurance companies, the appropriate information of clients and partners, the cooperation with governments and supervisory bodies on ESG-related matters, as well as transparency of the progress made towards the implementation of the principles.

The CIG Pannónia Group currently manages ESG risks in its risk management strategy to the extent that they are covered by the reinsurance terms and conditions, and it manages physical risks related to the physical impacts of climate change. In 2023, we explored the points to be supplemented in the Risk Assessment Report. Our goal is to update that report in 2024. Prior to concluding a contract, CIG EMABIT requests any documents that it considers necessary for risk assessment in connection with activities that require an environmental permit or have an environmental impact.

In 2024, the CIG Pannónia Group will have several sub-tasks to complete: identifying and defining the importance of short, medium and long-term risks and opportunities arising from climate change (e.g. in relation to segments, areas, products), as well as their incorporation into the Company’s business model and strategy. To do so, the risk appetite and measures for managing risks were determined.

It is also necessary to take into account the main competitive advantages resulting from climate change as well as environmental risks and opportunities, together with vulnerabilities. We plan to assess the physical and transition risks related to the environment,

*71 Particularly important duties or activities as defined in the Outsourcing Regulations*

*72 The Chairman of the Committee is the Chief Risk Management Officer and its permanent members are the following people: Chief Corporate Governance and Prudential Compliance Officer, Deputy CEO for Finance, Internal Audit Manager, General Counsel, Chief Compliance Officer and Chief Actuary. Depending on the agenda, ad hoc members may include the IT Director, the IT Security Officer, or any employee representing a department specified in the Organisational and Operational Regulations that should be invited to discuss specific agenda items.*

*73 <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52021PC0664>*

their financial implications and impact on operations, and to inform the Board of Directors about them.

We also plan to supplement the Risk Management System and Risk Assessment Report (ORSA) in 2024. Exposure to environmental risks linked to climate change, monitoring of the impacts on life insurance in the case of physical risks, as well as the steps of vetting products, business partners, and investments will be integrated into the Report.

In accordance with our legal obligations, internal guidelines will be created that regulate the integration of environmental risks into the insurance process (e.g. geographical areas and sectors with greater exposure), the operational risk management system will be extended to cover environmental risks, a scenario analysis will be performed and risk mitigation solutions will be developed. An assessment of climate risks will be included in the financial planning process, and we are also planning to appoint a dedicated person who will be responsible for the management and control of climate change risks.

Keywords	- Integration of, and preparation for, the risk of losses resulting from the negative financial impacts of environmental, social and governance factors on the institution
Planned for 2023	Completed: ✓ Focusing on ESG risks
Commitments for 2024	<ul style="list-style-type: none"> <li>• Assessment of ESG risks occurring during our operations</li> <li>• Integration of environmental risks into the insurance underwriting process</li> <li>• Supplementing the Risk Assessment Report with ESG risks</li> </ul>



By means of its decisions on ESG risk management, CIG Pannónia Group indirectly promotes processes that support decent job creation, entrepreneurship, and innovation. We make micro, small and medium-sized enterprises more sustainable and their development more balanced. We also directly promote the building of a robust infrastructure (SDG 8, SDG 9)<sup>74</sup>.

<sup>74</sup> Source of the pictograms: <https://ksh.hu/s/kiadvanyok/fenntarthato-fejlodes-indikatorai-2022/>



## C. PEOPLE-CENTRED WORKPLACE CULTURE

GRI 401-2, GRI 2-30

Since 2021, remuneration has been regulated by a three-pillar remuneration framework at the CIG Pannónia Group. Thanks to this, we meet a number of regulatory requirements, and ensure the link and connection between the individual regulatory regimes. The remuneration system of the CIG Pannónia Group: the three pillars of the Single Remuneration System<sup>75</sup> are the Remuneration Regulations<sup>76</sup> (Pillar 1), the Employee Share Ownership Program (hereinafter referred to as “ESOP”) (Pillar 2), and the Remuneration Policy (Pillar 3).

The shareholders of CIG Life Insurance Company actually have a say in the Remuneration Policy of the CIG Pannónia Group; they can vote on it in a consultative manner. The CIG Pannónia Group presents a Remuneration Report to the General Meeting of CIG Life Insurance Company on an annual basis. The Report contributes to implementation of the Insurance Companies’ business strategy, long-term business interests and sustainability.

The CIG Pannónia Group operates an incentive system to supplement the remuneration system. The purposes of this system is to ensure that stakeholders strive to achieve annual business and personal goals that support the Group’s long-term strategy. The criteria for the bonus are set out in the Regulations on the Performance Appraisal System.

Our benefit package is uniform across the entire organisation:

- the total monthly remuneration consists of a basic salary and a performance-related pay, supplemented by a cafeteria plan;
- the annual goals are supported by the Performance Appraisal System; all our employees undergo regular performance appraisal and career development assessments;
- high-ranking manager participate in an Employee Share Ownership Program.

There is a difference in the ratio of performance-related pay and the basic salary between individual organisational units. In the case of the sales staff, this ratio is higher than for other colleagues. In the Performance Appraisal System, the performance KPIs related to the achievement of corporate goals has a higher weight in the overall assessment for employees in management positions than for other employees, and ESG criteria have also been integrated into the assessment. There is no distinction between individual departments. We can allow more flexible work arrangements or grant unpaid leave to colleagues in special life situations. Decisions in this regard shall be made on a case-by-case basis, giving maximum consideration for the interests of our colleagues.

The CIG Pannónia Group also enshrines the provision of equal opportunities in its rules and regulations and has created separate regulations on equal treatment and the promotion of equal opportunities. In that document, it is explained in detail that the requirement of equal treatment needs to be enforced in connection with the provision of services, employment, and social security alike. We do not tolerate discrimination, and we have

*75 It is publicly available on our website and is fully compliant with the relevant Solvency II rules and the requirements of the MNB.*

*76 Subject to the provision establishing the delayed entry into force in Section 29(3) of Hungarian Act LXVII of 2019 on encouraging long-term shareholder engagement and amending certain laws for legal harmonisation purposes (hereinafter referred to as the “SRD Act”).*





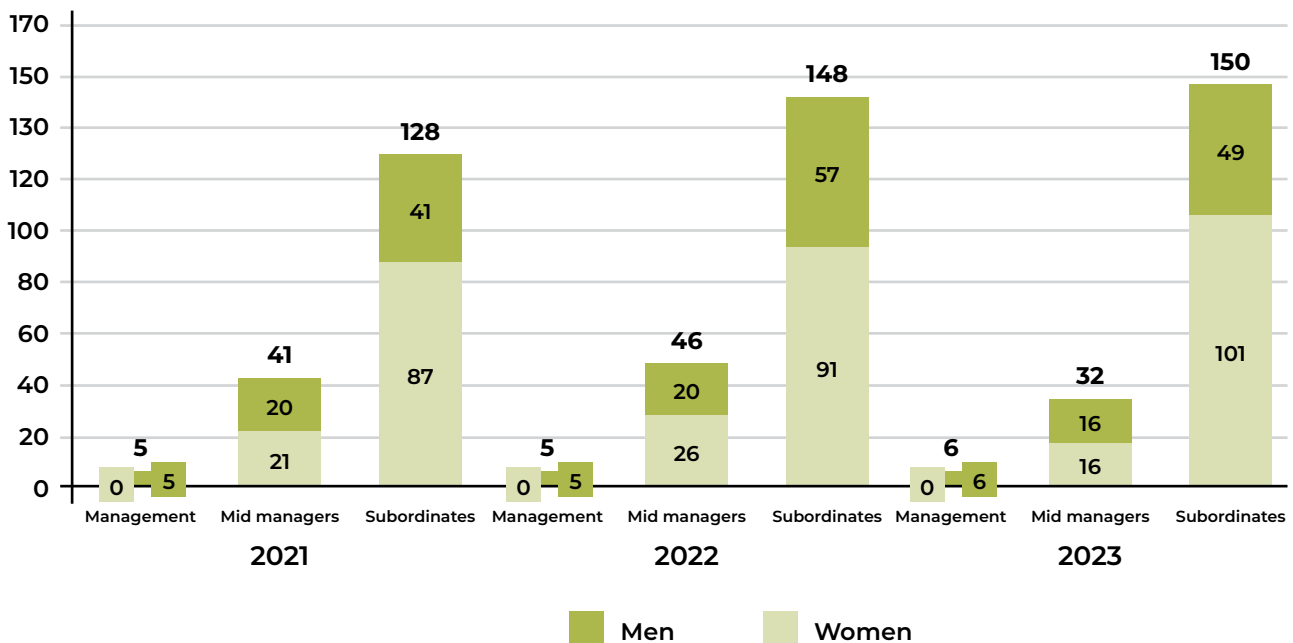
formulated a plan to strengthen equal opportunities. Our measures are checked and monitored to identify those measures that are harmful to the proportional participation of women and acts of discrimination, and the necessary measures are taken to eliminate them. In business relations, we promote the equal opportunities of consumers with disabilities by providing them with distinct information. As regards employment, we pay particular attention to compliance with equal opportunity provisions when determining employment, advancement and remuneration conditions. Our expectations in this regard are recorded separately in our guidelines on the selection of members of corporate bodies.

