

# Report of the SUPERVISORY BOARD

Dear Shareholders,

We had barely set the structural and staff-related course for the future of the UNIQA Group at the end of 2019 when 2020 began with two major upheavals: the strategically important acquisition in Eastern Europe in February and the emergence of Covid-19 in March. I am dividing my report into three parts in order to give you a good overview of the work of the Supervisory Board in this special transformation year.

## 1. The most important features of 2020

The **first meetings of the year** were dedicated to the largest acquisition in UNIQA's corporate history: the Supervisory Board dealt intensively with the financial situation of the **AXA companies in Poland, the Czech Republic and Slovakia** at the time along with their development potential. We paid special attention to various options for financing the purchase price of approximately €1 billion as well as to possible effects on the leverage ratio, risk capital, solvency ratio and the applicable balance sheet items of our Group.

The Management Board and Supervisory Board were involved intensively with the possible **consequences of Covid-19** from the **second half of the first quarter**. The focus was on the potential impact on our clients, employees, business performance, risk modelling and profit forecasts, as well as the possible consequences for our dividends. The Supervisory Board held weekly discussions with the Management Board in the second quarter regarding the most significant decisions of the internal Covid-19 crisis team.

The **operating principles for our Supervisory Board** and all its committees also changed abruptly in the second quarter: All meetings of the Supervisory Board were held virtually from April onwards, with one exception in the summer. First of all, we had to learn how to handle this technically and in terms of Group dynamics. We soon realised that even better preparation of the written documents, strict meeting discipline and good time management

would make a particularly effective contribution towards significantly increasing the quality and therefore the efficiency of our digital meetings. The decision to hold the **Annual General Meeting** virtually was not an easy one for us either – following the capital increase in October 2013, the “Re-IPO”, active and modern capital market cultivation and therefore personal discussions with you as our shareholders are a key concern of the Management Board and Supervisory Board.

**From the middle of the year**, our work was focused on the details of our new “**UNIQA 3.0 – Seeding the Future**” **strategic programme**. Aligning the findings from the Covid-19 pandemic with the essential cornerstones of UNIQA 3.0 was of particular concern to the Supervisory Board here: are our assumptions still correct regarding how society and customer needs will evolve by 2030? Are there any new trends that we had not considered adequately prior to this? Do certain initiatives need to be prioritised differently by the Management Board? Can the promises made by the Management Board with UNIQA 3.0 be kept to you as shareholders, including the impact of Covid-19? We deliberately took a few months longer than originally planned for this discussion process and only took the relevant decisions at our last meeting of the year in November.

Due to the concentration of topics with major strategic importance, we had little time to reflect on the **quality of our cooperation within the Supervisory Board** over the course of the past year. At the same time, a significant need for constant further development of our activities and our capabilities has become apparent in an environment subject to dynamic and even disruptive change, particularly as a result of Covid-19. Towards the end of the year, we therefore decided to appoint Werner H. Hoffmann, Head of the Institute for Strategic Management at the Vienna University of Economics and Business, to support us in a structured process to optimise cooperation within the Supervisory Board. The results are expected in the course of 2021.

## 2. Timeline and details of our main areas of focus

In the course of 2020, the Supervisory Board was regularly informed by the Management Board about the business performance and position of UNIQA Insurance Group AG and the Group as a whole. It also supervised the Management Board's management of the business and fulfilled all the tasks assigned to the Supervisory Board by law and the Articles of Association. At the Supervisory Board meetings, the Management Board presented detailed quarterly reports and provided additional oral as well as written reports. The Supervisory Board was given timely and comprehensive information about measures requiring our approval.

No informational events or special seminars were held for the Supervisory Board in 2020 due to the restrictions imposed through the Covid-19 pandemic.

### Focus of our deliberations

The Supervisory Board met on seven occasions in 2020. Our meetings focused on the respective earnings situation within our Group and its further strategic development. We also made five decisions by way of circular resolution.

