

## **Statement on principal adverse impacts of investment decisions on sustainability factors**

Table 1

### **Statement on principal adverse impacts of investment decisions on sustainability factors**

**Financial market participant:** *Triglav Skladi, družba za upravljanje, d.o.o., LEI code: 48510000NKZ3E6LSZM73*

#### **Summary**

Triglav Skladi, družba za upravljanje, d.o.o., which, among other things, manages the sub-fund of the Triglav Vzajemni Skladi Umbrella Fund, the Equity – Socially Responsible Triglav Zeleni (LEI code of the investment fund: 485100005JXFEZ46BV83, hereinafter also known as Triglav Zeleni), 48510000NKZ3E6LSZM73, considers the principal adverse impacts of its investment decisions on sustainability factors.

This statement on the principal adverse impacts on sustainability factors covers the reference period from 1 January 2022 to 31 December 2022.

When making investment decisions for the Equity – Socially Responsible sub-fund Triglav Zeleni, the company takes into account the following principal adverse impacts: carbon footprint, exposure to companies active in the fossil fuel sector, investments in companies with no carbon reduction initiatives, and avoiding portfolio investments exposed to companies where cases of serious human rights breaches and related incidents have been identified.

#### **Description of the principal adverse impacts on sustainability factors**

In the period from 1 January 2022 to 29 December 2022, the Company took into account the assessments of external providers, which were based on three pillars: environment, society and management aspects, in accordance with the methodology in force at the time, in order to monitor sustainability characteristics.

From 30 December 2022, the Company uses a new methodology for making investment decisions, in accordance with which it takes into account the principal adverse impacts, as listed in the remainder of this document.

When making investment decisions for Triglav Zeleni, the following restrictions are taken into account in relation to the principal adverse impacts:

- 1) the carbon footprint of the companies in the portfolio will not exceed the value of the MSCI World Climate Paris Aligned benchmark index.
- 2) the investments in the portfolio will not be exposed to companies operating in the fossil fuel sector. This covers all companies that derive revenue from the exploration, mining, other extraction, distribution and refining of coal, and of liquid and gaseous fossil fuels.
- 3) investments from the portfolio will not be exposed to companies that have not adopted a policy of reducing greenhouse gas emissions in accordance with the goals of the Paris Agreement.
- 4) portfolio investments will not be exposed to companies where cases of serious human rights breaches and related incidents have been identified.

A more detailed methodology for achieving the sustainable investment characteristics for the Triglav Zeleni sub-fund is available on the Company's website ([www.triglavskladi.si](http://www.triglavskladi.si)).

#### **Indicators applicable to investments in investee companies**

| Adverse sustainability indicator                        | Metric                      | Impact [2022]                       | Impact [2021]   | Explanation | Actions taken, and actions planned and targets set for the next reference period   |
|---|-----------------------------|-------------------------------------|---|-------------|--|
| <b>CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS</b> |                             |                                     |   |             |  |
| Greenhouse gas emissions                                | 1.GHG emissions             | Scope 1 GHG emissions               |   |             |  |
|   |                             | Scope 2 GHG emissions               |   |             |  |
|   |                             | Scope 3 GHG emissions               |   |             |  |
|   |                             | Total GHG emissions                 |   |             |  |
|   | 2.Carbon footprint          | Carbon footprint                    | On 31 December 2022, the impact is 233.26 tonnes of CO2 per €1 million invested | -           | The portfolio of the Equity – Socially Responsible Triglav Zeleni sub-fund has not yet been aligned with the newly set goals in the Methodology for achieving sustainable characteristics of investments for the Triglav Zeleni sub-fund, as it was significantly changed on 30 December 2022, and the fund also changed the criterion index at that time so an adjustment period was required to align the portfolio. |
|   |                             | GHG intensity of investee companies |   |             | On 31 December 2022, the impact is 233.26 tonnes of CO2 per €1 million invested  |
|   |                             |                                     |   |             |  |
|   | 3.GHG intensity of investee | GHG intensity of investee companies |   |             |  |
|   |                             |                                     |   |             |  |

