

Separate Non-financial Group Report of OVB Holding AG

About this report

OVB Holding AG is publishing a Separate Non-Financial Group Report ("Non-financial Report") for the first time for the 2019 financial year in accordance with Sections 315b and 315c in conjunction with Sections 289c to 289e of the German Commercial Code (Handelsgesetzbuch - HGB). The Non-financial Report is available to the public on the Company's website.

Unless otherwise indicated, the Report's content refers to the entire OVB Group, i.e. to all companies included in the 2019 consolidated financial statements. A complete list of consolidated companies is provided under "Consolidated entities" in the Notes to the consolidated statements in the Annual Report 2019.

The reporting period is the 2019 financial year from 1 January 2019 to 31 December 2019.

OVB considered the option of aligning preparation of the Separate Non-Financial Group Report with generally applicable sustainability reporting frameworks. In the past OVB has not voluntarily reported on sustainability; this process is currently being established. For this reason and due to the specialised business model and corporate structure in place at the Company, OVB decided against this option after reviewing the relevant frameworks. OVB will re-evaluate their applicability at a later date.

The German Commercial Code requires reporting on material topics covering five aspects: environmental issues, employee interests, social issues, respect for human rights and combating corruption and bribery. The structure of the Non-financial Report's content reflects the statutory requirements and is intended to provide transparency regarding the non-financial aspects of OVB Holding AG's business activities. The disclosures and information in the Non-financial Report focus on the material topics determined for OVB Holding AG. Satisfied clients with a high propensity for recommending the Company to others are key to the

success of OVB Holding AG in the long run. Alignment with client interests is therefore an essential non-financial factor in the Group's positive performance. OVB Holding AG therefore additionally reports on a sixth aspect in the "Client interests" section. In the "Employee interests" section, which covers issues of concern to the independent financial advisors working for the Company who advise and serve clients throughout Europe, OVB also makes a seventh aspect a topic of discussion.

Furthermore, the Non-financial Report contains the required disclosures on the business model and indicators for assessing non-financial risks.

Based on the Group's early risk identification system, and in the estimation of the Executive Board, OVB did not identify any material risks after taking into account risk mitigation measures in the reporting period that are associated with the OVB's own business activities or with its business relationships, products or services, and that are or will be very likely to have a significant negative effect on the material non-financial aspects of OVB's business. The risk management system is described in the "Report on opportunities and risks" in the combined management report of OVB Holding AG in the Annual Report 2019.

Moreover, no figures are reported in the consolidated financial statements that refer to the aspects of the business covered in this Separate Non-financial Group Report.

The Separate Non-financial Group Report was audited with limited assurance by Wirtschaftsprüfungsgesellschaft PricewaterhouseCoopers GmbH in accordance with the ISAE 3000 (Revised) Standard. References to disclosures outside of the group management report and the consolidated and single-entity financial statements of OVB Holding AG are supplementary information and therefore also do not constitute part of this Report.

Editorial note: For purposes of readability gender-specific terms are avoided as much as possible. Any gender-specific terms should be interpreted as referring to all genders.

Business model/business activities

Founded in 1970, OVB stands for long-term, comprehensive and above all client-oriented one-stop financial consulting. The main target group is private households in Europe. OVB works with more than 100 high-performance providers and uses competitive products to serve its clients' individual needs, from subsistence and property/asset insurance to pensions and asset building and growth.

With 3.76 million customers, more than 5,000 financial advisors and activities in 15 national markets, OVB is one of Europe's leading financial brokerage groups. OVB had a total of 620 employees as at 31 December 2019. The Company is headquartered in Cologne, Germany.

As the management holding company, OVB Holding AG is at the top of the OVB Group. It determines the strategic goals and secures the aligned business policies. Operations are distributed among three geographical segments - Central and Eastern Europe, Germany and Southern and Western Europe. OVB is a private-sector, listed financial services provider focused on sustained growth of its enterprise value.

In addition to focusing on client interests, OVB aligns its business with the interests of the financial advisors working for the Company with the aim of long-term partnerships. OVB intends to continually expand its sales organisation. Winning new clients and intensifying the business relationship with each and every one of them offers additional sales and earnings potential.