The ratio of women to men in the Boards of Directors and Supervisory Boards were as follows: (i) one of the four members of the Boards of Directors was a woman, (ii) two of the three members of the Supervisory Boards were women.

The Boards of Directors of the Companies set a 40% target for the ratio of women in non-executive jobs.

Senior managers (the CEO and their deputies, i.e. the management) and middle managers (directors and heads of department) are considered jointly as the non-executive level. The ratio of women to men in the organisation has evolved as follows in the last three years.

**Total number of men and women in the CIG Pannónia Group, broken down by employment category**



The CIG Pannónia Group exceeded the above-mentioned target in all calendar years. The Board of Directors expects the striking of the right balance and has set the goal of finding the right balance for middle managers.

## Parental leave (number of people)

	2021		2022		2023	
	Men	Women	Men	Women	Men	Women
Employees entitled to parental leave	1	10	0	12	0	15
Employees taking parental leave	1	10	0	12	0	15
Number of employees returning to work after parental leave	0	1	0	1	0	4
Number of employees who did not return to the company after parental leave	0	1	0	2	0	1
Number of returning employees	-	1	-	0	-	1
Number of employees returning to work after parental leave who were still employed 12 months after their return	0	0	0	13	0	3
Retention rate	-	0	-	1	-	0

The measures of the HR Department ensure, as confirmed by the indicators, that there is no difference in the quality of benefits packages between the employees of the CIG Pannónia Group based on their employment status (full-time or part-time)<sup>77</sup>. Full-time employees receive the same kind of benefits as those in temporary or part-time employment: health insurance (except for the Health Visa, which is only provided for full-time employees), health protection and sickness coverage, as well as life insurance. Only high-ranking managers are entitled to participate in the Employee Share Ownership Program, and so far, no part-time employee has held such a position.

## Employees and types of contract

	2021	2022	2023
Number of hours worked by all employees during the year	178 861	235 021	193 253
Total number of persons employed	174	199	188
Other types of contract <sup>78</sup> (people)			
Interim staff	4	3	2
Student work	3	3	2
Pensioners' Association	1	0	0
Number of interns (total people during the year)	0	0	0
Those working under an independent contractor agreement	113	136	138
Of which: insurance agents and brokers	113	136	120

The requirement of equal opportunities is reflected in the expectations established for managers, in the performance appraisal process, and in forming attitudes and behaviour.

<sup>77</sup> Parental leave and retirement benefits are provided on the basis of the law, so they are equal for all employees of the Insurance Company.

<sup>78</sup> None of our employees or intermediary partners work are covered by a collective bargaining agreement.



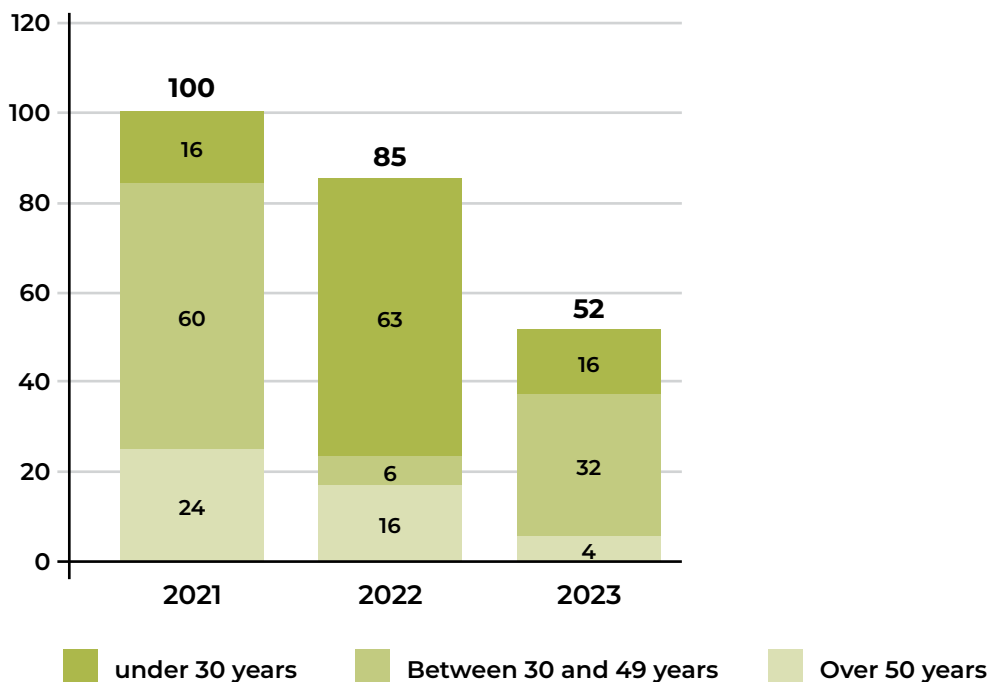
## 12. EMPLOYEE RETENTION AND CAREER DEVELOPMENT

GRI 3-3

For the CIG Pannónia Group, the material topic of “Employee Retention and Career Development” means that it considers employees as the key to growth and the most important assets of the organisation. The aim of the Company is for the employees to be satisfied with their current situation and to be aware of their possibilities for the future. The CIG Pannónia Group a direct impact by taking care of the employees’ health, mental and social well-being. An indirect effect of our operation is that we set a good example for employees, competitors and other Hungarian companies as a secure, inclusive and resilient workplace. Managers play a pivotal role in employee retention and career development.

