

Statement on principal adverse impacts of investment decisions on sustainability factors

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

Summary

Triglav Skladi, družba za upravljanje, d.o.o. (48510000NKZ3E6LSZM73) (hereinafter also the “Company”) considers the principal adverse impacts of its investment decisions on sustainability factors. This statement is the consolidated statement on principal adverse impacts on sustainability factors of the Company.

Throughout the reference period from 1 January 2023 to 31 December 2023, the Company has considered the principal adverse impacts for one product and one service. The principal adverse impacts were considered by the Company for the Triglav Vzajemni Skladi - delniški Triglav Okoljska perspektiva¹ investment fund (product) and for the GFI Delniški družbeno odgovorni investment policy (service). In the period from 14 December 2023 to 31 December 2023, the Company considered the principal adverse impacts for a further 11 products (investment funds) that comply with Article 8 of the Sustainable Finance Disclosure Regulation (hereinafter: The “SFDR”). In total, the Company therefore considered the principal adverse impacts for a total of 12 investment funds (products) and 1 investment policy (service) as of 14 December 2023.

The Company has yet to consider the principal adverse impacts on its other products and services.

The values in the tables below refer to all products and services of the Company.

The information below presents the aggregate values for all investment funds and investment policies managed by the Company, and not only for products and services for which the Company considered the principal adverse impacts.

This statement on the principal adverse impacts on sustainability factors covers the reference period from 1 January 2023 to 31 December 2023.

The column “Adopted measures, planned measures and objectives for the next reference period” refers to the following:

¹ On 14 December 2023, the fund was renamed from delniški družbeno odgovorni Triglav Zeleni to delniški Triglav Okoljska perspektiva.

- the actions taken by the Company relate only to products and services that comply with Article 8 of the SFDR, and the objectives and planned measures are defined for the broader range of products and services of the Company.

From 1 January 2023 to 31 December 2023, the Company considered the following principal adverse impacts of its investment decisions on sustainability factors, and the indicators of principal adverse impacts of investment decisions on sustainability factors, when managing its investment service that promotes environmental and social properties:

- Greenhouse gas emissions (the indicators Carbon footprint and Exposure to companies active in the fossil fuel sector)
- Emissions (the indicator Investments in companies with no carbon reduction initiatives).

From 1 January 2023 to 13 December 2023, the Company considered the following principal adverse impacts of its investment decisions on sustainability factors, and the indicators of principal adverse impacts of investment decisions on sustainability factors, when managing its investment products that promote environmental and social properties:

- Greenhouse gas emissions (the indicators Carbon footprint and Exposure to companies active in the fossil fuel sector)
- Human rights (the indicator Number of cases of serious human rights breaches and related incidents)
- Emissions (the indicator Investments in companies with no carbon reduction initiatives)

From 14 January 2023 to 31 December 2023, the Company considered the following principal adverse impacts of its investment decisions on sustainability factors, and the indicators of principal adverse impacts of investment decisions on sustainability factors, when managing its investment products (investment funds) that promote environmental and social properties:

- Greenhouse gas emissions (the indicator Carbon footprint)
- Emissions (the indicator Investments in companies with no carbon reduction initiatives)
- Environmental (the indicator Greenhouse gas emissions intensity)
- Social matters and those relating to employees (the indicators Violations of the principals of the UN Global Compact and guidelines of the Organisation for Economic Co-operation and Development (OECD) for international enterprises, Gender representation on boards, Exposure to controversial weapons (anti-infantry mines, cluster munitions, chemical or biological weapons), Inadequate protection of whistleblowers, Countries invested in where there are violations of social rights, Average score on freedom of expression)
- Human rights (indicators No human rights policy and Average human rights performance)
- Governance (indicators Average score on corruption, Average score on political stability, Average score on rule of law).