- We discussed the results of the due diligence of the AXA Group companies for sale in Poland, the Czech Republic and Slovakia at an extraordinary meeting on **14 January** and approved the submission of a binding offer by UNIQA.
- At our meeting held on **19 February**, we mainly dealt with the preliminary results of the Group in the 2019 financial year and the status of talks with AXA on the takeover of the AXA Group companies in Poland, the Czech Republic and Slovakia. We also received reports on the status of the UNIQA 3.0 strategic programme and examined the options for restructuring the Austrian Group structure.
- On **10 April** the shareholder representatives on the Supervisory Board passed a resolution in writing to meet the minimum proportion of women and men on the Supervisory Board required by law separately from the employee representatives on the Supervisory Board.
- The Supervisory Board's (virtual) meeting on **15 April** focused on the audit of the annual financial statements and consolidated financial statements for the year ended 31 December 2019 and on the reports from the Management Board regarding the latest developments in the Group in the first quarter of 2020. We also discussed the

agenda for the 21st Annual General Meeting held on 25 May 2020, in particular the proposed appropriation of profits and the proposal to the Annual General Meeting to elect PwC Wirtschaftsprüfung GmbH as statutory auditors for the 2021 financial year. The report by auditors PwC Wirtschaftsprüfung GmbH and lawyers Schönherr Rechtsanwälte GmbH regarding compliance with the provisions of the Austrian Code of Corporate Governance (ÖCGK) in the 2019 financial year was also acknowledged.

- We passed a resolution on **27 April** by way of circular resolution to propose Johann Strobl for election to the Supervisory Board at the 21st Annual General Meeting on 25 May 2020. A subsequent special election was required following the resignation of Erwin Hameseder.
- At the (virtual) meeting on **20 May**, we looked in detail at the Group's results in the first quarter of 2020.
- The Supervisory Board was constituted by way of circular resolution on **25 May** and, following Erwin Hameseder's resignation from the Supervisory Board, Johann Strobl was elected to the Executive Committee, the Committee for Board Affairs, the Working Committee and the Audit Committee of the Supervisory Board.
- We also passed a resolution in writing on **25 May** to appoint the (additional) Management Board members of UNIQA Österreich Versicherungen AG and UNIQA International AG (the company ceased to exist as a result of the merger on 8 December 2020) to the Management Board, which will now consist of nine members going forward, in accordance with the modified organisational structure of the Austrian insurance Group with effect from 1 July 2020. The Management Board of UNIQA Österreich Versicherungen AG was set up with the same individuals as were on the company's Management Board as at 1 July 2020. Similarly, the Supervisory Board of UNIQA Österreich Versicherungen AG also consisted of the same individuals as the company's Supervisory Board on 25 May 2020. The same individuals appointed to all committees of the Supervisory Board at the level of UNIQA Insurance Group AG were appointed at the level of UNIQA Österreich Versicherungen AG, including with identical responsibilities. Meetings of the company's Supervisory Board and its committees will be held to coincide with the corresponding meetings of UNIQA Österreich Versicherungen AG from 25 May 2020.

- At our (virtual) extraordinary meeting on **23 June** we discussed the operational development of the AXA companies in Poland, the Czech Republic and Slovakia acquired through the purchase agreement of 7 February 2020 as far as possible before closing, and the status of the competition law proceedings before the EU Commission, as well as the status of the proceedings before the local supervisory authorities required for the completion of the transaction. We also discussed the possible options available for financing the acquisition price.
- On **29 June**, we finally approved by way of circular resolution the issue of a senior bond with a value of up to €600 million and a hybrid capital bond (“Green Bond”) with a value of up to €200 million.
- On **19 August**, we discussed the Group’s earnings in the first half of 2020 and developments in the third quarter of 2020. We also focused intensively on the development of the future UNIQA 3.0 strategic programme (including the “Cherrisk” and “Emerging Business Opportunities” business areas).
- In addition to reporting on the Group’s profits in the first three quarters of 2020 and ongoing developments in the fourth quarter of 2020, our (virtual) meeting on **18 November** also covered the updated forecast for the 2020 financial year and the report on the Own Risk and Solvency Assessment (ORSA) 2020. One-off measures affecting the 2020 financial statements (headcount reductions, impairments) were acknowledged. We also approved the UNIQA 3.0 strategic programme (in particular the investments in the “Cherrisk” and “Emerging Business Opportunities” business areas) and adopted the budget for 2021 as well as the medium-term planning up to 2025. A new process was introduced for evaluating the activities of the Supervisory Board in accordance with the Austrian Code of Corporate Governance.