|              |   |   |                                       |   |   |  |
|--------------|---|---|---------------------------------------|---|---|--|
|              | companies   |   |                                       |   |   |  |
|              | 4.Exposure to companies active in the fossil fuel sector      | Share of investments in companies active in the fossil fuel sector  | On 31 December 2022, the impact is 2% | - | The portfolio has not yet been fully aligned with the newly set goals in the Methodology, as on 30 December 2022 we significantly changed the Methodology, which now also includes PAI M 4, and an adjustment period was needed to align the portfolio. | Investments in the Equity – Socially Responsible Triglav Zeleni sub-fund portfolio will not have exposure to companies operating in the fossil fuel sector. This covers all companies that derive revenue from the exploration, mining, other extraction, distribution and refining of coal, and of liquid and gaseous fossil fuels. |
|              | 5.Share of non-renewable energy consumption and production    | Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources |                                       |   |   |  |
|              | 6.Energy consumption intensity per high impact climate sector | Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector  |                                       |   |   |  |
| Biodiversity | 7.Activities negatively affecting                             | Share of investments in investee companies with sites/operations located  |                                       |   |   |  |

|  |   |   |  |  |  |  |
|--|---|---|--|--|--|--|
|  | biodiversity-sensitive areas  | in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas   |  |  |  |  |
| Water  | 8.Emissions to water  | Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average  |  |  |  |  |
| Waste  | 9.Hazardous waste and radioactive waste ratio   | Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average   |  |  |  |  |
| INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS |   |   |  |  |  |  |
| Social and employee matters  | 10.Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises | Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises                            |  |  |  |  |
|  | 11.Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact   | Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/complaints |  |  |  |  |

|     |  |   |  |  |  |  |
|-----|--|---|--|--|--|--|
|     | principles and OECD Guidelines for Multinational Enterprises   | handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises   |  |  |  |  |
| 12. | Unadjusted gender pay gap  | Average unadjusted gender pay gap of investee companies   |  |  |  |  |
| 13. | Board gender diversity   | Average ratio of female to male board members in investee companies, expressed as a percentage of all board members |  |  |  |  |
| 14. | Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons) | Share of investments in investee companies involved in the manufacture or selling of controversial weapons          |  |  |  |  |

#### Indicators applicable to investments in sovereigns and supranationals

| Adverse sustainability indicator |   | Metric  | Impact [2022] | Impact [2021] | Explanation | Actions taken, and actions planned and targets set for the next reference period |
|----------------------------------|---|---|---------------|---------------|-------------|--|
| Environmental                    | 15. GHG intensity                                   | GHG intensity of investee countries   |               |               |             |  |
| Social                           | 16. Investee countries subject to social violations | Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and |               |               |             |  |

|  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|
|  |  | conventions, United Nations principles and, where applicable, national law |  |  |  |  |
|--|--|--|--|--|--|--|

#### Indicators applicable to investments in real estate assets

| Adverse sustainability indicator |  | Metric   | Impact [2022] | Impact [2021] | Explanation | Actions taken, and actions planned and targets set for the next reference period |
|----------------------------------|--|--|---------------|---------------|-------------|--|
| Fossil fuels                     | 17.Exposure to fossil fuels through real estate assets | Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels |               |               |             |  |
| Energy efficiency                | 18.Exposure to energy-inefficient real estate assets   | Share of investments in energy-inefficient real estate assets  |               |               |             |  |

#### Other indicators for principal adverse impacts on sustainability factors

| Adverse sustainability indicator | Metric  | Impact [2022]   | Impact [2021] | Explanation | Actions taken, and actions planned and targets set for the next reference period  |
|----------------------------------|---|---|---------------|-------------|---|
| Emissions                        | Investments in companies with no carbon reduction initiatives | Share of investments in companies, with no carbon reduction initiatives, aiming to align with the Paris Agreement | 1%            | -           | Investments from the Equity – Socially Responsible Triglav Zeleni sub-fund portfolio will not be exposed to companies that have not adopted a policy of reducing greenhouse gas emissions in accordance with the goals of the Paris |

|              |  |  |   |   |   |
|--------------|--|--|---|---|---|
|              |  |  |   |   | Agreement.  |
| Human rights | Number of cases of serious human rights breaches and related incidents | Number of cases of serious human rights breaches and related incidents, related to companies that are being Invested in, based on the weighted average | 0 | - | Investments in the Triglav Zeleni portfolio will continue to have zero tolerance for serious human rights issues and incidents. |

#### Description of policies to identify and prioritise principal adverse impacts on sustainability factors

The policy to identify and prioritise the principal adverse impacts on sustainability factors in the management of investment funds promoting sustainable investments (adopted on 20 December 2023, available at [www.triglavskladi.si](http://www.triglavskladi.si)) defines how principal adverse impacts are taken into account when making investment decisions. Supervision is performed in accordance with the Risk management plan of the Triglav Vzajemni Skladi Umbrella Fund. If derogations from the investment strategies are detected, the pre-specified procedures for correcting the breaches are implemented. The derogation is monitored until it is found to be corrected.