Description of the principal adverse impacts on sustainability factors

Table 1: Description of the principal adverse impacts on sustainability factor

Indicators applicable to investments in investee companies						
Adverse sustainability indicator	Metric		Impact 2023 (data coverage pct.) ²	Impact 2022 (data coverage pct.)	Explanation	Actions taken, and actions planned, and targets set for the next reference period
CLIMATE AND OTHER ENVIRONMENT- RELATED INDICATORS						
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	26.242,05 (96,03%)	20.622,72 (95,54%)	/	The evolution of regulation, the development of data providers, the development of the Company's products and services, and the development of the Company's own methodologies for achieving the sustainability characteristics of investments, has led to the development of an approach for identifying, prioritising and setting targets for the principal adverse impacts in 2022. In 2022, the Company upgraded the Methodology for Achieving Sustainable Investment Characteristics for the Triglav Zeleni sub-fund to a new Methodology for Assessing, Measuring and Monitoring Environmental, Social and Good Governance Characteristics, covering a total of 12 products as of 14 December 2023. The approach of identifying and prioritising the principal adverse impacts was also implemented by the Company in 2022 in the investment policy of GFI Delniški družbeno odgovorni. For this service, the Methodology is unchanged in 2023. From 1 January 2023 to 31 December 2023, the Company considered the following principal adverse impacts of its investment decisions on sustainability factors, and the indicators of principal adverse impacts of investment decisions on sustainability factors, when managing its investment service that promotes environmental and social properties: – Greenhouse gas emissions (the indicators Carbon footprint and Exposure to companies active in the fossil fuel sector)
		Scope 2 GHG emissions	7.224,98 (96,03%)	5.109,94 (95,54%)	/	
		Scope 3 GHG emissions	235.578,10 (96,03%)	202.309,92 (95,54%)	/	
		Total GHG emissions	270.047,74 (96,03%)	228.042,58 (95,54%)	/	
	2. Carbon footprint	Carbon footprint	294,68 (96,03%)	456,34 (95,54%)	/	
	3. GHG intensity of investee companies	GHG intensity of investee companies	659 (96,66%)	856,85 (96,11%)	/	
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	6,23% (96,07%)	9,52% (95,58%)	/	
	5. Share of non-renewable energy	Share of non-renewable energy	61,5%	68,98%	/	

² The proportion of data coverage represents the share of the portfolio for which data is available to calculate each indicator.

	consumption and production	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	(75,73%)	(75,77%)		<ul style="list-style-type: none"> - Emissions (the indicator Investments in companies with no carbon reduction initiatives). <p>From 1 January 2023 to 13 December 2023, the Company considered the following principal adverse impacts of its investment decisions on sustainability factors, and the indicators of principal adverse impacts of investment decisions on sustainability factors, when managing its investment products that promote environmental and social properties:</p> <ul style="list-style-type: none"> • Greenhouse gas emissions (the indicators Carbon footprint and Exposure to companies active in the fossil fuel sector) • Human rights (the indicator Number of cases of serious human rights breaches and related incidents) • Emissions (the indicator Investments in companies with no carbon reduction initiatives).
	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	42,64 (88,91%)	12,49 (80,75%)	/	
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	9,06% (97,42%)	0,37% (95,60%)	/	<p>From 14 January 2023 to 31 December 2023, the Company considered the following principal adverse impacts of its investment decisions on sustainability factors, and the indicators of principal adverse impacts of investment decisions on sustainability factors, when managing its investment products that promote environmental and social properties:</p>
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0,89 (0,65%)	0,00 (0,60%)	/	<ul style="list-style-type: none"> - Greenhouse gas emissions (the indicator Carbon footprint) - Emissions (the indicator Investments in companies with no carbon reduction initiatives) - Environmental (the indicator Greenhouse gas emissions intensity) - Social matters and those relating to employees (the indicators Violations of the principals of the UN Global Compact and guidelines of the Organisation for Economic Co-operation and Development (OECD) for international enterprises, Gender representation on boards, Exposure to controversial weapons (anti-infantry mines, cluster munitions, chemical or biological weapons), Inadequate protection of whistleblowers, Countries invested in where there are violations of social rights, Average score on freedom of expression)
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	0,74 (43,54%)	0,46 (41,61%)	/	