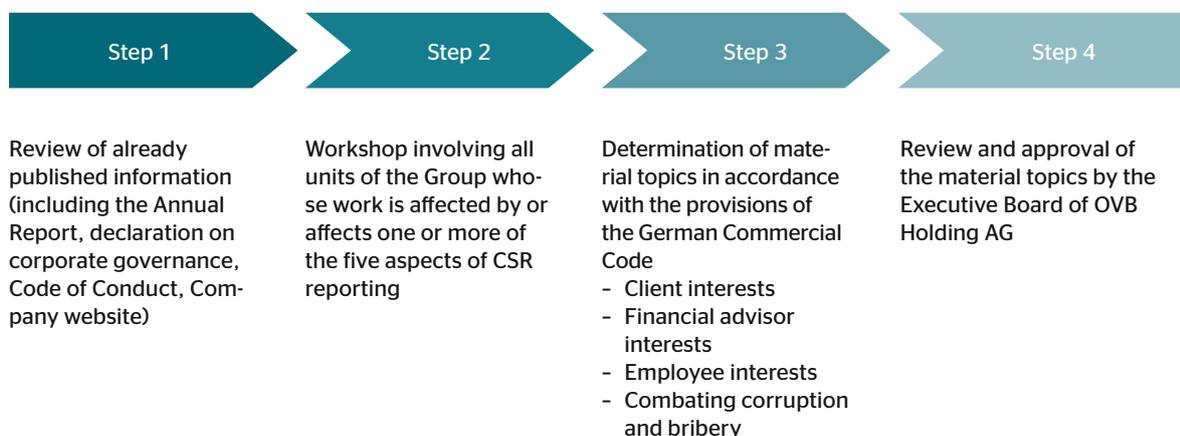
OVB has pursued its medium-term "OVB Evolution 2022" strategy since 2017. The strategy is oriented toward a long-term vision as a benchmark, defines strategic targets and comprises four basic cornerstones to which strategic initiatives are assigned. OVB has defined strategic targets to sustainably expand the sales organisation,

widen the client base, increase the volume of business with individual clients, boost customer satisfaction, step up online marketing, digitise processes and sales support, and move into further national markets in Europe. By increasingly digitising business processes and sales support, OVB emphasises client and financial advisor satisfaction and aims to improve efficiency noticeably. In 2019 OVB made additional strides in the digital transformation of the Group.

Additional information on OVB Holding AG's business model is available in "Basic information on the Group" in the combined management report of OVB Holding AG in the Annual Report 2019.

Determination of material topics for the Non-financial Report

In the 2018 financial year, OVB initially identified the Company's key stakeholder groups in a multi-stage process involving the relevant units of the Group and management. This determination took place against the backdrop of its corporate history stretching back 50 years, countless advising sessions with clients, a continual exchange of opinions with financial advisors across all hierarchical levels, interviews with applicants and performance reviews with employees, regular consultations with product partners and in-depth investor relations activities. Building on this foundation, the non-financial aspects of the business subject to disclosure requirements were assessed for their relevance for OVB, whilst the individual issues were reviewed for materiality within the meaning of Section 289c (3) HGB. During this process, internal factors such as OVB's goals, strategies and risks were considered, as were external factors such as the interests and expectations of relevant stakeholder groups and the effects of OVB Holding AG's business activities.



The analysis produced the following results:

Relevance of non-financial aspects for OVB Holding AG

Non-financial aspect	Issues defined as material for the OVB Group in accordance with Section 289c (3) HGB	Relevance for business in the long term	Reporting in section
Client interests (additional aspect)	Client relationships focused on longevity, product portfolio by selected product partners meeting client needs, digital transformation	High	"Client interests"
Financial advisor interests (additional aspect)	Reliable and stable compensation and career plan for independent financial advisors, transfer of knowledge and promotion of entrepreneurship	High	"Financial advisor interests"
Employee interests	Employee interests, training, professional development, working conditions	High	"Employee interests"
Combating corruption and bribery	Responsible corporate governance, compliance, prevention of money laundering and terrorist financing, effective data protection	High	"Combating corruption and bribery"

Non-financial aspect	Currently no material topics for the OVB Group in accordance with Section 289c (3) HGB	Reporting in section
Social issues	Social engagement	"Social engagement"
Environmental issues	Raising awareness of resource conservation and resource efficiency	"Environmental issues"
Respect for human rights	Raising awareness	"Respect for human rights"

In 2019 OVB once again reflected on the material topics required to understand its business performance, business results, the Company's situation and the effects on non-financial aspects. The results of the prior-year materiality analysis were confirmed.