The methodology to identify and prioritise the principal adverse impacts on individual investment sustainability factors is done through a review of the assigned scores by an external data provider, Clarity AI Inc and Bloomberg Professional. The sustainability characteristics of the selected benchmark index for the Triglav Zeleni Investment Fund (MSCI World Climate Paris Aligned Index) are also identified.

In the area of investment fund management, the Company has access to third-party data that allows managers to analyse the principal adverse impacts at the issuer and portfolio levels.

In making investment decisions for the Triglav Zeleni investment fund that promote sustainable investment

characteristics, the Company considers the following principal adverse impacts:

- carbon footprint,
- exposure to companies that are active in the fossil fuel sector,
- investments in companies with no carbon reduction initiatives,
- portfolio investments will not be exposed to companies where cases of serious human rights breaches and related incidents have been identified.

The principal adverse impacts listed above have been selected because of their critical impact on the environment and society.

The issuers' carbon footprint has a major impact on climate change, so a gradual reduction of the carbon footprint will help to achieve the goals of the Paris Agreement. The extraction and use of fossil fuels is a major contributor to our high carbon footprint, so within our investment policy, we do not invest in companies that are active in the fossil fuel sector. Therefore, only companies with carbon reduction initiatives in place can contribute to achieving carbon neutrality.

The Company has zero tolerance for investing in companies, where serious human rights problems and incidents have been identified, because human rights are the cornerstone of a free society and violations can have negative consequences in the wider social environment. Investing in such companies undermines the foundations of society, which is contrary to sustainable and ethical investment standards.

The Company will have zero tolerance for error according to the methodology adopted. There is no data on the margin of error of third-party methodologies. The sources of data used by the Company to implement the policy are the external data providers Clarity AI and Bloomberg Professional and the companies' annual reports.

The body in the Company that has been assigned responsibility for the implementation of the sustainability policies and procedures for this investment policy is Private Wealth Management.

## **Engagement policies**

The Engagement Policy was adopted on 24 August 2021 and is available on the company's website ([www.triglavskladi.si](http://www.triglavskladi.si))

The Company engages with issuers of financial instruments, in which the Funds' assets are invested, by attending consultations, conferences, investor days and other professional meetings organised by the issuer, stock exchange, brokerage house or other organisation. The Company participates in dialogue with representatives of financial instrument issuers when it expects that such dialogue can influence the long-term maximization of value for investors in terms of increasing the value of their investments, taking into account the importance of the share in the issuer and its accessibility. In meetings with representatives of issuers of financial instruments, the Company may discuss a variety of topics, including the issuer's business, financial performance, reporting and disclosure, environmental, social and governance aspects, as well as any other aspects that could pose significant risks to the long-term viability of the issuers' business. The Company shall invite the financial instrument issuer to provide it with additional information if it requires further clarification regarding the issuer's business.

Engagement with other holders of financial instruments of the issuer may take the form of exchanges of views on

and analyses of the issuer, or as a joint appearance in dialogue with the issuer. Participation with other holders of financial instruments of the issuer at a general meeting of the issuer depends on whether the joint appearance is likely to contribute to the voting outcome in a way that maximises the benefit to the investors. The form of cooperation includes, for example, the preparation or support of the proposals of the holders of the financial instrument issuer at the issuer's general meetings, taking into account the principles of avoiding conflicts of interest and coordinated action, as derived from the applicable legislation governing the field of takeovers.

The Company maintains a list of disclosures on its website of how it has voted at individual general meetings of issuers of financial instruments. The Company does not disclose votes that it considers to be irrelevant.

### **References to international standards**

References to international standards do not exist.

### **Historical comparison**

Compared to previous periods, the Engagement policy has not been changed. Description of the policies to identify and prioritise the principal adverse impacts on sustainability factors was first adopted on 20 December 2022 and therefore no comparison with previous periods is possible.