					<ul style="list-style-type: none"> - Human rights (indicators No human rights policy and Average human rights performance) - Governance (indicators Average score on corruption, Average score on political stability, Average score on rule of law). <p>The values presented for each individual indicator of principal adverse impacts of investment decisions on sustainability factors stem from the data that refers to complete assets managed by the Company and not only to products and services that promote environmental and social performance. These values may differ in different periods, depending on the properties of each investment product and service, adopted investment decisions in their management, the inflows and outflows of cash by clients, as well as on market conditions.</p> <p>Adopted measures</p> <p>The Company considers the principal adverse impacts of its investment decisions on the sustainability factors for 12 products (i.e. investment funds) and one service promoting environmental and social features, by:</p> <ul style="list-style-type: none"> • offering investment products and services that promote certain environmental and social properties, • using tailored methodologies for achieving sustainable properties of investments when managing the aforementioned investment products and services, • developing the aforementioned methodologies for achieving sustainable properties in investments, • using indices in investment products and services that promote environmental and social aspects, • regularly monitoring the performance of achieving the set objectives when considering the principal adverse impacts of investment decisions on sustainability factors, • forming a set of principal adverse impacts of investment decisions on sustainability factors when determining and prioritising the classification thereof, by considering the peculiarities of the investment policies of each investment product and service, or their applicability based on the available data, • monitoring the values of indicators of principal adverse impacts of investment decisions on sustainability factors, and disclosing them. For products, the values are
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						<p>disclosed in the context of the Umbrella Fund's annual report, which is published on the Company's website, and for services, in the context of periodic reports to clients.</p> <p>Planned measures and objectives</p> <p>The Company plans to carry out the following in the future:</p> <ul style="list-style-type: none"> • promoting environmental and social performance and considering the principal adverse impacts on all the Company's products, • promoting environmental and social performance and considering the principal adverse impacts on a wider range of services, • further development of its own approaches when integrating environmental, social and governance aspects in investment decisions, • further development of its own approaches when promoting environmental and social aspects, <p>development of new investment products and services that promote environmental and social properties.</p>
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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 Organization 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	0,03% (96,68%)	1,20% (95,59%)	/	The text in the upper part of this table also applies to this part of the table.
	11. Lack of processes and compliance mechanisms to monitor compliance	Share of investments in investee companies without policies to monitor compliance with the	2,34% (96,07%)	49,62% (95,26%)	/	

	with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/complaints 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	9,75% (25,88%)	11,93% (27,34%)	/	
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	35,71% (96,14%)	33,82% (95,59%)	/	
	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	0,32% (96,67%)	0,47% (95,58%)	/	
Indicators applicable to investments in sovereigns and supranationals						
Adverse sustainability indicator	Metric		Impact 2023 (data coverage pct.)	Impact 2022 (data coverage pct.)	Explanation	Actions taken, and actions planned, and targets set for the next reference period.
Environmental	15. GHG intensity	GHG intensity of investee countries	213,77 (98,42%)	229,35 (98,54%)	/	The text in the upper part of this table also applies to this part of the table.
Socials	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number)	5 (6,49% vseh držav) (98,42%)	0,0 (98,54%)	/	

		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 2023 (data coverage pct.)	Impact 2022 (data coverage pct.)	Explanation	Adopted measures, planned measures and objectives 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	/	/		The text in the upper part of this table also applies to this part of the table.
Energy efficiency	18. Exposure to energy- inefficient real estate assets	Share of investments in energy-inefficient real estate assets	/	/		

Additional principal adverse impacts on sustainability factors

Table 2: Additional climate and other environmental indicators

Indicators applicable to investments in investee companies						
Adverse sustainability indicator	Metric		Impact 2023 (data coverage pct.)	Impact 2022 (data coverage pct.)	Explanation	Adopted measures, planned measures and objectives for the next reference period

CLIMATE AND OTHER ENVIRONMENT- RELATED INDICATORS						
Emissions	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	37,45% (96,65%)	27,84% (95,93%)	/	The text presented in table 1 also applies to this part of the table.

