

Statement on principal adverse impacts of investment decisions on sustainability factors

Table 1

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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).

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
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CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS

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.	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				
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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) 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)

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

Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metric
Indicators applicable to investments in investee companies		
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS		
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	1. Share of investments in investee companies whose operations affect threatened species 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
	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
Indicators applicable to investments in sovereigns and supranationals		
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	
Indicators applicable to investments in real estate assets		
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

INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS		
Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metric
Indicators applicable to investments in investee companies		
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 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