Client interests

Trust-based relationships with clients

OVB's financial advisors currently advise and serve 3.76 million clients, the majority of which are private households, in 15 European countries.

The number of OVB clients grew by 16.0 per cent from 2015 to 2019. Further increasing the number of clients and cementing long-term client relationships are key factors in assessing the success of OVB's business. Client satisfaction and sustained confidence in our products and services ensure client loyalty. OVB's broad-based, personal advising of clients in all financial matters is aligned with client interests.

Consulting starts with ascertaining and analysing the client's financial situation. In particular, advisors ask clients about their wishes and goals and develop customised

solutions based on their personal financial circumstances. These plans aim to be long-term, affordable and sufficiently flexible. OVB supports clients over many years. Reviews and adjustments of financial decisions to relevant changes in client requirements ensure needs-based insurance and pension concepts for clients adapted to their stage of life.

OVB highly prioritised the digitisation of business processes and sales support in the "OVB Evolution 2022" strategy, thereby putting the focus on client and financial advisor satisfaction and aiming to improve efficiency noticeably.

Within the scope of the OVB service plan as part of the strategy, OVB set itself the goal of increasing client satisfaction and boosting client loyalty by systematising and better organising client advising. After identifying best practices in the Group in 2019, the country-specific implementation of a coordinated advising approach is scheduled to start in 2020.

OVB has not systematically collected customer satisfaction data to date; surveys are conducted on a case-by-case basis. In addition, consultations with clients provide indications of how OVB can achieve a high level

of customer satisfaction. Our clients recommending us to others is an indication of client satisfaction, and the willingness of our clients to recommend OVB is therefore a key component of the business model.

In pursuing the strategy, OVB would like to step up the use of client surveys as a tool in future, but has not yet specified a schedule for implementation.

Additional information on the performance of client numbers is provided in the “Basic information on the Group” and “Business performance” sections in the combined management report of OVB Holding AG in the Annual Report 2019.

Product portfolio tailored to client needs

OVB concentrates on advising and serving clients as a partner in all financial matters.

The Company does not develop products itself, but instead relies on selected product partners and their products to serve its clients’ individual needs, from subsistence and property/asset insurance to pensions and asset building and growth. OVB works with more than 100 high-performance providers across Europe.

The day-to-day consultations our financial advisors hold with clients provide OVB with clear insights into which products with which features best fulfil the needs of our clients. These insights are fed into a systematic process for selecting products for the portfolio and are the subject of a regular and open exchange of information with providers. When choosing partners and products in various countries, OVB’s goal is to put together a partner and product portfolio for clients suitable for the conditions in the respective market. To achieve this goal, OVB developed the “premium-select strategy”, which involves systematically reviewing and selecting product partners and their products according to a uniform plan applicable across the Group. The process is managed centrally by OVB Holding AG.

The Strategic Product Management team ensures that a sufficient number of suitable products by different product partners are available for each of the cornerstones of the OVB advising process – subsistence, property/asset insurance, pensions and asset building and growth. OVB takes note of the performance capability of partners, with their financial strength, a stable ownership structure and above-average service quality the most important criteria assessed. When collaborating with product partners, OVB works toward specifying standards to increase the efficiency and quality of products for clients.

OVB’s product selection process is continually being refined. At some subsidiaries, for example in the German market, OVB will begin including ESG-compliant (Environment, Social, Governance) investment funds by various providers in the product portfolio either as direct investments or in the form of fund-based insurance from

2020 onward. To this end, OVB worked with investment partners to put the conditions for this in place in 2019. This expansion of the product range enables OVB to address the growing interest of clients, particularly younger ones, in sustainable investments.

OVB does not conduct any explicit selection process according to environmental or social factors for proprietary financial investments. Our proprietary investments mostly feature a medium-term investment horizon.

Employee interests

Reliable partner to financial advisors

In addition to focusing on client interests, OVB also considers itself a company for entrepreneurs. At the end of the reporting period, 5,069 financial advisors worked full time for OVB in 15 European countries. They are responsible for advising and serving clients.

