

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. (LEI code: 48510000NKZ3E6LSZM73) considers the principal adverse impacts of its investment decisions on sustainability factors. This statement is a consolidated statement on the principal adverse impacts on the sustainability factors of Triglav Skladi, družba za upravljanje, d.o.o.

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

Triglav Skladi considered the principal adverse impacts on sustainability factors in the reference period in the sub-fund Triglav Vzajemni Skladi Umbrella Fund - the equity fund Triglav Zeleni (hereinafter also: Triglav Zeleni) (entire reference period) and in the GFI Delniški družbeno odgovorni investment policy (in the period from 27 September 2022 to 31 December 2022). The management company has yet to consider the principal adverse impacts in its other products and services because it has only just established the monitoring processes for adverse impacts of investment decisions on sustainability factors. The values in the tables below refer to all products and services of the management company. The column "Adopted measures, planned measures and objectives for the next reference period" refers to the following:

- the adopted measures of the company refer only to Triglav Zeleni and GFI Delniški družbeno odgovorni
- the objectives and planned measures are defined for the broader range of products and services of the company.
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From 1 January 2022 to 31 December 2022, the company Triglav Skladi 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)
- Biodiversity (the indicator Activities which negatively impact sensitive biodiverse areas)
- Water (the indicator Emissions to water)
- Social matters and those relating to employees (the indicators Exposure to controversial weapons (anti-infantry mines, cluster munitions, chemical or biological weapons) and Violations of the principals of the UN Global Compact and guidelines of the Organisation for Economic Co-operation and Development (OECD) for multinational international enterprises)

- Water, waste and emission materials (the indicator Exposure to areas with a high water stress)
- Human rights (the indicator Number of cases of serious human rights breaches and related incidents)
- Emissions (the indicators Air pollutant emissions and Investments in companies with no carbon reduction initiatives)

Table 1

Description of the principal adverse impacts on sustainability factors

Indicators applicable to investments in investee companies						
Adverse sustainability indicator	Metric	Impact 2022 (data coverage pct.)	Impact 2021	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	20.622,72 (95,54%)	/	Prior to 2022, the company Triglav Skladi had no set objectives concerning principal adverse impacts of its investment decisions on sustainability factors when it managed its investment products. The first consequence of this is the absence of data on the principal adverse impacts of investment decisions on sustainability factors for 2021. The second consequence refers to the fact that the development of regulations, data providers and our own methodologies for achieving sustainable properties of investments of the company Triglav Skladi progressed with various speeds. Due to the above, the company Triglav Skladi changed its methodology in 2022 for achieving more sustainable properties of investments when managing investment funds, and it also began using more various data sources.	
		Scope 2 GHG emissions	5.109,94 (95,54%)	/		
		Scope 3 GHG emissions	202.309,92 (95,54%)	/		
		Total GHG emissions	228.042,58 (95,54%)	/		
	2. Carbon footprint	Carbon footprint	456,34 (95,54%)	/		
	3. GHG intensity of investee companies	GHG intensity of investee companies	856,85 (96,11%)	/		From 1 January 2022 to 31 December 2022, the company Triglav Skladi considered the following principal adverse

	4.Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	9,52% (95,58%)	/		<p>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"> • gas emissions (the Greenhouse indicators Carbon footprint and Exposure to companies active in the fossil fuel sector) • Biodiversity (the indicator Activities which negatively impact sensitive biodiverse areas) • Water (the indicator Emissions to water) • 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 and Exposure to controversial weapons (anti-infantry mines, cluster munitions, chemical or biological weapons)). <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 Triglav Skladi. These numbers may differ in different periods, depending on the properties of each investment product, 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>
	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	68,98% (75,77%)	/		
	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	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	0,37% (95,60%)	/		
Water	8.Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0,00 (0,60%)	/		

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	0,46 (41,61%)	/	<p>The company Triglav Skladi considers the principal adverse impacts of its investment decisions on sustainability factors by:</p> <ul style="list-style-type: none"> • Offering investment products that promote certain environmental and social properties, • Using tailored methodologies for achieving sustainable properties of investments when managing the aforementioned investment products, • Developing the aforementioned methodologies for achieving sustainable properties in investments, • Using indices in investment products 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 or their applicability based on the available data, • Monitoring the values of indicators of principal adverse impacts of investment decisions on sustainability factors, and publicly disclosing them in the framework of
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						<p>annual reports and statements on principal adverse impacts,</p> <p>Planned measures and objectives</p> <p>Triglav Skladi plans to carry out the following in the future:</p> <ul style="list-style-type: none"> • 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, • Development of new investment products that promote environmental and social properties.
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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 Organisation for Economic Cooperation and Development (OECD) Guidelines for	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	1,20% (95,59%)	/		The text in the upper part of this table also applies to this part of the table.