*Table 2*

### **Additional climate and other environment-related indicators**

| <b>Adverse sustainability impact</b>                              | <b>Adverse impact on sustainability factors<br/>(qualitative or quantitative)</b> | <b>Metric</b>   |
|---|---|---|
| <b>Indicators applicable to investments in investee companies</b> |   |   |
| <b>CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS</b>           |   |   |
| Emissions   | 1.Emissions of inorganic pollutants   | Tonnes of inorganic pollutants equivalent per million EUR invested, expressed as a weighted average                                 |
|   | 2. Emissions of air pollutants  | Tonnes of air pollutants equivalent per million EUR invested, expressed as a weighted average                                       |
|   | 3. Emissions of ozone-depleting substances  | Tonnes of ozone-depleting substances equivalent per million EUR invested, expressed as a weighted average                           |
|   | 4.Investments in companies without carbon emission reduction initiatives          | Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement |
| Energy performance  | 5.Breakdown of energy consumption by type of non-renewable sources of energy      | Share of energy from non-renewable sources used by investee companies broken down by each non-renewable energy source               |
| Water, waste and material emissions                               | 6. Water usage and recycling  | 1.Average amount of water consumed by the investee companies (in cubic meters) per million EUR of revenue of investee companies     |

|  |   |  |
|--|---|--|
|  |   | 2. Weighted average percentage of water recycled and reused by investee companies  |
|  | 7. Investments in companies without water management policies                                   | Share of investments in investee companies without water management policies   |
|  | 8. Exposure to areas of high water stress   | Share of investments in investee companies with sites located in areas of high water stress without a water management policy  |
|  | 9. Investments in companies producing chemicals   | Share of investments in investee companies the activities of which fall under Division 20.2 of Annex I to Regulation (EC) No 1893/2006   |
|  | 10. Land degradation, desertification, soil sealing   | Share of investments in investee companies the activities of which cause land degradation, desertification or soil sealing   |
|  | 11. Investments in companies without sustainable land/agriculture practices                     | Share of investments in investee companies without sustainable land/agriculture practices or policies  |
|  | 12. Investments in companies without sustainable oceans/seas practices                          | Share of investments in investee companies without sustainable oceans/seas practices or policies   |
|  | 13. Non-recycled waste ratio  | Tonnes of non-recycled waste generated by investee companies per million EUR invested, expressed as a weighted average   |
|  | 14. Natural species and protected areas   | <p>1. Share of investments in investee companies whose operations affect threatened species</p> <p>2. Share of investments in investee companies without a biodiversity protection policy covering operational sites owned, leased, managed in, or adjacent to, a protected area or an area of high biodiversity value outside protected areas</p> |
|  | 15. Deforestation   | Share of investments in companies without a policy to address deforestation  |
| Green securities   | 16. Share of securities not issued under Union legislation on environmentally sustainable bonds | Share of securities in investments not issued under Union legislation on environmentally sustainable bonds   |
| <b>Indicators applicable to investments in sovereigns and supranationals</b> |   |  |
| Green securities   | 17. Share of bonds not issued under Union legislation on  | Share of bonds not issued under Union legislation on environmentally sustainable bonds   |

|   |  |  |
|---|--|--|
|   | environmentally sustainable bonds  |  |
| <b>Indicators applicable to investments in real estate assets</b> |  |  |
| Greenhouse gas emissions  | 18. GHG emissions  | Scope 1 GHG emissions generated by real estate assets  |
|   |  | Scope 2 GHG emissions generated by real estate assets  |
|   |  | Scope 3 GHG emissions generated by real estate assets  |
|   |  | Total GHG emissions generated by real estate assets  |
| Energy consumption  | 19. Energy consumption intensity   | Energy consumption in GWh of owned real estate assets per square meter   |
| Waste   | 20. Waste production in operations                                       | Share of real estate assets not equipped with facilities for waste sorting and not covered by a waste recovery or recycling contract   |
| Resource consumption  | 21. Raw materials consumption for new construction and major renovations | Share of raw building materials (excluding recovered, recycled and biosourced) compared to the total weight of building materials used in new construction and major renovations             |
| Biodiversity  | 22. Land artificialisation   | Share of non-vegetated surface area (surfaces that have not been vegetated in ground, as well as on roofs, terraces and walls) compared to the total surface area of the plots of all assets |