GRI 2-21, GRI 401-3, GRI 404-3, CIG-KARRIER-1, CIG-KARRIER-2

### Age distribution of new hires

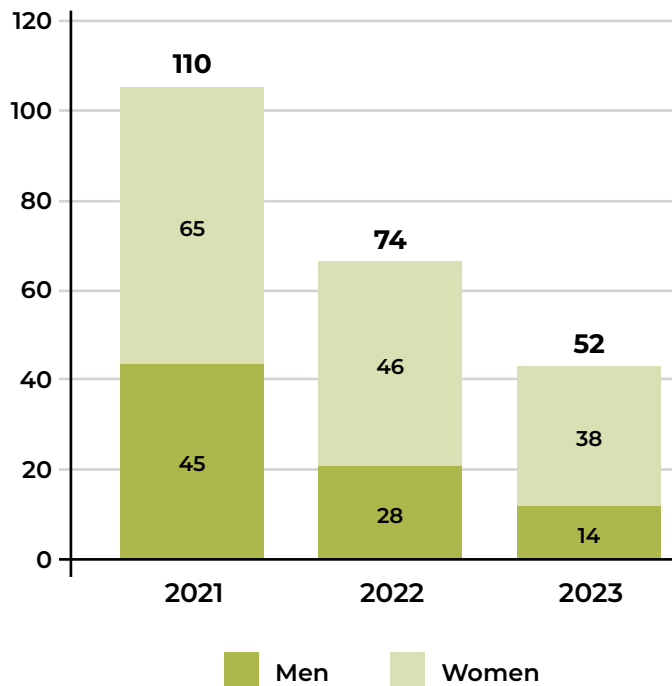


We had less new hires in 2023<sup>79</sup> than in 2022. The majority of new hires are aged 30 to 49, which is an important change compared to last year. More than two-thirds of new hires are women. The number of exiting employees shows the same ratio. The number of employees exiting due to retirement and contract expiration increased compared to the previous year.

<sup>79</sup> 8.1%, 17.02%, and 2.13% by age group compared to the closing headcount of all employees at the end of the year.



**Gender breakdown of new hires**



In 2023, managing the changes that occurred in the world continued to require greater resilience from people, our employees and the CIG Pannónia Group as a whole. This approach is an increasingly common expectation of employees towards their employer. We experienced that we were expected to deal with inflation in a timely manner, perform a salary adjustment as fast as possible, allow flexible working arrangements, and increase the number of home office days. In addition to all of this, the CIG Pannónia Group, as employer, is also expected to provide secure future prospects, a clear career path, opportunities for advancement, and overall secure – not changing – and improving livelihood in a constantly changing world. This ambiguity defined the year 2023.

Currently, the effectiveness of these measures is only measured indirectly by measuring employee turnover, and surveying employee satisfaction (with the possibility to answer anonymously). Of course, our colleagues are regularly informed about these topics.

**Employee turnover**

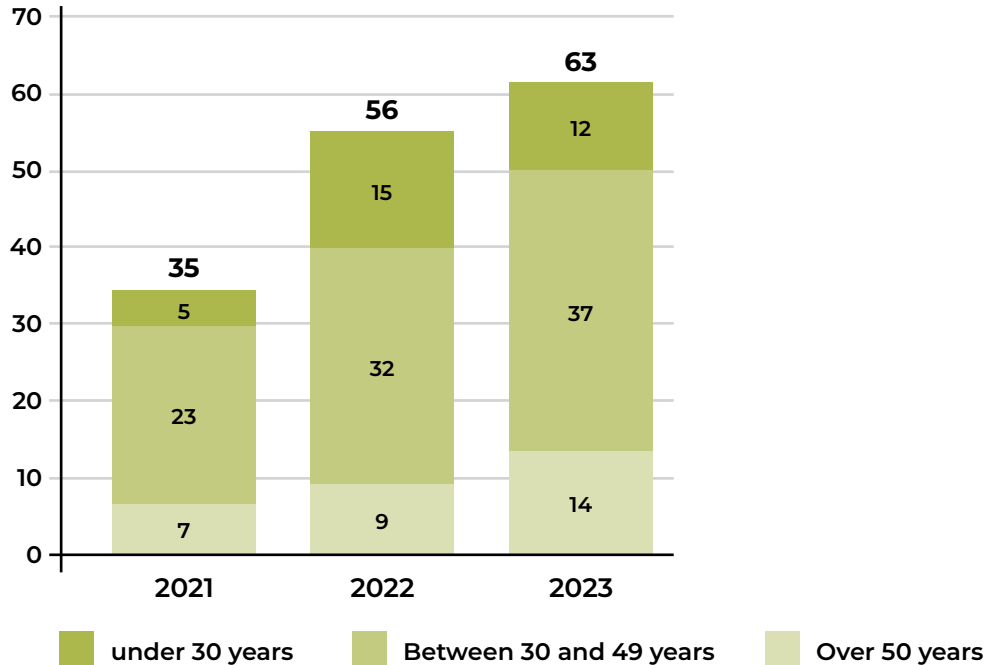
	2021	2022	2023
Total number of employees	174	199	188
The proportion of employees <sup>80</sup> who left the organisation compared to the total workforce	20,11%	28,14%	33,51%

*80 Including exits due to retirement, contract expiration and a change in the employer /succession/*



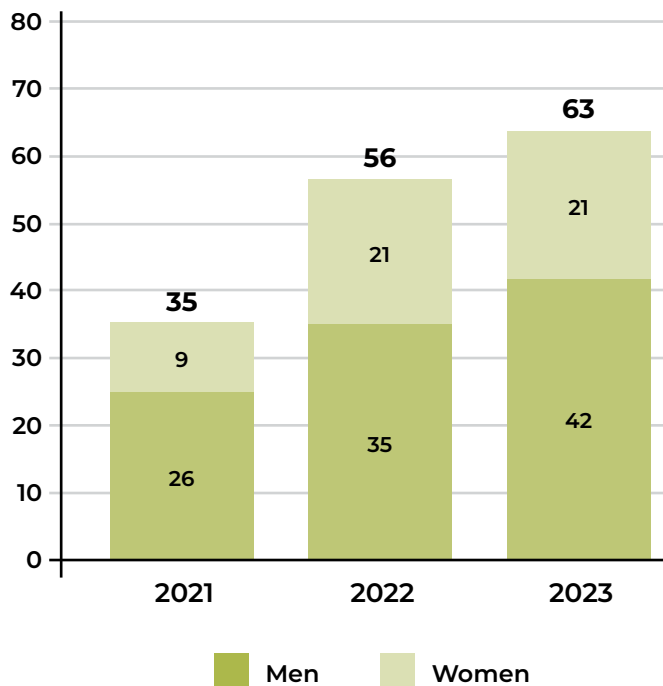
**The proportion of exiting employees by age group, compared to the closing headcount at the end of the year**

Total exits due to retirement, contract expiration and a change in the employer /succession/



**Gender breakdown of exiting employees**

Total exits due to retirement, contract expiration and a change in the employer /succession/



In the employee satisfaction survey launched in 2023, colleagues were asked to share their opinions on the CIG Pannónia Group’s benefits, strategy, customer focus, managers, and the quality of internal cooperation. The purpose of the survey was not only to get a picture of the current situation, but also to help increase employee satisfaction with targeted actions **61** in 2024, and to be able to use the information from the periodic measurement in the future.

In the last quarter of 2023, with the involvement of the HR Department, employees jointly evaluated the results and formulated action plans for their own departments. This was the first year in which we conducted an extensive satisfaction survey amongst our employees. By averaging the scores on survey items, the CIG Pannónia Group received an average score of 7.2 on a scale of 1 to 10.

In 2023, we tested a new benefit scheme that gives us the opportunity to provide extra incentives to all our employees in order to improve their own performance through more frequent (quarterly, monthly) performance measurements in addition to the annual performance indicators. Another benefit of this tool is the opportunity for colleagues to give feedback to each other, and it supports and establishes a framework for mentoring at the organisational level. The first annual review of the monthly performance appraisal system and the evaluation of its future prospects will take place in 2024.

In order to move forward in this area as well, a leadership development pilot program was launched in 2023, which we plan to expand in 2024. The aim of this program is to be able to provide personalised support to our management team. For this, we plan to assess and develop the broadly understood leadership skills.

Our employees receive feedback through several channels. The opinions received show that employees in all areas have a very heavy workload. The causes and possible solutions are approached from several angles. Our goal is that the efficiency of our knowledge base and processes can keep up with our development.

