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**Statement on Principal Adverse Impacts of Investment Decisions on  
Sustainability Factors of Zavarovalnica Sava d.d., LEI code  
48510000OGX4W2DFYV52, for 2024**

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## 1 Summary

Zavarovalnica Sava d.d. (the “Company” or “Zavarovalnica Sava”), LEI code 48510000OGX4W2DFYV52, takes into account the principal adverse impacts of investment decisions on sustainability factors. This statement on the principal adverse impacts of investment decisions on sustainability factors of Zavarovalnica Sava and its subsidiaries, i.e., Sava Osiguranje d.d. – Croatian branch, covers the reference period from 1 January to 31 December 2024. The indicators are calculated based on the average of the quarterly holdings in investee companies over the reference period from 1 January to 31 December 2024 and according to the latest available information on the principal adverse impacts of investee companies (PAI indicators).

The Sava Insurance Group, of which Zavarovalnica Sava is a member, has had a Sustainability Investment Policy in place since 2021. This policy establishes sustainability guidelines for investment decisions in investment management covering non-life insurance liabilities, traditional life insurance liabilities and the Company’s own funds. The policy has been reviewed several times in recent years. The latest version, in force from February 2025, is published on the Company’s website. The policy is based on the principles of integrating environmental, social and governance (ESG) considerations into investment decision-making processes and defines industries that do not comply with sustainability and responsible investment guidelines and in which Group companies do not invest, thereby limiting the adverse impacts of investment decisions. In managing its investment portfolio, Zavarovalnica Sava consistently adheres to and implements the Group’s policy by integrating sustainability considerations into the due diligence of new issuers and by monitoring the investment portfolio for adverse impacts on sustainability factors.

Investments in mutual funds covering life insurance liabilities where the investment risk is borne by the policyholders are not subject to the Sustainability Investment Policy, as Zavarovalnica Sava is unable to influence the investment policy of the mutual funds currently offered in unit-linked life insurance products where the investment risk is borne by the policyholders.

As part of the unit-linked life insurance financial product where the investment risk is borne by the policyholders, Zavarovalnica Sava offers the policyholders the possibility of choosing mutual funds managed by Sava Infond d.o.o. (“Sava Infond”). Sava Infond manages the majority of the funds offered by Zavarovalnica Sava, namely ten out of a total of fifteen funds, in accordance with Article 8 of the SFDR. Policyholders are informed of this before taking out a life insurance policy where they bear the investment risk.

The principal adverse impacts on sustainability factors are described below.

**Table 1: Summary of principal adverse impacts on sustainability factors**

Applies to	Area	KPI	Table	No.
Indicators applicable to investments in investee companies	Climate and other environment-related indicators	Greenhouse gas emissions (GHG)	1	1
		Carbon footprint	1	2
		GHG intensity of investee companies	1	3
		Exposure to companies active in the fossil fuel sector	1	4
		Share of non-renewable energy consumption and production	1	5
		Energy consumption intensity per high impact climate sector	1	6
		Activities negatively affecting biodiversity-sensitive areas	1	7
		Emissions to water	1	8
		Hazardous waste and radioactive waste ratio	1	9
	Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters	Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	1	10
		Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	1	11
		Unadjusted gender pay gap	1	12
		Board gender diversity	1	13
		Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	1	14
Indicators applicable to investments in sovereigns and supranationals	Environmental	GHG intensity	1	15
	Social	Investee countries subject to social violations	1	16
Indicators applicable to investments in real estate assets	Fossil fuels	Exposure to fossil fuels through real estate assets	1	17
	Energy efficiency	Exposure to energy-inefficient real estate assets	1	18
Additional indicators applicable to investments in investee companies	Environmental indicator (emissions)	Investments in companies without carbon emission reduction initiatives	2	4
	Indicator for respect for human rights matters	Number of cases of severe human rights issues and incidents connected to investee companies on a weighted average basis	3	14

## 2 Description of principal adverse impacts of investment decisions on sustainability factors

The following are the qualitative and quantitative PAI indicators as set out in Annex I to the SFDR Delegated Regulation.