The financial advisors are independent sales agents in accordance with Section 84 HGB or comparable statutory regulations in various countries. OVB aims to continually expand the sales team and ensure its loyalty to the Company for the long term. Developments in the advisor base are the subject of regular reporting. Positive or negative trends are analysed by management to determine their implications. Transparent contract drafting, performance-based compensation based on a commission model and a supplementary agreement providing a portfolio maintenance commission as well as other benefits such as payments in the event of occupational incapacity and support for survivors in the event of death are among the benefits used to promote advisor loyalty to OVB. Contract terms are reviewed on an ongoing basis and adapted to current developments; the same is true for OVB’s services for financial advisors.

A key element for establishing trust-based client relationships is the professional training and professional development of the financial advisors who work for OVB. Only those with expert training can advise their customers optimally, and only when advising quality is high can OVB develop long-standing relationships with clients. For this reason, OVB years ago began establishing a high-quality, broad-based and internationally standardised training and professional development system designed for long-term cooperation with financial advisors – well before any legal requirements were passed.

The content is widely varied: In addition to conveying professional knowledge and helping advisors prepare for exams based on regulatory standards, OVB’s training and professional development system takes into account the shifting legal environment and covers product innovations as well as management and personal development issues. OVB continues to develop and systematise the training and professional development system used throughout Europe, not only due to regulatory requirements, but also in light of our own quality standards.

The Group companies monitor fulfilment of the training and professional development obligations of financial advisors stipulated by regulatory requirements. At Group level, OVB Holding AG's Qualification and Training manager coordinates the training and professional development initiatives that are part of the corporate strategy.

Since 2019 OVB Holding AG has steered the Company's efforts to set up a Group-wide Learning Management System, which will methodically provide training content (primarily by way of e-learning modules or offerings like web-based training sessions), organise the learning process and track learning outcomes.

Additional information on the performance of financial advisor numbers is provided in the "Basic information on the Group" and "Business performance" sections in the combined management report of OVB Holding AG in the Annual Report 2019.

Attractiveness as an employer

The financial advisors working for OVB are supported by 620 full-time employees, who ensure the service-oriented performance of all core processes, provide the necessary technical infrastructure, conduct training sessions, develop and implement sales-promoting initiatives, perform administrative duties and provide support for compliance with regulatory requirements. These employees ensure OVB's long-term success. Working conditions and employer-provided benefits are aimed at making OVB a highly attractive employer. These serve both to attract and retain qualified employees. HR management in the OVB Group is generally handled by the HR departments of the respective Group companies. Employment contracts and working conditions for employees correspond at minimum to the applicable legal provisions in the various countries in which OVB does business. In addition to compensation, other benefits such as asset-building benefits, subsidies for public transportation, and sports, fitness and health offerings are frequently provided.

Although no comprehensive plan to address employee interests is currently followed in a relatively unstandardised environment such the one at OVB, it goes without saying that individually tailored and negotiated rules on flexible working hours, work in a home office, parental leave, part-time work and even longer-term, unpaid leave (sabbatical) can be arranged for the employee's benefit as long as the individual's job allows for this.

The Executive Board of OVB Holding AG pursues the goal of promoting women and has set a goal of hiring more women for executive positions and giving women with equivalent qualifications preference in hiring for new positions. In March 2017, the Executive Board resolved a 10.5 per cent target for the representation of women at the senior executive level below the Executive Board for the time period until 30 June 2022.

OVB still aims to increase the share of women in the senior executive level below the Executive Board, but holds the view that the aspect of diversity which includes the consideration of women should not be the sole determinant for filling executive positions.

In the interest of the Company, the right choice much rather depends on management and leadership qualities, expert knowledge in response to the respective executive areas and responsibilities and professional experience.

