



SAVA
OSIGURANJE

Sava osiguranje, d.d.
Podružnica Hrvatska

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Sustainability-related disclosure

1 Introduction

In December 2019, the European Parliament and the European Commission adopted the Regulation on Sustainability-Related Disclosure in the Financial Services Sector (Sustainable Finance Disclosure Regulation, SFDR) ((EU) 2019/2088) as part of the European Commission's Action Plan on Financing Sustainable Growth. The purpose of the SFDR is to increase transparency regarding sustainability features and investments for end consumers.

Zavarovalnica Sava d.d. supports this initiative and will continue to strive to contribute to sustainable development. We will introduce technical standards published by the European Commission on 2 February 2021 and update our disclosures accordingly.

In implementing the current Sava Insurance Group's sustainable development strategy (2020–2022) and preparing the strategy for the next period, we will build on the framework set by the SFDR, the EU taxonomy and the Non-Financial Reporting Directive.

2 Sustainability risks

2.1 Policy of integrating sustainability risks into investment decision-making

As part of the sustainable development strategy of the Sava Insurance Group for 2020–2022, Zavarovalnica Sava d.d., a member of the Sava Insurance Group, gradually and systematically incorporates environmental, social and governance (ESG) criteria into its investment decision-making processes and continues the development of a methodology for assessing the sustainability of its investments. For more information on the "Sustainable development strategy of the Sava Insurance Group for 2020–2022", please refer to the Group's sustainability report.

The management board of Sava Re d.d., the parent entity of the Sava Insurance Group, adopted the [Sustainability investment policy of the Sava Insurance Group](#) on 22 June 2021. Under the policy, it committed to developing a strategy for reducing greenhouse gas emissions in 2021–2022. In addition, the Group is introducing a somewhat extended exclusion list in its investment decisions, based on which it is additionally committed not to invest in thermal coal production or shale oil.

At its meeting on 29 June 2021, the management board of Zavarovalnica Sava d.d. committed to consider the guidelines and commitments set out in the "Sustainability investment policy of the Sava Insurance Group" in its investment decision-making.

Although sustainability risks have not yet been systematically included in the investment decision-making process of Zavarovalnica Sava (article 3 of the SFDR), the insurer has created conditions for their gradual systematic integration through the adopted “Sustainability investment policy of the Sava Insurance Group”, the designing of a Group strategy for reducing greenhouse gas emissions and the introduction of new exclusions.

2.2 Integration of sustainability risks into the remuneration policy

For the time being, sustainability risks are not included in the insurer’s remuneration policy. As mentioned above, the insurer is developing a process to integrate sustainability risks and sustainability factors into investment decision-making processes. As a natural part of this, the insurer intends to integrate sustainability risks in remuneration policies, and the management board has committed itself to doing so in the next strategy period.

3 Statement on principal adverse impacts

Zavarovalnica Sava d.d. considers principal adverse impacts in investment decision-making in line with article 4 of the SFDR, effective as from 10 March 2021. Principal adverse impacts are defined as principal adverse impacts in investment decisions regarding sustainability factors.

The insurer will use external sources to provide principal adverse impact data on assets managed by the insurer. As required under the SFDR, the insurer will publish this data in 2023 with the reference year 2022.

3.1 Monitoring and evaluating principal adverse impacts

Currently, the primary way in which the insurer considers principal adverse impacts on sustainability factors in investment decision-making is through exclusions. Under the “Sustainable investment policy of the Sava Insurance Group”, the insurer has agreed on an exclusion list of sectors in which we do not wish to invest. The exclusion list covers entities or projects with a substantial part of their total revenue from the production or sale of alcohol, tobacco, adult entertainment, gambling products and services, thermal coal production, shale oil, nuclear energy production, military industries or the manufacture of controversial weapons (for details, refer to the “Sustainability investment policy of the Sava Insurance Group”). Investment managers are responsible for evaluating which principal adverse impacts are most material to consider for specific investments.

Climate change is one of the greatest challenges our world is facing, and reducing levels of global greenhouse gas emissions is one of the most central factors in mitigating climate change. The insurer therefore has a particular focus on the impact of investment decisions on greenhouse gas emissions. The first step in these efforts is phasing in new exclusions of thermal coal production and shale oil. This will enable the insurer to measure and report on the greenhouse gas footprint of its investment portfolio. As mentioned earlier, the Sava Insurance Group has committed to making a greenhouse gas reduction strategy during 2021–2022. This strategy will include target setting, commitments and an action plan.

3.2 Active ownership

The insurer acts as an active owner on its direct investments in Slovenia, where the Group has assessed it has a meaningful impact. The insurer's active ownership activities include monitoring investments, reviewing all agenda items of shareholder meetings, attending shareholder meetings and voting.

On the Group's non-Slovenian holdings, where its impact is small, the Group has so far decided to actively monitor its investments but not to attend shareholder meetings.

3.3 International commitments

The Sava Insurance Group has decided that in 2021 it will become a signatory to the Principles for Responsible Investment and the United Nations Global Compact. Upon entering these commitments, the Group will work on a continuous basis to integrate the Principles for Responsible Investment and UN Global Compact into its investment decision-making.