Table 3

Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters

| <b>INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS</b> |   |  |
|---|---|--|
| <b>Adverse sustainability impact</b>  | <b>Adverse impact on sustainability factors<br/>(qualitative or quantitative)</b> | <b>Metric</b>  |
| <b>Indicators applicable to investments in investee companies</b>   |   |  |
| Social and employee matters   | 1. Investments in companies without workplace accident prevention policies        | Share of investments in investee companies without a workplace accident prevention policy                  |
|   | 2. Rate of accidents  | Rate of accidents in investee companies expressed as a weighted average                                    |
|   | 3. Number of days lost to injuries, accidents, fatalities or illness              | Number of workdays lost to injuries, accidents, fatalities or illness of investee companies expressed as a |

|   |   |  |
|---|---|--|
|   |   | weighted average   |
| 4.Lack of a supplier code of conduct  |   | Share of investments in investee companies without any supplier code of conduct (against unsafe working conditions, precarious work, child labour and forced labour)   |
| 5.Lack of grievance/complaints handling mechanism related to employee matters |   | Share of investments in investee companies without any grievance/complaints handling mechanism related to employee matters   |
| 6.Insufficient whistleblower protection                                       |   | Share of investments in entities without policies on the protection of whistleblowers  |
| 7. Incidents of discrimination  |   | 1.Number of incidents of discrimination reported in investee companies expressed as a weighted average<br>2.Number of incidents of discrimination leading to sanctions in investee companies expressed as a weighted average |
| 8. Excessive CEO pay ratio  |   | Average ratio within investee companies of the annual total compensation for the highest compensated individual to the median annual total compensation for all employees (excluding the highest-compensated individual)     |
| Human Rights  | 9. Lack of a human rights policy  | Share of investments in entities without a human rights policy   |
|   | 10. Lack of due diligence   | Share of investments in entities without a due diligence process to identify, prevent, mitigate and address adverse human rights impacts   |
|   | 11.Lack of processes and measures for preventing trafficking in human beings                | Share of investments in investee companies without policies against trafficking in human beings  |
|   | 12.Operations and suppliers at significant risk of incidents of child labour                | Share of investments in investee companies exposed to operations and suppliers at significant risk of incidents of child labour in terms of geographic areas or type of operation  |
|   | 13.Operations and suppliers at significant risk of incidents of forced or compulsory labour | Share of the investments in investee companies exposed to operations and suppliers at significant risk of incidents of forced or compulsory labour in terms in terms of geographic areas and/or the type of operation        |
|   | 14.Number of identified cases of severe human rights issues and incidents                   | Number of cases of severe human rights issues and incidents connected to investee companies on a weighted average basis  |

|                                  |  |   |
|----------------------------------|--|---|
| Anti-corruption and anti-bribery | 15.Lack of anti-corruption and anti-bribery policies   | Share of investments in entities without policies on anti-corruption and anti-bribery consistent with the United Nations Convention against Corruption                          |
|                                  | 16.Cases of insufficient action taken to address breaches of standards of anti-corruption and anti-bribery | Share of investments in investee companies with identified insufficiencies in actions taken to address breaches in procedures and standards of anti-corruption and anti-bribery |
|                                  | 17.Number of convictions and amount of fines for violation of anti-corruption and anti-bribery laws        | Numbers of convictions and amount of fines for violations of anti-corruption and anti-bribery laws by investee companies  |

#### **Indicators applicable to investments in sovereigns and supranationals**

|              |  |   |
|--------------|--|---|
| Social       | 18.Average income inequality score     | The distribution of income and economic inequality among the participants in a particular economy including a quantitative indicator explained in the explanation column              |
|              | 19.Average freedom of expression score | Measuring the extent to which political and civil society organisations can operate freely including a quantitative indicator explained in the explanation column                     |
| Human rights | 20.Average human rights performance    | Measure of the average human right performance of investee countries using a quantitative indicator explained in the explanation column   |
| Governance   | 21. Average corruption score           | Measure of the perceived level of public sector corruption using a quantitative indicator explained in the explanation column   |
|              | 22.Non-cooperative tax jurisdictions   | Investments in jurisdictions on the EU list of non-cooperative jurisdictions for tax purposes   |
|              | 23. Average political stability score  | Measure of the likelihood that the current regime will be overthrown by the use of force using a quantitative indicator explained in the explanation column                           |
|              | 24. Average rule of law score          | Measure of the level of corruption, lack of fundamental rights, and the deficiencies in civil and criminal justice using a quantitative indicator explained in the explanation column |