Combating corruption and bribery

Responsible corporate governance

Corporate governance is an essential foundation for sustainable business success. The Executive Board and Supervisory Board aim to secure the Company's continued existence, preserve its ability to create value for the long term, and ensure its reputation for reliability and trustworthiness by practising responsible corporate governance. As a group of companies doing business internationally, OVB is subject to a broad range of legal systems. The OVB Group transacts its business in compliance with the laws and official regulations of the countries in which the Company operates. OVB has a no-tolerance policy on corruption and bribery. This stance is reflected in the Code of Conduct of OVB Holding AG, which defines guiding principles, values and standards of conduct for all employees. Surveys on the OVB Code of Conduct are regularly conducted in the OVB Group under the leadership of the Head of Compliance. These focus on the receipt and comprehension of and compliance with the Code of Conduct. Confirmations have been submitted by all regional OVB companies and OVB Holding AG for the reporting period.

Compliance

OVB considers compliance the legally and ethically faultless conduct of our staff in the day-to-day business. In particular, this includes preventing corruption, money laundering, terrorist financing and other acts punishable by law. Each employee has an impact on the Company's reputation as a result of his or her professional conduct.

Compliance activities as a means to ensure adherence with these rules and their observance by the Group companies are not limited to our own employees but also address the financial advisors who work for us in our various markets. Compliance principles have been implemented at OVB since financial year 2008 and a compliance management system (CMS) based on the pillars "prevent, recognise, respond" was introduced, subject to a continuous internal updating process and constant review in consideration of changing legal requirements.

In order to prevent, identify and sanction violations of the law, OVB uses state-of-the-art information technologies in addition to continually training and raising awareness among employees.

The Group's Head of Compliance reports directly to the Chief Financial Officer and regularly presents information to full sessions of the Executive Board and the Supervisory Board's Audit Committee. In all operating subsidiaries, the local compliance officers are assigned to and support the Head of Compliance and handle all compliance-relevant workflows at the level of business operations.

The compliance team of OVB Holding AG works closely together with the Executive Board, the management teams and other executives, advises and assists all employees in adhering to external and internal provisions. Violations of applicable law, relevant codes or in-house rules are not tolerated. In the OVB Group, we pursue a "zero tolerance" policy that is supported by the Executive Board and the Supervisory Board. A key instrument provided by the CMS for safeguarding compliance throughout the Group is the guideline management system at OVB Holding AG. In addition to the guideline management system, other internal control mechanisms are implemented as part of the CMS, particularly in order to meet EU-wide regulatory requirements adequately and in good time. In particular, these include the requirements of the EU General Data Protection Regulation, MiFID II (Markets in Financial Instruments Directive), IDD (Insurance Distribution Directive) and the AML Directive (Anti Money Laundering).

The declaration of conformity with the German Corporate Governance Code by the Executive Board and Supervisory Board and the declaration on corporate governance are available on the Internet at <https://www.ovb.eu/investor-relations/corporate-governance>.

Social issues

OVB's qualified financial advisors perform a valuable social service by serving as reliable partners to clients in all financial matters, protecting clients from diverse risks in accordance with the one-stop financial consulting approach, and in doing so, helping them to achieve their personal goals and aspirations. In view of demographic developments in Europe and the limited robustness of existing social security systems, promoting private pensions will become increasingly important in future to prevent the threat of widespread poverty among the elderly population.

In addition, OVB is engaged in social issues, particularly charity and welfare, child and youth welfare, training and education, helping the elderly and public health.

Although this aspect is not a material topic for the OVB Group within the meaning of the German Commercial Code, examples of these issues are presented in this Report.

OVB's relief organisation in Germany, "Menschen in Not e.V.", was founded in 1983 and is financed with contributions by the financial advisors in Germany and executives of OVB Vermögensberatung AG and OVB Holding AG. The Company encourages our financial advisors and employees to become engaged in social issues and is proud of all those who volunteer their time and skills to charitable organisations and communities.

OVB supports this engagement by providing financial sponsorship for these projects along with access to staff and material resources. Expanding the relief organisation is a cornerstone of the "OVB Evolution 2022" strategy. The OVB national companies in Austria, Romania and Croatia have founded their own charitable organisations under the common name of OVB Charity and launched initial projects.

Environmental issues

In view of its core business as a financial brokerage, OVB is not a manufacturing company. The influence of OVB's business operations on the use of natural resources is low compared with the manufacturing industry and should be considered immaterial for the Company's business.

