



Sustainability investment policy of the Sava Insurance Group



SAVA
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GROUP

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1 Introduction

On the basis of article 2 of the management board's rules of procedure of Pozavarovalnica Sava d.d., the management board of Sava Re, d.d., Ljubljana adopted the following document in its 29th regular session on 22 June 2021: Sustainability investment policy of the Sava Insurance Group.

This document refers to Sava Re d.d. (hereinafter: Sava Re or the Company) and functions as a reference document for subsidiaries that together with Sava Re as the parent company constitute the Sava Insurance Group (hereinafter: the Group).

1.1 Definition of terms

The terms used in this policy have the meanings as defined in the appended glossary (appendix 1).

2 Purpose

The purpose of the "Sustainability investment policy of the Sava Insurance Group" (hereinafter: the Policy) is to govern the Group's approach to environmental, social and governance (ESG) aspects of the Group's investments.

The Policy also has the purpose of ensuring that the Group adheres to applicable laws and regulations regarding investments such as the Sustainable Finance Disclosure Regulation (hereinafter: SFDR) and other EU and national regulations.

The Policy states the Group's commitments to a responsible and sustainable investment practice to the benefit of its customers and society at large.



3 Scope of the Policy

This Policy does not apply to any investments in index derivatives and existing illiquid investments.

This Policy outlines how ESG is integrated into investment decision-making, including principal adverse sustainability impacts.

Scope by legal entity

This Policy applies to:

- the Group's insurance and pension companies with specific consideration to investment portfolios as defined below in the scope by investment portfolio;
- the Group's asset management companies with specific consideration to investment portfolios as defined below in the scope by investment portfolio.

Scope by investment portfolio

This Policy applies to investments of the Group (consolidated list of investments), specifically to the following investment portfolios covering insurance provisions or shareholder capital of the Group's insurance and pension companies:

- portfolios where investment risk is borne by shareholders (non-life insurance, life funds with interest guarantees, annuities, shareholders' funds);
- portfolios where investment risk is shared between shareholders and policyholders (life funds with profit sharing).

This Policy also applies to portfolios of undertakings for collective investment in transferable securities (hereinafter: UCITS) managed by the Group's asset management companies and referred to in articles 8 and 9 of the SFDR.

4 Standards & principles

The Group supports the collective efforts of the global investment community to form common standards for integrating ESG considerations into investment decision-making.

Therefore, the Group has decided to become a signatory to guidelines and principles such as the Principles for Responsible Investment and to become a member of individual interest groups such as the United Nations Global Compact.

The Group recognises the risks that the degradation of natural resources poses for human health and well-being, the environment and financial returns.

The Group has a particular focus on the risks associated with greenhouse gas emissions and global warming, and it will work to monitor and limit the greenhouse gas intensity of our investment portfolio.



5 ESG in investment decision-making

The integration of ESG considerations into investment decision-making in the Group is based on the following elements:

- monitoring and evaluation of principal adverse impacts,
- monitoring and evaluation of greenhouse gas intensities,
- exclusions.

5.1 Monitoring and evaluation of principal adverse impacts

The Group considers principal adverse impacts (PAIs) in investment decision-making in line with article 4 of the EU Sustainable Finance Disclosure Regulation (SFDR) applicable as from 10 March 2021. Principal adverse impacts are defined in the SFDR as the principal adverse impacts of investment decisions on sustainability factors.

Sava Re will enter an agreement with a data provider to provide PAI data on assets managed by Group entities. The Group will publish this data from 2023 with the reference period 2022, in accordance with the requirements of the SFDR.

Currently, the primary way in which the Group considers PAIs in investment decision-making is through the exclusions set down in this Policy. In addition, it is the responsibility of investment managers to evaluate which PAIs are most material to consider for specific investments.

The Group is continuously developing its efforts in this regard and is systematically working to further integrate consideration of sustainability risks, which are the risks from E, S or G factors or events on the financial value of investments.

5.2 Monitoring and evaluation of greenhouse gas intensities

Climate change is one of the greatest challenges our world is facing, and reducing levels of global greenhouse 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. With the implementation of this Policy, the Group is therefore phasing in new exclusions of thermal coal production and shale oil.