	Multinational Enterprises				
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the 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	49,62% (95,26%)	/	
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	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	33,82% (95,59%)	/	
	14. Exposure to controversial weapons (anti-personnel mines, cluster	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0,47% (95,58%)	/	

	munitions, chemical weapons and biological weapons)				
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Indicators applicable to investments in sovereigns and suprationals					
Adverse sustainability indicator	Metric	Impact 2022 (data coverage pct.)	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	229,35 (98,54%)	/	The text in the upper part of this table also applies to this part of the table
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	0,0 (98,54%)	/	

Indicators applicable to investments in real estate assets

Adverse sustainability indicator		Metric	Impact 2022 (data coverage pct.)	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	/	/		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	/	/		

Table 2

Additional climate and other environmental indicators

Indicators applicable to investments in sovereigns and supranationals						
Adverse sustainability indicator		Metric	Impact 2022 (data coverage pct.)	Impact 2021	Explanation	Actions taken, and actions planned and targets set for the next reference period
Emissions	2 Emissions of inorganic pollutants	Tonnes of inorganic pollutants equivalent per million EUR invested, expressed as a weighted average	0,10 (3,36%)	/		The text presented in table 1 also applies to this table In addition to the principal adverse impacts from table 1, the chosen adverse impacts (and indicators) from table 2 are also considered. From 1 January 2022 to 31 December 2022, the company Triglav Skladi considered the following

	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	27,84% (95,93%)	/		<p>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"> • Emissions (the indicators Air pollutant emissions and Investments in companies with no carbon reduction initiatives) • Water, waste and emission materials (the indicator Exposure to areas with a high water stress)
	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	3,49% (95,54%)	/		

Table 3

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

Indicators applicable to investments in sovereigns and supranationals						
Adverse sustainability indicator		Metric	Impact 2022 (data coverage pct.)	Impact 2021	Explanation	Actions taken, and actions planned and targets set for the next reference period
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 (94,99%)	/		<p>The text presented in table 2 also applies to this part of the table.</p> <p>In addition to the principal adverse impacts from table 1 and 2, the chosen adverse impacts (and indicators) from table 3 are also considered. From 1 January 2022 to 31 December 2022, the company Triglav Skladi 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"> • Human rights (the indicator Number of cases of serious human rights breaches and related incidents)

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

The company Triglav Skladi considers the principal adverse impacts on sustainability factors for Triglav Zeleni and GFI Delniški družbeno odgovorni.

The bodies in the company that have been assigned responsibility for the implementation of the sustainability policies are the one managing investment funds and the one managing individual assets.

In the case of investment funds, 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 (accessible at www.triglavskladi.si).

In the case of investment policies in the framework of individual asset management, the Policy to identify and prioritise the principal adverse impacts was adopted on 27 October 2022 (the current version with all the subsequent amendments and supplements is available at www.triglavskladi.si), which refers to GFI Delniški družbeno odgovorni.

The aforementioned policies determine how the principal adverse impacts on sustainability factors are considered when adopting investment decisions.

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.

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 assigned scores or data by the external data 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 are also identified.

The principal adverse impacts on sustainability factors which are considered in the framework of managing certain investment products of Triglav Skladi are chosen due to their important negative impact on the environment and society.

The company Triglav Skladi accepts the risk of error in the data and calculations of external data providers due to the recent publication of new data by companies or countries, the recent changes in the methodology, the recent changes in regulatory requirements, or errors due to other objective factors.

Engagement policies

The Engagement Policy was adopted on 24 August 2021, and is available on the company's website (www.triglavskladi.si).

The company Triglav Skladi engages with issuers of financial instruments in which the assets of funds or clients' GFI 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 Triglav Skladi 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 Triglav Skladi 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 Triglav Skladi 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 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 Triglav Skladi on exercised voting rights 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 Triglav Skladi 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 Triglav Skladi 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

The company Triglav Skladi refers to the following international standards:

1. Paris Agreement
2. Principles of the United Nations (UN) Global Compact
3. Guidelines of the Organisation for Economic Co-operation and Development (OECD) for multinational 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 indicators Air pollutant emissions and 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 multinational enterprises)
- Human rights (the indicator Number of cases of serious human rights breaches and related incidents)

In 2022, the company Triglav Skladi did not use the forward-looking climate scenario. The company Triglav Skladi recognises the issue of climate change as a key issue, which is also described in both of the aforementioned methodologies of products, and which is prioritised when choosing the indicators of the principal adverse impacts on sustainability factors. Forward-looking climate scenarios are recognised by the company as very important, which is why they will be addressed in the further development of our own approaches when integrating environmental, social and governance aspects in investment decisions.

Historical comparison

Prior to 2022, the company Triglav Skladi had no set objectives concerning principal adverse impacts on sustainability factors when it managed its investment products and services. The consequence of this is the absence of data on the principal adverse impacts for 2021. Therefore, no comparisons with prior data can be made.