

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 GFI Delniški družbeno odgovorni investment policy 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 GFI Delniški družbeno odgovorni investment policy, the company takes into account the following principal adverse impacts: carbon footprint, exposure to companies active in the fossil fuel sector and investments in companies with no carbon reduction initiatives.

Description of the principal adverse impacts on sustainability factors

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.

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

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| 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 * (Scope 1,2,3) | On 31 December 2022 the impact is 213.42 tonnes of CO ₂ per €1 million invested | - | The carbon footprint of the companies in the GFI Delniški – Družbeno odgovorni investment policy portfolio will not exceed the value of the MSCI World | The MSCI World Climate Paris Aligned Benchmark has as its main objective of a 50% reduction in greenhouse gas emissions (Scope 1 + 2 + 3) relative |

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| | | | | | Climate Paris Aligned Benchmark Index (311.16 tonnes of CO ₂ per €1 million invested). | to the baseline (MSCI World Core Index), and a commitment to reducing the average greenhouse gas emissions of all investments by 10% per year. |
| | 3. GHG intensity of investee companies | GHG intensity of investee 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 0%. | - | Investments in the GFI Delniški – Družbeno odgovorni investment policy portfolio do not have exposure to companies operating in the fossil fuel sector. This covers all companies | Investments in the GFI Delniški – Družbeno odgovorni investment policy portfolio will not have exposure to companies operating in the fossil fuel sector. This covers all companies |

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| | | | | | that derive revenue from the exploration, mining, other extraction, distribution, and refining of coal, and of liquid and gaseous fossil fuels. | 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 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 | | | | |
| Water | 8. Emissions to water | Tonnes of emissions to water generated by investee companies per million EUR invested, | | | | |

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| | | 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 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 | | | | |
| | 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 | | | | |

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| | 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 [year n] | Impact [year n-1] | 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 [year n] | Impact [year n-1] | Explanation | Actions taken, and actions planned and |

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| | | | | | | 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 | On 31 December 2022 the impact is 0%. | - | Investments in the GFI Delniški – Družbeno odgovorni investment policy portfolio do not have exposure to companies that have not | Investments in the GFI Delniški – Družbeno odgovorni investment policy portfolio will not have exposure to companies that have not |

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| | | | | | adopted a policy of reducing greenhouse gas emissions in accordance with the goals of the Paris Agreement | adopted a policy of reducing greenhouse gas emissions in accordance with the goals of the Paris Agreement |
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Description of the policies to identify and prioritise the 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 for Private Wealth Management. 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 GFI Delniški družbeno odgovorni investment policy (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 GFI Delniški družbeno odgovorni investment policy 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,

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 Company engages with issuers of financial instruments, in which 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 such dialogue to influence the long-term maximization 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, and 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.

In the internal act, the Company's policy 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 assets of GFI clients and investor holders. 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.

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/GFI clients. 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.

References to international standards

The Company adhered to the principles of responsible investment at the United Nations.

Historical comparison

There is no available comparison with previous periods, as the investment policy was only established in 2022.

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 |

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| | | 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 |

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| | 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 |

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| | | 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 environmentally sustainable bonds | Share of bonds not issued under Union legislation on 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 |

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| | | 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 |

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| | | 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 |

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| | | 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 |

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| | | 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 |

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| | | 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 |