Documenting the accumulated knowledge is therefore an important goal for us, and in order to achieve this, we have identified several subtasks<sup>81</sup>:

- project regulations and a process were created, the purpose of which is to ensure that each complex goal is implemented by a specific team;
- several colleagues interested in the project received project management training in order to be able to effectively implement specific common goals;
- the Project Management Directorate was established, which is tasked with comprehensive supervision and support of the Company's projects;
- the OpenProject software was introduced to document projects;
- the internal defence functions of the Insurance Companies have been given authority to formulate proposals regarding the efficiency of the processes during topical reviews, and such proposals can be integrated into the operation of our Companies through regulations and processes.

In light of their business strategy and opportunities, the Insurance Companies implemented the following programs in 2023 to retain employees and improve their employment conditions:

- by changing the benefit plans of our employees, a position-based benefits system based on market data was introduced;
- the working conditions and environment have been developed so that working in the physical workplace should be as comfortable as possible for our colleagues;

*81 The leaders of the programs listed are the heads of the individual departments: Project Management Directorate, Deputy CEO for Retail Segment, and internal lines of defence – Deputy CEO for Corporate Governance and Prudential Compliance*

- the rules applicable to home office have been updated in an effort to strike the right balance between team work at the workplace and working from home;
- training programs have been launched to convey specialised knowledge and leadership knowledge;
- the feedback received from exiting employees has been systematised and the lessons drawn.

In order to increase the efficiency of our processes, in the spring of 2023, a project covering several sub-projects was launched (under the name Konrád Project), the fundamental objective of which is to increase the effectiveness of the CIG Pannónia Group in the long term. Several programs were rolled out in order to promote a common understanding of the problem, the formulation of actions, and their joint implementation. The sponsor of the project is the CEO. The project is closely linked to our efforts to retain our employees<sup>82</sup> and develop their careers.

In order to ensure good functioning, salaries were compared to market-average salaries for each position, and a differentiated salary increase was performed. In the past three years, the median annual salary of all employees has remained below 10 percent compared to the annual salary of the organisation's highest-paid employee, but the adjustment of salaries to market needs is ongoing, and they have been increased.

The introduction of performance-related pay for the entire Company is a goal for the longer term. We envisage that performance-related pay will help our high-performing colleagues feel that doing extra work (going the extra mile) comes with extra compensation. The precursor to this is the leadership development program, as having good leaders is an indispensable condition for the good functioning of individual teams, and thus also for a good workplace atmosphere.

The Konrád Umbrella Project includes the target areas of Leadership Development and Performance Management. Each area brings together different actions. The Management Development target covers the tasks determined in relation to performance records and feedback, as well as the tasks identified in terms of key positions and employee turnover. We have also included the general and targeted training (e.g. presentation skills) of our managers in this area. We formulated several tasks in the field of performance management, for example in relation to feedback and regulation.

Keywords	<ul style="list-style-type: none"> <li>- Performance-Related Pay</li> <li>- Employee Stock Ownership Plan</li> <li>- Employment-related challenges of a growing organisation</li> <li>- Resilience</li> </ul>
Planned for 2023	Completed: <ul style="list-style-type: none"> <li>✓ Standardisation of our benefits package</li> <li>✓ Satisfaction survey</li> <li>✓ A project launched to document accumulated professional knowledge</li> </ul>
Commitments for 2024	<ul style="list-style-type: none"> <li>• Continuation of the Konrád project</li> <li>• Targeted training courses in the framework of the Leadership Development Program</li> </ul>



With training courses on the topics of employee retention, turnover reduction, and career development, we are indirectly contributing to the Sustainable Development Goal of quality education (SDG 4<sup>83</sup>), and directly to the Sustainable Development Goal of gender equality and decent work. (SDG 5, SDG 8).

<sup>82</sup> A value of 7.7%, 8.3%, and then 9.4%

<sup>83</sup> A piktogramok forrása: <https://ksh.hu/s/kiadvanyok/fenntarthato-fejlodes-indikatorai-2022/>

### 13. EDUCATION OF EMPLOYEES AND AWARENESS-RAISING

GRI 3-3

“Employee Training and Awareness-Raising” is an material topic for the CIG Pannónia Group, which means that it is essential to organise training courses within the company also to ensure the regularity of our operations and to keep employees’ specialist insurance knowledge up to date. The CIG Pannónia Group considers this to be the key to long-term, sustainable business success. Education is a relevant channel also from a business and sustainability point of view. The CIG Pannónia Group has a direct impact by having a staff with up-to-date knowledge owing to mandatory and extra training, which allows it to serve the interests of its customers.

GRI 2-16, GRI 404-2, CIG-OKT-1, CIG-OKT-2, CIG-OKT-3, CIG-OKT-4

As institutions supervised by the MNB, the Insurance Companies have detailed plans, educational materials, and a follow-up system for the training of employees, service partners, and salespeople. Employees and the staff of partner networks have different syllabuses. Generally speaking, we deepen and expand the general knowledge of employees and the specific knowledge of partners, as the two groups need different knowledge. In 2023, we also carried out several training-related tasks within the framework of the above-mentioned Konrád Project, which improved the competencies of employees and helped the development of managers. In 2023, the syllabus of mandatory training courses was reviewed. We are working on expanding the range of participants in 2024.

We strive to take advantage of online learning. Classroom and personal training courses are held if we consider them more effective.

Educational responsibility is linked to the compliance obligations of the CIG Pannónia Group. Continuing training is mandatory for the members of certain bodies or a group of particular persons<sup>84</sup>, or for employees working in specific fields (data protection, anti-money laundering, IT awareness, etc.). In order to coordinate training in other areas, the Companies have a separate organisational unit that coordinates the training of employees with regard to both onboarding and specialised training.

#### Number of participants in training and education<sup>86</sup>

	2021	2022	2023
Number of employees participating in any training	10	99	219
male participants	8	37	81
female participants	2	62	138
Participants working under an independent contractor agreement (sales representatives)	464	3 656	3 711

In addition to the optional and mandatory educational/training opportunities provided to managers and employees, workplace atmosphere and culture in general are greatly influenced by the working environment and the Company’s flexibility regarding the place of work.

<sup>84</sup> For the groups of people specified in the Insurance Act (Bit.) and the Anti-Money Laundering Act (Pmt.).

<sup>85</sup> Being hired by and starting to work for our Company

<sup>86</sup> We plan to supplement the indicator in the future by recording the exact number of training hours



## Participants in ESG-themed and professional training sessions

	2021	2022	2023
Number of employees participating in ESG-themed educational and awareness-raising programs	3	19	25
Proportion of employees participating in ESG-themed educational and awareness-raising programs	2%	10%	13%
Number of professional, managerial and soft skill training sessions	0	1	1
Number of participants in professional, managerial and soft skill training sessions	0	40	3

We consider it important to raise awareness of the feedback options at the CIG Pannónia Group. Middle managers may share their opinions about the planned trainings and employees are also granted possibilities for providing feedback. The already mentioned anonymous feedback options are available to employees regarding any topic.

Keywords	<ul style="list-style-type: none"> <li>- Compliance-related training</li> <li>- Compulsory and optional courses</li> <li>- Online access</li> </ul>
Planned for 2023	Completed: <ul style="list-style-type: none"> <li>✓ Leadership development program launched in the framework of the Konrád Project</li> <li>✓ Examining a possible expansion of the scope of training</li> </ul>
Commitments for 2024	<ul style="list-style-type: none"> <li>· Thematic educational week</li> <li>· Management training</li> </ul>



The CIG Pannónia Group contributes directly to quality education and a safe workplace environment by educating its employees and raising awareness among them, thereby contributing to work-life balance and well-being (SDG 3, SDG 4). This material topic indirectly contributes to the Sustainable Development Goal<sup>88</sup> of gender equality, as well as of decent working conditions and economic growth (SDG 5, SDG 8).