### Committees of the Supervisory Board

In addition to the Audit Committee required by law, we have set up a further five committees in order to ensure that the work of our Supervisory Board is structured effectively.

- The work of the **Executive Committee** of the Supervisory Board, which consists of the same members as the **Committee for Board Affairs** and the **Nominating and Remuneration Committee** for the Management Board, was also of particular significance in 2020. The Committee dealt intensively with the final developments to the UNIQA 3.0 strategic programme and the remuneration strategy of the extended Management Board over the course of multiple meetings.
- The **Audit Committee** held three meetings in 2020 and these meetings were also attended by the auditors of the (consolidated) financial statements. All documents relating to the financial statements were discussed at the (virtual) meeting on 15 April, with the proposal for the appropriation of profits adjusted with the agreement of the Management Board. The annual activity report 2019 from the Compliance Officer was also submitted and acknowledged. At the (virtual) meeting held on 20 May, the auditor presented the plans for the audit of the 2020 financial statements prepared by the companies in the UNIQA Group and coordinated this planning and strategy with the Committee. At the (virtual) meeting held on 18 November, the auditor informed the Committee about the findings from its preliminary audits. In addition, the Committee received quarterly reports from Internal Audit on the areas audited by this department and any material findings that arose from these audits.
- The **Investment Committee** held four meetings at which the members discussed the capital investment strategy, questions concerning capital structure and the focus of risk and asset liability management.
- The **IT Committee** dealt with the ongoing monitoring of the progress of the project implementing the UNIQA Insurance Platform over the course of four meetings.
- The new **Digital Transformation Committee** established on 23 June 2020 held two meetings dedicated to the digitalisation of core processes, the reduction of complexities in the product portfolio and the consolidation of digital working processes related to customers and employees.

- The **Working Committee** did not hold any meetings in the past financial year. A decision was taken by way of circular resolution to sell a property.

The various chairs of the committees then informed the members of the Supervisory Board in detail about the meetings and their committee's work.

### 3. Separate and consolidated financial statements

The separate financial statements prepared by the Management Board, the Management Report of UNIQA Insurance Group AG, the consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRSs) and the Group Management Report for 2020 were audited by PwC Wirtschaftsprüfung GmbH; the statutory auditor also verified that a separate consolidated non-financial report and a consolidated corporate governance report had been prepared for the 2020 financial year. The audit raised no objections. The separate and consolidated financial statements were each awarded an unqualified audit opinion for 2020.

The Supervisory Board acknowledged and approved the findings of the audit.

The evaluation of UNIQA's compliance with the rules of the Austrian Code of Corporate Governance in the 2020 financial year was carried out by PwC Wirtschaftsprüfung GmbH, whereas compliance with Rules 77 to 83 of the Austrian Code of Corporate Governance was assessed by Schönherr Rechtsanwälte GmbH. The audits found that UNIQA had complied with the rules of the Austrian Code of Corporate Governance in the 2020 financial year – to the extent that they were included in UNIQA's declaration of conformity.

The Supervisory Board acknowledged the consolidated financial statements for 2020 and approved the 2020 annual financial statements of UNIQA Insurance Group AG. It also endorsed both the Management Report and the Group Management Report. The 2020 annual financial statements were thereby adopted in accordance with Section 96(4) of the Austrian Stock Corporation Act.

The Supervisory Board reviewed and approved the proposal for the appropriation of profit submitted by the Management Board. Accordingly, a dividend distribution of €0.18 per share will be proposed to the Annual General Meeting on 31 May 2021.

Once again this year on behalf of the entire Supervisory Board, I would like to thank all employees of UNIQA Insurance Group AG and all Group companies for their major personal commitment in the 2020 financial year and wish them every continued success for their future.

Vienna, April 2021

On behalf of the Supervisory Board



Walter Rothensteiner  
Chairman of the Supervisory Board