Table 3: Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters

Indicators applicable to investments in investee companies						
Adverse sustainability indicator	Metric		Impact 2023 (data coverage pct.)	Impact 2022 (data coverage pct.)	Explanation	Actions taken, and actions planned, and targets set for the next reference period
CLIMATE AND OTHER ENVIRONMENT- RELATED INDICATORS						
Social and employee related topics	6. Insufficient Whistleblower Protection	Proportion of the portfolio exposed to issuers who do not have a whistleblower protection policy.	4,34% (96,07%)	Was not measured in 2022	/	The text presented in table 1 also applies to this part of the table.
Human Rights	9. Lack of a Human Rights Policy	Proportion of the portfolio exposed to issuers who do not have a human rights policy.	5,49% (96,07%)	Was not measured in 2022	/	
Human Rights	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	0,00 (96,06%)	0,00 (94,99%)	/	
Indicators applicable to investments in sovereigns and supranationals						

Adverse sustainability indicator	Metric		Impact 2023 (data coverage pct.)	Impact 2022 (data coverage pct.)	Explanation	Actions taken, and actions planned, and targets set for the next reference period
Social	19. Average Freedom of Expression Score	Weighted average score of freedom of expression in the portfolio investments.	77,04 (98,42%)	Was not measured in 2022	Scale from 0 to 100, where 100 is better.	The text presented in table 1 also applies to this part of the table.
Human Rights	20. Average Human Rights Performance	Weighted average of the rule of law index in the portfolio investments.	0,78 (98,36%)	Was not measured in 2022	Scale from 0 to 1, where 1 is better.	
Governance	21. Average Corruption Score	Weighted average of the corruption perception index in the portfolio investments.	66,86 (98,42%)	Was not measured in 2022	Scale from 0 to 100, where 100 is better.	
Governance	23. Average Political Stability Score	Weighted average of the stability and peace index in the portfolio investments.	8,24 (100%)	Was not measured in 2022	Scale from 0 to 10, where 10 is better.	
Governance	24. Average Rule of Law Score	Weighted average of the rule of law index in the portfolio investments.	1,02 (98,42%)	Was not measured in 2022	Scale from -2,5 to +2,5, where higher no. is better.	

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

From 1 January 2023 to 13 December 2024, the Company considered the principal adverse impacts on the sustainability factors for one product and one service. And from 14 December 2023 to 31 December 2023 for 12 products and one service that have been brought into line with Article 8 of the SFDR.

The policy to identify and prioritise the principal adverse impacts on sustainability factors in the management of investment funds promoting sustainable investments was adopted on 20 December 2022 and applied only to the Triglav Okoljska perspektiva fund (then called Triglav Zeleni). On 14 December 2023, the new policy to identify and prioritise the principal adverse impacts on sustainability factors in the management of investment funds promoting sustainable investments took effect.

The policy to identify and prioritise the principal adverse impacts on sustainability factors in the financial instruments management service was adopted on 20 December 2022, and was valid until 20 June 2023, when an updated version was adopted.

The implementation of the applicable policies to identify and prioritise the principal adverse impacts is the responsibility of the Investment Fund Management and Individual Wealth Management areas. The internal acts adopted and approved by the Management Board of the Company also define the appropriate control by the control functions.

If derogations from the investment strategies are detected, the pre-specified procedures for correcting the unauthorised derogations are implemented. The derogation is monitored until it is found to be corrected.

In both of the aforementioned policies, actions to identify and prioritise the principal adverse impacts on individual investment sustainability factors are done through a review of the data by the external providers Clarity AI Inc, MSCI, Bloomberg Professional, and other sources which the Company deems to be credible. The sustainability characteristics of the selected benchmarked indices of the Company's products and services that promote environmental and social attributes are also identified.