<sup>87</sup> In addition to other thematic education and training courses, registered training courses and the number of participants

<sup>88</sup> Source of the pictograms: <https://ksh.hu/s/kiadvanyok/fenntarthato-fejlodes-indikatorai-2022/>



## 14. WORKPLACE CULTURE

GRI 3-3

The material topic of “Workplace Culture” is understood as CIG Pannónia Group's single corporate culture based on common values. From the on-boarding of new hires to company events, we aim to create and maintain a supportive and welcoming workplace at the Insurance Companies through a single management approach. Our decisions made within the framework of this material topic aim at achieving internal unity and realising an inclusive workplace where we like to work.

We believe that the cornerstone of the implementation of any corporate strategy is corporate culture, which is why, as part of the Konrád Project, we set up a special program to assess what kind of corporate culture our staff considers ideal. The purpose of the program is to become a learning organisation that is capable of effectively integrating changes and progress by learning from them.

CIG-CSAPAT-1, CIG-CSAPAT-2

One part of the dialogue with our employees is information, and the other part is consultation and active dialogue. Our colleagues can learn about strategic steps, decisions, and major changes from the HR Newsletter. Several projects were launched and implemented in 2023 to develop workplace culture in general and the CIG Pannónia Group as an employer. Many employee surveys were included in these projects. Among other things, employees were asked specific questions about salaries, and they were able to express their opinions about the work culture and the various measures. In the framework of the Konrád Project, which encompasses various developments, we set a significant number of goals. In the following period, employee satisfaction survey, managerial mentoring and talent management will be our focus areas. We will measure the number of employees participating in the mentoring program as mentors and mentees compared to the total number of employees, thus helping talent management, and measuring employees' willingness to participate in training and education. We will also include in our plans an indicator that allows us to support measures aimed at employee retention as well.

In addition to daily employment-related tasks, such as recruitment, performance-related pay, exiting employees, determination and management of bottlenecks, the HR specialists of the CIG Pannónia Group will focus on these key projects in the future.

CIG Pannónia Group's strategy is to provide fast and customer-friendly services. To this end, a management team that provides adequate support to our staff and strengthens our business orientation and operations is essential.

We have placed a suggestion box in the office, in which anyone can drop a slip of paper with their ideas and questions, even anonymously. We respond to these on our joint forums or in our weekly HR Newsletter, and good suggestions are implemented. The employee information interface has also been updated.

The steps taken in the framework of the Konrád Project and ESG actions are discussed at the monthly all-employee and quarterly evaluation meetings introduced in 2023. Our principle is that a good workplace atmosphere is not rooted in actions, but in how the company operates and corporate culture.

We also aim to promote smooth communication and seamless working relationships between departments. To achieve this, in addition to regular team-building events, the HR



Directorate also organises day trips, thus also contributing to health preservation. In 2023, the OMM discussed the possibility to organise in 2024 a thematic educational week for our employees with creative tasks and a prize draw. The Konrád Project has also identified tasks that were linked to feedback techniques, performance appraisal of managers and practices supporting them.

In 2022, two team-building events were organised, while in 2023, six such events took place. All our employees are welcome at these events. The CIG Pannónia Group used a hybrid working model, where 50-60 percent of work is done in the physical workplace and 50-40 percent remotely (at home). We did not change the relevant contractual terms and conditions and the contract types of our employees in 2023, and we do not plan to do so in 2024 either.

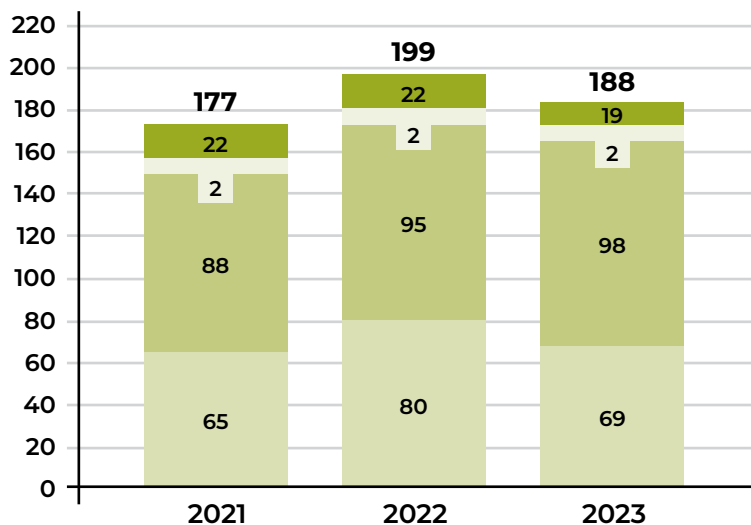
**Number of people with atypical work arrangements**

	2021	2022	2023
Remote work	174	199	188
General work schedule	154	174	163
Flexible working hours with core hours	0	0	0
Irregular working hours	20	25	25

Teleworking is allowed for all our employees. Typically, only members of the senior management have flexible working hours, but CIG Pannónia Group is a flexible employer and takes into account the individual circumstances of employees when creating work schedules.

Our employees demand, appreciate and make use of flexibility. This also affects our plans to improve workplace culture, because we consider it important that fully remote and part-time workers can also participate in community programs and team-building events.

**Number of full-time and part-time employees**



- Women in part-time job
- Women in full-time job
- Men in part-time job
- Men in full-time job

For colleagues in special life situations, we support flexible working arrangements (home office or a different arrangement); the relevant decision shall be made on a case-by-case basis.

Measures to promote the transparency of the interfaces between the processes and areas related to the expanding the organisation and the increasing corporate activity have yet to be put in place, which is one of the goals for 2024. One element of the organisational changes is that in recent years, in line with our ESG strategy, we have assigned sustainability-related tasks to a specific organisational unit. By increasingly focusing on ESG-related tasks, more and more employees of the CIG Pannónia Group (also) has responsibilities related to sustainability.

### Number of jobs including sustainability tasks and employees performing tasks

	2021	2022	2023
Number of employees with a job/responsibilities related to sustainability	1	4	25

The Konrád Umbrella Project also encompasses the target area “Cultural Update”, in addition to the previously detailed “Leadership Development” and “Performance Management” target areas. Each area brings together different actions. Tasks related to the measurement of employee satisfaction, to the culture map, and to the gap analysis were classified under the area “Cultural Update”.

Keywords	<ul style="list-style-type: none"> <li>- Possibility of hybrid work,</li> <li>- Work that can be done from home</li> <li>- Team building programs</li> </ul>
Planned for 2023	Completed: <ul style="list-style-type: none"> <li>✓ New interface for employee information</li> <li>✓ Number of team building programs: 6</li> <li>✓ Education Week concept</li> </ul>
Commitments for 2024	<ul style="list-style-type: none"> <li>· Transparency of the departments of the expanding organisation and of related tasks</li> <li>· Definition of a joint corporate culture map</li> </ul>



Our Insurance Companies’ workplace culture and raising awareness of our values among our employees indirectly promote the Sustainability Development Goals of gender equality and decent work, as well as economic growth<sup>89</sup>. Our culture confirms to our employees that we can all contribute to the creation of just social development and the building strong institutions (SDG 5, SDG 8, SDG 16).

<sup>89</sup> Source of the pictograms: <https://ksh.hu/s/kiadvanyok/fenntarthato-fejlodes-indikatorai-2022/>

## D. SUSTAINABLE OPERATION OF OFFICES

Several very different goals and activities have been assigned to the focus area “Sustainable operation of offices”. As part of our ESG strategy, we have classified several sustainability topics that are a guarantee of our compliance with the MNB’s Green Recommendation. Of these topics, however, we only singled out supplier ESG compliance as a material topic, which is explained separately below. We will briefly report on the additional topics that belong here and related actions.