Nonetheless, the Company takes its responsibility to protect the environment seriously and, for instance, uses modern methods of communication to conduct dialogue in executive meetings or meetings with other organisational units of the Group to reduce unnecessary business travel. The Travel Management team at OVB Holding AG also supports resource-saving travel planning. The OVB Group's company car guidelines stipulates increasing the use of hybrid and electric vehicles by offering incentives to do so.

Respect for human rights

It goes without saying that OVB Holding AG is committed to respecting human rights and avoiding forced and child labour. The companies of the OVB Group and the majority of the service providers and product partners commissioned by the holding company and Group companies are domiciled inside the European Union. Against the backdrop of OVB's specialised business model, the Company therefore does not consider it necessary to implement a specific plan or specific initiatives addressing this issue.

Independent Practitioner's Report on a Limited Assurance Engagement on Non-financial Reporting¹⁾

To OVB Holding AG, Cologne

We have performed a limited assurance engagement on the separate non-financial group report pursuant to § (article)315b Abs. (paragraph) 3 HGB "Handelsgesetzbuch": "German Commercial Code" of OVB Holding AG, Cologne, (hereinafter the "Company") for the period from 1 January to 31 December 2019 (hereinafter the "Non-financial Report").

Responsibilities of the Executive Directors

The executive directors of the Company are responsible for the preparation of the Non-financial Report in accordance with §§ 315c in conjunction with 289c to 289e HGB.

This responsibility of Company's executive directors includes the selection and application of appropriate methods of non-financial reporting as well as making assumptions and estimates related to individual non-financial disclosures which are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal control as they have considered necessary to enable the preparation of a Non-financial Report that is free from material misstatement whether due to fraud or error.

Independence and Quality Control of the Audit Firm

We have complied with the German professional provisions regarding independence as well as other ethical requirements.

Our audit firm applies the national legal requirements and professional standards - in particular the Professional Code for German Public Auditors and German Chartered Auditors ("Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer": "BS WP/vBP") as well as the Standard on Quality Control 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality control for audit firms (IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis - IDW QS 1) - and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Practitioner's Responsibility

Our responsibility is to express a limited assurance conclusion on the Non-financial Report based on the assurance engagement we have performed.

Within the scope of our engagement, we did not perform an audit on external sources of information or expert opinions, referred to in the Non-financial Report.

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to allow us to conclude with limited assurance that nothing has come to our attention that causes us to believe that the Company's Non-financial Report for the period from 1 January to 31 December 2019 has not been prepared, in all material aspects, in accordance with §§ 315c in conjunction with 289c to 289e HGB.

In a limited assurance engagement the assurance procedures are less in extent than for a reasonable assurance engagement, and therefore a substantially lower level of assurance is obtained. The assurance procedures selected depend on the practitioner's judgment.

Within the scope of our assurance engagement, we performed amongst others the following assurance procedures and further activities:

- Obtaining an understanding of the structure of the sustainability organization and of the materiality analysis
- Inquiries of management and personnel involved in the preparation of the Non-financial Report regarding the preparation process, the internal control system relating to this process and selected disclosures in the Non-financial Report
- Identification of the likely risks of material misstatement of the Non-financial Report
- Analytical evaluation of selected disclosures in the Non-financial Report
- Comparison of selected disclosures with corresponding data in the financial statements and in the group management report
- Evaluation of the presentation of the non-financial information

1) PricewaterhouseCoopers GmbH has performed a limited assurance engagement on the German version of the separate non-financial group report and issued an independent assurance report in German language, which is authoritative. The following text is a translation of the independent assurance report.

Assurance Conclusion

Based on the assurance procedures performed and assurance evidence obtained, nothing has come to our attention that causes us to believe that the Company's Non-financial Report for the period from 1 January to 31 December 2019 has not been prepared, in all material aspects, in accordance with §§ 315c in conjunction with 289c to 289e HGB.

Intended Use of the Assurance Report

We issue this report on the basis of the engagement agreed with the Company. The assurance engagement has been performed for purposes of the Company and the report is solely intended to inform the Company about the results of the limited assurance engagement.

The report is not intended for any third parties to base any (financial) decision thereon. Our responsibility lies only with the Company. We do not assume any responsibility towards third parties.

Frankfurt/Main, 3 March 2020

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Nicolette Behncke
Wirtschaftsprüfer
(German public auditor)

ppa. Benedikt Tschinkl