

Sustainability-related disclosure as at 30 June 2021

1 Introduction

In December 2019, the European Parliament and the European Commission adopted the Regulation on Sustainability-Related Disclosure in the Financial Services Sector (Sustainable Finance Disclosure Regulation, SFDR) ((EU) 2019/2088) as part of the European Commission's Action Plan on Financing Sustainable Growth. The purpose of the SFDR is to increase transparency regarding sustainability features and investments for end consumers.

The Sava Insurance Group supports this initiative and will continue to strive to contribute to sustainable development. We will introduce technical standards published by the European Commission on 2 February 2021 and update our disclosures accordingly.

In implementing our current sustainable development strategy (2020–2022) and preparing the strategy for the next period, we will build on the framework set by the SFDR, the EU taxonomy and the Non-Financial Reporting Directive.

2 Sustainability risks

2.1 Integration of sustainability risks into investment decision-making

Under its sustainable development strategy for 2020–2022, the Group gradually and systematically incorporates environmental, social and governance (ESG) criteria into its decision-making processes and continues the development of a methodology for assessing the sustainability of its investments. For more information on the “Sustainable development strategy of the Sava Insurance Group for 2020–2022”, please refer to the Group's sustainability report.

The management board of Sava Re d.d., the parent entity of the Sava Insurance Group, adopted the **Sustainability investment policy of the Sava Insurance Group** on 22 June 2021. Under the policy, it committed to developing a strategy for reducing greenhouse gas emissions in 2021–2022. In addition, the Group is introducing a somewhat extended exclusion list in its investment decisions, based on which it is additionally committed not to invest in thermal coal production or shale oil.

Although sustainability risks have not yet been systematically included in the investment decision-making process of the Sava Insurance Group (article 3 of the SFDR), the Group has created conditions for their gradual systematic integration through its adopted sustainability investment policy, the designing of a strategy for reducing greenhouse gas emissions and the introduction of new exclusions.

2.2 Integration of sustainability risks into remuneration policies

For the time being, sustainability risks are not included in the Group's remuneration policies. As mentioned above, the Group is developing a process to integrate sustainability risks and sustainability factors into investment decision-making processes. As a natural part of this, the Group intends to integrate sustainability risks in remuneration policies, and the management board has committed itself to doing so in the next strategy period.

3 Principal adverse impacts statement

The Group considers principal adverse impacts in investment decision-making in line with article 4 of the SFDR, effective as from 10 March 2021. Principal adverse impacts are defined as principal adverse impacts in investment decisions regarding sustainability factors.

Sava Re d.d. is negotiating an agreement with a data provider to provide principal adverse impact data on assets managed by Group entities. As required under the SFDR, the Group will publish this data in 2023 with the reference year 2022.

3.1 Monitoring and evaluating principal adverse impacts

Currently, the primary way in which the Group considers principal adverse impacts on sustainability factors in investment decision-making is through exclusions. Under the "Sustainable investment policy of the Sava Insurance Group", the Group has agreed on an exclusion list of sectors in which we do not wish to invest. The exclusion list covers entities or projects with a substantial part of their total revenue from the production or sale of alcohol, tobacco, adult entertainment, gambling products and services, thermal coal production, shale oil, nuclear energy production, military industries or the manufacture of controversial weapons (for details, refer to the "Sustainability investment policy of the Sava Insurance Group"). Investment managers are responsible for evaluating which principal adverse impacts are most material to consider for specific investments.

Climate change is one of the greatest challenges our world is facing, and reducing levels of global greenhouse gas emissions is one of the most central factors in mitigating climate change. The Group therefore has a particular focus on the impact of investment decisions on greenhouse gas emissions. The first step in these efforts is phasing in new exclusions of thermal coal production and shale oil. This will enable the Group to measure and report on the greenhouse gas footprint of its investment portfolio. As mentioned earlier, the Group has committed to making a greenhouse gas reduction strategy during 2021–2022. This strategy will include target setting, commitments and an action plan.

3.2 Active ownership

The Group acts as an active owner on its direct investments in Slovenia, where the Group has assessed it has a meaningful impact. The Group's active ownership activities include monitoring investments, reviewing all agenda items of shareholder meetings, attending shareholder meetings and voting.

On the Group's non-Slovenian holdings, where our impact is small, we have so far decided to actively monitor our investments but not to attend shareholder meetings.

3.3 International commitments

The Group has decided that in 2021 we will become signatories to the Principles for Responsible Investment and the United Nations Global Compact. Upon entering these commitments, we will work on a continuous basis to integrate the Principles for Responsible Investment and UN Global Compact into our investment decision-making.

Ljubljana, 22 June 2021