It is extremely important to appoint a person responsible for sustainable office operations, who is tasked supervising waste management, energy and water consumption, continuously looks for reduction and improvement opportunities, and keeps contacts with the facility manager of the office building. Moreover, they are responsible for informing employees and regularly drawing their attention to responsible office use practices.

To reduce our carbon and ecological footprints, the first step is to measure the direct and indirect emissions resulting from the activities of the CIG Pannónia Group. We reduce the environmental impact of our operations by optimising the functioning of our offices, which is why our digitisation efforts are critical. Our offices are located in an environmentally friendly office building with modern, sustainable solutions and BREEAM certification. As an environmentally conscious company also aiming to comply with the regulations, we are committed to being able to accurately calculate the environmental footprint of our operations. In our ESG strategy, a 20 percent reduction<sup>90</sup> was set as the target to be achieved by 2026, and almost triple that by 2030. In order to be able to measure this accurately, we need to know our direct emissions resulting from our activities (Scope 1), the indirect emissions related to the purchased energy (Scope 2), as well as emissions from other indirect emitters (not including the emissions of insured customers). In addition to ensuring the conditions for measurement, the ESG action also includes the formulation of plans for the reduction of the ecological and carbon footprints and for the compensation of emissions that cannot be reduced any further in the following years.

We plan to identify energy-efficient solutions to reduce our energy and water consumption. In order to raise awareness of and monitor consumption, quarterly consumption reports are prepared.

We have formulated a task concerning the footprint of our employees related to mobility and commuting to the workplace. We plan to reduce emissions from transport and commuting by 30-35 percent. Our goal is to achieve that 80 percent of employees commutes to work using sustainable means of transport, which is supported by the Company. We have identified several options for support, and we will include them in the development of a benefit package for green mobility. We plan to incorporate ESG criteria during the gradual replacement of our company vehicle fleet.

It is important for the CIG Pannónia Group that sustainability is also manifested in small everyday actions, such as separate waste collection. In this regard, we have contacted the management of the office building and informed our colleagues about the changes. Our broader aim is to reduce the proportion of municipal waste by 40 percent.

In addition to the ESG actions listed, supplier ESG compliance is a material topic.



## 15. ESG COMPLIANCE BY SUPPLIERS

GRI 3-3

The CIG Pannónia Group considers ESG compliance by supplier to be an material topic in terms of its operations.

GRI 414-1, GRI 414-2

It is understood as a process of supplier evaluation and the sustainability of cooperation. When selecting our suppliers, in addition to economic aspects, we expect ethical business conduct, reliability, precision, and high professional standards to be ensured in order to ensure that the operation of our Insurance Companies is efficient and that our customers are provided with high-quality services. In 2023, our supplier contract template was supplemented with important clause, and our exclusion criteria were included in these contracts. By signing the contract, suppliers undertake not to enter into contracts with companies or any other persons or entities whose activities are morally and ethically incompatible with CIG's business activities. Furthermore, if an ethical conflict or a conflict of interest arises, the contracted service provider shall consult with the CIG Pannónia Group in advance. According to the new contract addendum<sup>91</sup>, the CIG Pannónia Group expects its partners to share with it, upon request, the steps they have taken for business sustainability, the environmental, employment and social aspects of their decisions, their commitment to human rights, and the steps against corruption and bribery.

Daily communication with our suppliers is done via e-mail (not containing any personal data). If one of our suppliers (typically IT partners) gets access to any of our internal systems, the contract provides adequate safeguards. In the case of access to personal data, we apply strict outsourcing and data processing provisions. The provisions containing IT and IT security requirements are an inseparable part of the contracts. If a supplier partner does not meet these requirements, no legal or business relationship can be established with that supplier.

In general, we request our suppliers to provide their basic company information<sup>92</sup> which is verified by conducting a search in the Company Registry. (The company's financial stability is also checked). Each department shall be responsible for vetting its own suppliers. The manager of the relevant department or an employee designated by them shall keep contacts with suppliers. This is the best way for suppliers to satisfy the requirements and meet the needs of the departments. Active contacts facilitate professional communication and, where appropriate, the handling of problems. Another change affecting suppliers is that, in order to meet the data security requirements of the DORA, a process involving security and vulnerability testing has been introduced. Our suppliers are Hungarian companies. We only engage foreign service providers to provide complex and custom IT services.

If a supplier does not comply with the professional standards and the quality requirements set out in the contract, sanctions will be imposed, and as a last resort, our legal relationship will be terminated. Each department assesses the given supplier and then informs a

*91 The addendum also states that "Service Provider commits that during the entire duration of the Agreement, it will not engage in any activity that is in conflict with or contrary to the activities covered by this Agreement, or any legal provisions in force, especially the provision of the Insurance Act and CIG's Business Policy and guidelines [in particular its ESG (sustainability) and anti-fraud guidelines]."*

*92 Company name, registered office, taxpayer ID number, company registration number, details of representatives, details of contact persons.*



member of the Management about the outcome of the assessment. The Management decides whether or not maintaining relationship with the given supplier, taking into account the specialist department's opinion.

Priority outsourcings shall be inspected quarterly and non-priority outsourcings annually, based on criteria determined by the Insurance Company. The people in charge of this inspection shall draw up a report of its results. Based on that report, suppliers performing outsourced activities that are an integral part of the insurance procedure are evaluated.

**Supplier evaluation<sup>93</sup>**

	2021	2022	2023
Total number of suppliers performing outsourced activities	22	20	19
Of which: the number of suppliers performing a newly outsourced activity	17	4	4

No damage or negative experience occurred during the year 2023. We do not know about suppliers that evaluate their social impact, we do not have information about suppliers with an adverse impact, and we do not have any relevant statement. However, our contracted service providers show a strong commitment to CIG Pannónia Group's ESG responsibility and sustainable operations.

Our far-reaching plan is to make decisions about suppliers taking into account the ESG criteria to be included in the Procurement Regulations; i.e. the selection of new partners and the vetting of the current ones should be carried out based on provisions that also include the ESG criteria<sup>94</sup>.

We plan to develop an evaluation system for our suppliers according to ESG criteria by 2024<sup>96</sup>: by this we mean an evaluation methodology, the clarification of the process and the regulatory background. For this, we consider it important to appoint a procurement officer whose task will be the centralised management of the procurement process and within that, the consideration of ESG factors. An important step towards the achievement of these goals was the 2023 amendment to the regulations, by which an ESG clause was added to CIG Pannónia Group's cooperation agreement templates.

Keywords	- Exclusion criteria have been embedded into supplier contracts
Planned for 2023	Completed: ✓ Raising awareness of supplier ESG compliance and preparation of its conditions
Commitments for 2024	<ul style="list-style-type: none"> <li>• Development of the evaluation of suppliers based on ESG criteria</li> <li>• Appointing the Supplier Relations Officer and defining their tasks</li> </ul>



<sup>93</sup> We do not have information about how many suppliers evaluate their social impact, and which suppliers are likely to have a significant adverse impact.

<sup>94</sup> We are planning to roll out two indicators to monitor the ESG compliance of our suppliers (CIG-PARTNER-1, CIG-PARTNER-2)



We have launched the measurements necessary for the future indicators assigned to the topic of supplier ESG compliance and the processes that make enable such measurements. We indirectly contribute to fair, sustainable economic growth and balanced partnerships (SDG 13, SDG 8<sup>95</sup>).