Sava Re will enter an agreement with a data provider to provide PAI data on assets managed by Group entities. This will enable Group companies to measure and report on the greenhouse gas footprint of its investment portfolio.

The Group has committed to mapping out a greenhouse gas reduction strategy during 2021–2022. This strategy will include targets, commitments and an action plan.

5.3 Exclusions

The Group believes that certain industries are not part of our ambition to invest responsibly and sustainably and are therefore excluded from our investment options. Therefore, the Group does not invest in military industries, the tobacco industry, adult entertainment, gambling, nuclear energy or thermal coal producers. Excluded sectors are further specified in appendix 2.

These exclusions do not apply to companies that joined the Group after 1 February 2020. Companies that joined the Group after 1 February 2020 but before the effective date of this Policy shall draw up an action plan for the adjustment within one year of the effective date of this Policy. Companies that join the Group after the effective date of this Policy shall draw up an action plan for the adjustment within one year of becoming a member of the Group.

Adjustments to the exclusions for existing investments are to be implemented gradually, but no later than one year from the effective date of this Policy, or for the companies referred to in the previous paragraph within one year from the adoption of the action plan, with an optional extension of the transition period to five years if there is a risk of significant financial loss.

The exclusions apply to new investments as soon as this Policy is adopted or as soon as a subsidiary adopts this Policy or its own policy.

6 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.

7 Reporting

Sava Re reports on the outcome of this Policy annually in connection with the presentation of the Group's annual report.

8 Transitional and final provisions

This policy constitutes a reference document for designing policies in the Group's subsidiaries. Adjustments and deviations from framework policies of the Group are documented and reported in line with the procedure of adopting and reviewing policies in the Group, as set out in the Group governance policy.

This Policy becomes effective upon adoption by the management board and applies from 1 July 2021. The administrator shall review this Policy annually and, if necessary, propose amendments to the Company's management board.

This document is to be posted on the Company's website (www.sava-re.si) in both Slovenian and English.

Ljubljana, 22 June 2021

The Management Board of Sava Re d.d.



Marko Jazbec
chairman



Jošt Dolničar
member



Polona Pirš Zupančič
member



Peter Skvarča
member

9 Appendices

Appendix 1: Glossary

The terms used in this Policy have the following meaning:

Consolidated list of investments	A list of investments of the Sava Insurance Group that are part of the consolidated statement of financial position of the Sava Insurance Group. This list does not include assets under management or assets managed by third parties.
EGS	Environmental, social and governance aspects. In this Policy, it refers to these aspects in connection with investments and the investment process.
Principal adverse impacts (PAIs)	Relevant significant adverse sustainability impacts as defined under the Sustainable Finance Disclosure Regulation.
Sava Insurance Group	The parent company Sava Re d.d. and all its subsidiaries.
Sustainable Finance Disclosure Regulation (SFDR)	Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector.
Undertaking for collective investment in transferable securities (UCITS)	Undertaking for collective investment in transferable securities as defined under the Slovenian Investment Funds and Management Companies Act (ZISDU-3)
United Nations Global Compact	Principles governing minimum standards in human rights, employees' rights, the environment and corruption.
United Nations Principles of Responsible Investment	An independent non-profit non-governmental organisation endorsed by the United Nations that has accepted principles for responsible investment. The acronym UN PRI is used interchangeably to denote both the institution and the principles adopted.

Appendix 2:

The exclusion list defines sectors that the Sava Insurance Group does not invest in. The Group will not knowingly finance, directly or indirectly, companies or projects with a substantial part of their total revenue from activities listed in the following table.

Industry	Activity	Revenue threshold (%)
Alcohol	production and retail	5%
Tobacco	production and retail	5%
Adult entertainment	production and retail	5%
Gambling	production and services	5%
Thermal coal production*	coal mining and coal-based energy production	10%
Shale oil	production	0%
Nuclear energy	production	10%
Military industries	production	10%
Controversial weapons manufacturers	production and retail of anti-personnel mines, cluster ammunition, and chemical, biological and nuclear weapons	0%

* Companies assessed to be in transition away from coal activities may be kept in the investment universe, given that this is evaluated yearly.



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