The principal adverse impacts on sustainability factors which are considered in the framework of products and services aligned with Article 8 of the Sustainable Finance Disclosure Regulation are selected because of their significant negative impact on the environment and society. The values of the selected principal adverse impacts were checked at least once a month, and additionally in an area independent of the management area. The adequacy and possible need for replacement of the principal adverse impacts was also reviewed at least annually.

Engagement policy

The Engagement Policy was adopted on 24 August 2021, and is available on the Company's website (www.triglavskladi.si). The Engagement Policy relates primarily to the activities of the Company, but also governs the cooperation of investment funds and investment policies for the management of financial instruments under the Company's management.

The Company engages with issuers of financial instruments, in which the assets of investment funds or the GFI clients' funds 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 maximisation of value for investors/GFI clients 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 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.

Cooperation 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 it is assessed

that 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.

In the internal act, the policy of the Company on exercised voting rights³ determines the principles and decision-making procedures on when and how it will exercise voting rights derived from financial instruments, in order to ensure the exclusive benefit of the investment funds managed by the Company or assets of GFI clients. The decision to participate in general meetings, and thus to exercise voting rights, depends on an assessment of the significance of the anticipated benefits to investors or GFI clients, and other circumstances such as the shareholding in the issuer or the issuer's financial instruments, the importance of the items on the voting agenda, the possibility of influencing the outcome of the vote, the cost aspect, and the contribution to positive changes in the corporate governance of the financial instrument issuer. Voting rights are exercised by the Company in accordance with the investment objectives and policy, as well as the benefits of investors or of the GFI clients. 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.

Based on the guidelines of the adopted Responsible Investment Policy, the Company intends to adopt a renewed Engagement Policy in 2024, which will address the role of active ownership more comprehensively through formulated engagement, performance evaluation and escalation strategies.

Reference to international standards

The Company refers to the following international standards:

- The Paris Agreement
- The Principles of the United Nations (UN) Global Compact
- Guidelines of the Organisation for Economic Co-operation and Development (OECD) for international enterprises.

The chosen principal adverse impacts, and indicators of the principal adverse impacts which we considered, and the reduction of which contributes to the achievement of the Paris Agreement objectives:

- greenhouse gas emissions (the indicators Carbon footprint and Exposure to companies active in the fossil fuel sector)
- emissions (the indicator Investments in companies with no carbon reduction initiatives)

The chosen principal adverse impacts, and indicators of the principal adverse impacts which we considered, and which contribute to the improvement of the situation in terms of social matters:

- social matters and those relating to employees (the indicator Violations of the principals of the UN Global Compact and guidelines of the Organisation for Economic Co-operation and Development (OECD) for international enterprises)
- human rights (the indicators Number of cases of serious human rights breaches and related incidents, No human rights policy and Average human rights performance)

³ The internal act in force at the date of this statement.

The values of the selected principal adverse impacts or indicators of the principal adverse impacts on sustainability factors are assessed through a review of the data by the external providers Clarity AI Inc, MSCI, Bloomberg Professional, and other sources which the Company deems to be credible.

In 2023, the Company did not use the upstream climate scenario. The Company recognises the issue of climate change as a key issue, which is also described in both of the aforementioned methodologies of products and services, and which is prioritised when choosing the indicators of the principal adverse impacts on sustainability factors.

Comparison with previous periods

A comparison with previous data is given in the tables above. The development and updating of methodologies during 2023 has also led to changes in the set of adverse impacts and the indicators of the principal adverse impacts. As a result, the comparison with 2022 is of limited informational value. The lower carbon footprint and the lower exposure to companies active in the fossil fuel sector compared to the previous year can be highlighted. For investments in state-owned and supranational entities, the indicator also shows a lower greenhouse gas emissions intensity. A more detailed comparison of the indicators can be made using the data provided in the above tables of this statement.