GRI 3-3

## REGULATION OF MATERIAL TOPICS

REGULATIONS	PRUDENCE AND TRANSPARENT CORPORATE GOVERNANCE					GREEN PRODUCTS AND CUSTOMER-ORIENTED SERVICE				PEOPLE-CENTRED WORKPLACE CULTURE			SUSTAINABLE OPERATION OFFICES		
	DATA PROTECTION AND SECURITY	REPORTING AND DATA PROVISION	TRANSPARENCY	ETHICAL BUSINESS PRACTICES AND LEGAL COMPLIANCE	INDIRECT ECONOMIC IMPACT	SOCIAL IMPACT	PRODUCT DEVELOPMENT	CUSTOMER INFORMATION AND AWARENESS-RAISING	CUSTOMER SATISFACTION	DIGITAL CUSTOMER MANAGEMENT	ESG RISK MANAGEMENT AND COMMITMENT	EMPLOYEE RETENTION AND CAREER DEVELOPMENT	EDUCATION OF EMPLOYEES AND AWARENESS-RAISING	WORKPLACE CULTURE	ESG COMPLIANCE BY SUPPLIERS
Privacy Policy	✓			✓					✓						
Internal Audit Manual	✓		✓												
Internal Audit Policy	✓		✓												
Procurement Policy			✓			✓									✓
On-boarding regulations for insurance intermediaries									✓						
Conflicts of Interest Policy for Brokers	✓			✓		✓									
CIG Life Insurance Company Articles of Association	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
CIG EMABIT's Deed of Incorporation ("Alapító okirat")	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Equal Opportunities Policy			✓			✓					✓	✓	✓		
Asset Fund Launch and Operating Procedure	✓						✓	✓	✓	✓	✓				
SRD-compliant Remuneration Policy					✓						✓	✓	✓	✓	
Remuneration Policy					✓						✓	✓	✓	✓	
Rules of procedure of the Risk Management Committee		✓	✓							✓					
Risk Management Policy	✓	✓								✓					
Compliance Policy	✓			✓	✓	✓					✓	✓	✓		
Employee Share Ownership Program, Remuneration Policy										✓			✓		



	DATA PROTECTION AND SECURITY	REPORTING AND DATA PROVISION	TRANSPARENCY	ETHICAL BUSINESS PRACTICES AND LEGAL COMPLIANCE	INDIRECT ECONOMIC IMPACT	SOCIAL IMPACT	PRODUCT DEVELOPMENT	CUSTOMER INFORMATION AND AWARENESS-RAISING	CUSTOMER SATISFACTION	DIGITAL CUSTOMER MANAGEMENT	ESG RISK MANAGEMENT AND COMMITMENT	EMPLOYEE RETENTION AND CAREER DEVELOPMENT	EDUCATION OF EMPLOYEES AND AWARENESS-RAISING	WORKPLACE CULTURE	ESG COMPLIANCE BY SUPPLIERS	PRUDENCE AND TRANSPARENT CORPORATE GOVERNANCE	GREEN PRODUCTS AND CUSTOMER-ORIENTED SERVICE	PEOPLE-CENTRED WORKPLACE CULTURE	SUSTAINABLE OPERATION OF OFFICES
<b>SZABÁLYZATOK</b>																			
Rules of Procedure for Labour Affairs and Human Resources Management						✓						✓	✓	✓					
Disclosure Policy			✓				✓	✓	✓	✓	✓								
Conflict of Interest Policy	✓			✓	✓	✓													✓
Complaint Handling Procedure			✓		✓	✓		✓	✓	✓	✓								
Anti-Money Laundering Policy	✓	✓	✓	✓	✓									✓					✓
Internal Regulations for the Prevention of Market Abuse			✓	✓	✓	✓													✓
Regulations on anti-fraud activities	✓		✓	✓	✓		✓							✓					
Rules of Organisation and Operation	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Employee incentive system: Regulations on the Performance Appraisal System (TÉR)				✓								✓	✓	✓					
Performance-Related Pay Policy				✓								✓	✓	✓					
Rules of Procedure for Product Development and Product Review		✓	✓			✓	✓	✓	✓	✓	✓								
Product Development, Product Approval and Product Review Regulations		✓	✓			✓	✓	✓	✓	✓	✓								
Board Selection Guidelines	✓																		
Customer Service Policy			✓			✓		✓	✓	✓	✓								
Regulation of Risk Assumption, Risk Assessment and Product Development Activities related to Corporate Insurance		✓	✓				✓	✓	✓	✓	✓								

✓: Relevant regulations

## GRI INDEX<sup>96</sup>

### GRI 2-3 USE OF GRI STANDARDS

<b>Statement on use</b>	The CIG Group reports in accordance with the GRI Standards for the period between 01.01.2023 and 12.31.2023.
<b>GRI 1 used</b>	GRI 1: Foundation 2021
<b>Applicable GRI Sector Standard(s)</b>	-

ESG RISK MANAGEMENT AND COMMITMENT	NAME OF INDICATOR	AVAILABILITY (CHAPTER TITLE)	PAGE	NOTE(S)
<b>GRI 2: General Disclosures 2021</b>				
2-1	Organisational data	Structure and functioning	4, 6	
2-2	Entities included in the entity's Sustainability Report	About our Company's ESG Report	4, 6	
2-3	Reporting period, frequency and contact person	About our Company's ESG Report	5-6, 12	
2-4	Revision of data	GRI content index	76	No corrections or revisions were necessary.
2-5	External verification	About our Company's ESG Report	5,16	
2-6	Activities, value chain and other business relationships	Structure and functioning	6-8	
2-7	Employees	Structure and functioning	8, 58-61, 67	
2-8	Workers who are not employees	Structure and functioning	6, 58	
2-9	Mandatory disclosures	Structure and functioning	9, 11	
2-10	Appointment and selection of the supreme governing body	Corporate governance	9-12	
2-11	Chairman of the supreme governing body	Corporate governance	9	
2-12	The role of the supreme governing body in overseeing the management of impacts	Structure and functioning	10-11	
2-13	Delegation of responsibility for the management of impacts	Corporate governance	10, GRI content Index	
2-14	The role of the supreme governing body in the Sustainability Report	Structure and functioning	12	

<sup>96</sup> The GRI table of contents contains technical information on the application of the GRI Standards and lists the indicators included in the ESG Report.



GRI / OWN CODE	NAME OF INDICATOR	AVAILABILITY (CHAPTER TITLE)	PAGE	NOTE(S)
2-15	Conflicts of interest	Structure and functioning Prudence and Transparent Corporate Governance	6, 24-25	
2-16	Communication of critical concerns	Customer satisfaction, employee education, awareness-raising	50, 64	
2-17	Collective knowledge of the supreme governing body	Corporate governance	10	
2-18	Evaluation of the performance of the supreme governing body	Corporate governance	10	
2-19	Remuneration policies	Corporate governance	11-12	
2-20	The process of determining remuneration	Corporate governance	11-12	
2-21	Annual total remuneration ratio	Workplace culture	59	
2-22	Declaration on the Sustainable Development Strategy	The CEO's Welcome Message	3	
2-23	Policy commitments	Transparency Ethical business practices and legal compliance	32, 37	
2-24	Development and integration of business behaviour	Ethical business practices and legal compliance	35-37	
2-25	Processes aimed at remedying negative impacts	ESG strategy ESG actions	21	
2-26	Mechanisms for providing advice and raising concerns	Data protection and security Transparency	26-27, 32	
2-27	Compliance with laws and regulations	Ethical business practices and legal compliance	36	
2-28	Member organisations	Social impact	40	
2-29	Stakeholder involvement approach	Involvement of external stakeholders	20	
2-30	Collective bargaining agreements	Structure and functioning	58	
<b>GRI 2: Material topics 2021</b>				
3-1	General publication on material topics	Materiality	18-19	
3-2	General publication on material topics	Materiality	18-19	

GRI / OWN CODE	NAME OF INDICATOR	AVAILABILITY (CHAPTER TITLE)	PAGE	NOTE(S)
<b>Pillar "A"</b>				
<b>Prudence and Transparent Corporate Governance</b>				
Responsible person(s): Deputy CEO for Corporate Governance and Prudential Compliance, Deputy CEO for Legal and Business Support, IT Directorate				
<b>1 Data protection and security</b>				
3-3	Management of essential topics	Data protection and security	27	
418-1	The number of justified complaints regarding the improper use of customers' personal data and the loss of data	Data protection and security	29	
CIG-ADAT-1	Compliance with data protection and data security requirements	Data protection and security	27	
CIG-ADAT-2	Number of personal data breaches and data security incidents	Data protection and security	27	
<b>2 Reporting and data provision</b>				
3-3	Handling of material topics	Reporting and data provision	30	
CIG-BESZÁM-1	Proportion of reports prepared by the deadline out of all mandatory reports	Reporting and data provision	30	
CIG-BESZÁM-2	Number of deficiencies occurring during data provision and reporting	Reporting and data provision	30	
<b>3 Transparency</b>				
3-3	Handling of material topics	Transparency	32	
201-1	Direct economic value generated and distributed	Figures detailed in the financial statements		The financial statements are available on the website of CIG Life Insurance and on the issuers' page of the Budapest Stock Exchange (BÉT) after approval by the General Meeting The financial statements are available on the website of CIG Life Insurance and on the issuers' page of the Budapest Stock Exchange (BÉT) after approval by the General Meeting
201-4	Significant financial assistance received from the State	Corporate governance	12	
CIG-ÁTLÁT-1	Transparency Index	Transparency	33	
<b>4 Ethical business practices and legal compliance</b>				
3-3	Handling of material topics	Ethical business practices and legal compliance	35	
205-1	Operations evaluated in terms of corruption risks	Ethical business practices and legal compliance	36	

GRI / OWN CODE	NAME OF INDICATOR	AVAILABILITY (CHAPTER TITLE)	PAGE	NOTE(S)
205-2	Information and training related to the anti-corruption policy and procedures	Ethical business practices and legal compliance	36	We have no information about our suppliers' knowledge of this kind
205-3	Confirmed cases of corruption and actions taken	Ethical business practices and legal compliance	35	
206-1	Number and outcome of legal proceedings related to anti-competitive behaviour and/or violation of anti-trust and anti-monopoly provisions	Ethical business practices and legal compliance	37	
CIG-ETIKUS-1	Amount of fines imposed on us	Ethical business practices and legal compliance	36	
CIG-ETIKUS-2	Number of criminal proceedings	Ethical business practices and legal compliance	36	
<b>5 Indirect economic impact</b>				
3-3	Handling of material topics	Indirect economic impact	38	
207-1	Approach to tax payment	Indirect economic impact	38	
207-2	Management and control of tax payment, risk management	Indirect economic impact	38	
207-3	Involvement of stakeholders, management of concerns related to tax payment	Indirect economic impact	38	
207-4	Country report	Indirect economic impact	38	
203-2	Significant indirect economic effects	Indirect economic impact	38	
<b>6 Social impact</b>				
3-3	Handling of material topics	Social impact	39	
415-1	Contributions, political contributions	Social impact	40	
<b>Pillar "B"</b>				
<b>Green products and customer-oriented service</b>				
Responsible person(s): Deputy CEO for Retail Segment; Deputy CEO for Property Insurance Segment; Chief Risk Management Officer; Deputy CEO for Finance; Events, Marketing and Communications Directorate				
<b>7 Product development</b>				
3-3	Handling of material topics	Product development	44	
CIG-PROD-1	Key indicators of our products	Product development	44	

GRI / OWN CODE	NAME OF INDICATOR	AVAILABILITY (CHAPTER TITLE)	PAGE	NOTE(S)
<b>8 Customer Information and Awareness-Raising</b>				
3-3	Handling of material topics	Customer Information and Awareness-Raising	47	
417-2	Non-conformities in the provision of information about products and services and marking	Customer Information and Awareness-Raising	47	
417-3	Non-conformities related to marketing communications	Customer Information and Awareness-Raising	27, 47	
CIG-INF-1	Number of ESG-related customer education and damage prevention information materials, programs/actions (e.g. on-site presence at outdoor events)	Customer Information and Awareness-Raising	48	
<b>9 Customer satisfaction</b>				
3-3	Handling of material topics	Customer satisfaction	50	
CIG-ÜGYFÉL-1	Number of complaints	Customer satisfaction	50	
<b>10 Digital customer management</b>				
3-3	Handling of material topics	Digital customer management	52	
CIG-DIGI--1	Amount of paper used for contract conclusion and customer administration	Digital customer management	52	
CIG- DIGI-2	Number of contracts concluded without printing	Digital customer management	53	
CIG- DIGI-3	Percentage of customers using the customer portal, broken down by residential and corporate segments	Digital customer management	53	
<b>11 ESG risk management and commitment</b>				
3-3	Handling of material topics	ESG risk management and commitment	54	
201-2	Financial consequences, other risks and opportunities of climate change	ESG risk management and commitment Risks posed and opportunities created by climate change	15, 54	
201-2	Share of industries with high ESG risk in the portfolio	Indicator under preparation	15, 54	

GRI / OWN CODE	NAME OF INDICATOR	AVAILABILITY (CHAPTER TITLE)	PAGE	NOTE(S)
<b>Pillar "C"</b>				
<b>People-centred workplace culture</b>				
Responsible person(s): HR Directorate				
<b>12 Employee retention and career development</b>				
3-3	Handling of material topics	Employee retention and career development	59	
401-1	Newly hired and exited employees	Employee retention and career development	59-61	
401-2	Benefits for full-time employees that are not available to temporary or part-time employees	People-centred workplace culture	58	
401-3	Parental leave	Employee retention and career development	58	
404-3	Percentage of employees participating in regular performance appraisals and career development discussions	Employee retention and career development	62	
CIG-KARRIER-1	Percentage of employees participating in a mentoring program	Indicator under preparation	62	
CIG-KARRIER-2	Employee Satisfaction Index	People-centred workplace culture	62	
<b>13 Education of Employees and Awareness-Raising</b>				
3-3	Handling of material topics	Education of Employees and Awareness-Raising	64	
404-2	Programs aimed at skills development and lifelong learning, which help employees to remain in continuous employment and to end their careers.	Education of Employees and Awareness-Raising	64	
CIG-OKT-1	Number of employees participating in ESG-themed educational and awareness-raising programs	Education of Employees and Awareness-Raising	65	
CIG-OKT-2	Proportion of employees participating in ESG-themed educational and awareness-raising programs	Education of Employees and Awareness-Raising	65	
CIG-OKT-3	Number of professional, managerial and soft skill training sessions	Education of Employees and Awareness-Raising	65	





GRI / OWN CODE	NAME OF INDICATOR	AVAILABILITY (CHAPTER TITLE)	PAGE	NOTE(S)
CIG-OKT-4	Number of employees participating in professional, managerial and soft skill training sessions	Education of Employees and Awareness-Raising	65	
CIG-OKT-5	Number of employees with a job/responsibilities related to sustainability	Education of Employees and Awareness-Raising	68	
<b>14 Workplace culture</b>				
3-3	Handling of material topics	Workplace culture	66	
CIG-CSAPAT-1	Number of team-building and community activities	Workplace culture	67	
CIG-CSAPAT-2	Number of colleagues participating in team-building and community activities	Workplace culture	67	
<b>Pillar "D"</b>				
<b>Sustainable operation of offices</b>				
Responsible person(s): Deputy CEO for Legal and Business Support				
<b>15 ESG compliance by suppliers</b>				
3-3	Handling of material topics	ESG compliance by suppliers	70	
414-1	Suppliers that apply social compliance and criteria	ESG compliance by suppliers	71	We have no information about our suppliers' knowledge of this kind
414-2	Negative social impacts and steps taken in the supply chain	ESG compliance by suppliers	71	We have no information about our suppliers' knowledge of this kind