A more detailed description of the methodology for measuring principal adverse impacts is provided in section 3.

**Table 2: Indicators applicable to investments in investee companies**

Adverse sustainability indicator	Metric	Impact (2024)	Impact (2023)	Unit	Coverage (2024)	Coverage (2023)	Explanation	Actions taken, actions planned and targets set for the next reference period
<b>CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS</b>								
Greenhouse gas emissions (GHG)	1. GHG emissions							
	Scope 1 GHG emissions	23,982.21	31,384.50	tCO <sub>2</sub> e	73.96%	71.31%	In line with the Sustainability Investment Policy, Zavarovalnica Sava limits its investments in industries with intensive scope 1 GHG emissions. As a result, scope 1 GHG emissions decreased by 7,402.291 tCO <sub>2</sub> e in 2024 compared to 2023, despite broader data coverage.	<p><b>Actions taken</b> The Company follows the Sustainability Investment Policy of the Sava Insurance Group in managing its investment portfolio and is committed to monitoring and limiting its GHG intensity. Our strategic focus on emission reduction is based on the expectation that other economic and social sectors will also deliver on their commitments to meet the goals of the European Green Deal and the goals of the Paris Agreement in general.</p> <p><b>Actions planned</b> At the beginning of 2025, the Sava Insurance Group adopted a revised Sustainability Investment Policy, under which the Company will continue to monitor and limit GHG emissions, primarily by excluding investments exceeding thresholds in industries such as thermal coal mining, thermal coal-based electricity generation, conventional oil and gas extraction, and shale oil and gas production. In general, the Company will seek to comply with the Sustainability Investment Policy, which excludes the aforementioned undesirable activities from the investment portfolio. In addition, the Sava Insurance Group, of which Zavarovalnica Sava is a member, joined the PCAF partnership in 2024 and will report on financed emissions for all</p>
Scope 2 GHG emissions	4,815.72	4,685.65	tCO <sub>2</sub> e	73.96%	71.31%	The Company monitors and limits investments in industries with intensive scope 2 emissions, which are the indirect GHG emissions resulting from the consumption of purchased electricity, heat, cooling or steam by the investee companies. Nevertheless, scope 2 GHG emissions slightly increased in 2024 by 130.07 tCO <sub>2</sub> e. This is due to an increase in the coverage of reported data.		



	<b>4. Exposure to companies active in the fossil fuel sector</b>	Share of investments in companies active in the fossil fuel sector	7.30	8.51	%	94.59%	91.97%	The Company has established criteria in its Sustainability Investment Policy and does not invest in companies that derive more than 10% of their revenues from the fossil fuel sector. As a result, the exposure to companies operating in this sector decreased by 1.21 percentage points in 2024.
	<b>5. Share of non-renewable energy consumption and production</b>	Share of non-renewable energy consumption and production of investee companies compared to renewable energy sources, expressed as a percentage of total energy sources	62.88	69.12	%	64.69%	72.44%	During the reporting period, the share of non-renewable energy consumption by investee companies decreased by 6.24 percentage points, which is in line with the Group's strategic goals and Sustainability Investment Policy.
	<b>6. Energy consumption intensity per high impact climate sector</b>	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	A: 0.40 B: 0.99 C: 0.45 D: 1.82 E: 0.97 F: 0.16 G: 0.21 H: 1.02 L: 0.46	A: 0.44 B: 1.50 C: 0.70 D: 3.05 E: 1.53 F: 0.18 G: 0.30 H: 0.91 L: 0.59	GWh per million EUR of revenue of investee companies	81.31%	78.45%	In the reporting period, values decreased across all sectors, except for sector H (transportation and storage), where energy consumption increased by 0.11 GWh per million EUR of the investee company's revenue. This is due to an increase in data coverage. In addition, the Company currently has no direct investment limitations in the transportation and storage sector.
<b>Biodiversity</b>	<b>7. Activities negatively affecting biodiversity-sensitive areas</b>	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	7.86	0.12	%	95.42%	91.99%	<p>Compared to the previous period, the share of investments in companies with sites/operations located in or near to biodiversity-sensitive areas increased by 7.74 percentage points. The Company had no investment limitations related to this indicator during the reporting period.</p> <p><b>Actions taken and planned, and targets set for the next reference period</b> The Company does not currently have a defined target for reducing impacts on biodiversity. However, it applies sectoral exclusions in its investment process as set out in the Sustainability Investment Policy, which are believed to have an indirect positive impact on reducing negative impacts on biodiversity-sensitive areas.</p>

Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0.05	12.93	tonnes of emissions per million EUR invested	1.19%	0.78%	In 2024, emissions to water per million EUR invested decreased significantly by 12.88 tonnes compared to 2023.	<p><b>Actions taken and planned, and targets set for the next reference period</b></p> <p>The Company does not currently have a defined target for reducing investments in companies that discharge emissions to water. Despite the improvement, this indicator still has very limited data coverage. The Company expects data coverage to improve as other financial and non-financial institutions begin reporting, thereby improving the accuracy of this indicator. The Company believes that considering excluded industries in the investment process will have an indirect positive impact on reducing waste emissions into water.</p>
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	1.91	4.95	tonnes of waste per million EUR invested	31.86%	29.18%	The indicator measuring the volume of hazardous and radioactive waste generated by investee companies per million EUR invested decreased by 3.04 tonnes in 2024 compared to the previous year.	<p><b>Actions taken and planned, and targets set for the next reference period</b></p> <p>The Company has not taken or planned any specific actions regarding this indicator, but it expects that applying sectoral exclusions during the investment process will have an indirect positive impact on reducing the hazardous and radioactive waste generation in future reference periods.</p>
<b>INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS</b>									
Social and employee matters	10. Violations of UN Global Compact principles and 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	0.18	0.54	%	96.34%	47.00%	During the reference period, the share of investments in investee companies involved in violations of the UNGC principles or the OECD Guidelines for Multinational Enterprises decreased by 0.36 percentage points compared to the previous year. Data coverage improved by more than twofold compared to the previous period. The Company will continue to mitigate such violations, as it introduced a new exclusion criterion in its Sustainability Investment Policy in 2025, which limits direct investment in companies that violate the UNGC principles or the OECD Guidelines for Multinational Enterprises.	<p><b>Actions taken</b></p> <p>In 2021, Sava Re d.d., the parent company of Zavarovalnica Sava, became a signatory to the UN Principles for Responsible Investment (UNPRI) in 2021, which promote responsible business practices in the areas of human rights, labour, the environment and anti-corruption. As part of the investment process, the Company identifies potential violations of and compliance with the UN principles and works to integrate these principles into the investment process. The Company also endorses the OECD Guidelines for Multinational Enterprises.</p> <p><b>Actions planned</b></p> <p>From 2025 onwards, in line with the revised Sustainability Investment Policy, the Company will monitor quarterly the share of investments in investee companies involved in violations of the UNGC principles or the OECD Guidelines for Multinational</p>

								Enterprises. The Company will continue to rigorously conduct due diligence on new issuers in this regard and will refrain from financing those involved in violations of the principles. At the same time, it will monitor the existing portfolio in respect of this indicator.  <b>Targets set for the next reference period</b> In 2025, the Sava Insurance Group adopted a new Sustainability Investment Policy, which designates “UN Global Compact alignment” and “OECD alignment” as exclusionary criteria. Any existing investments that fail to meet either of these criteria will be added to an exclusion list. The Company will not invest in new issuers that could potentially violate these two criteria.
<b>11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises</b>	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	1.88	39.03	%	96.34%	91.92%	During the reporting period, the share of investments in companies that do not monitor compliance with the UNGC principles or the OECD guidelines decreased significantly, by 37.15 percentage points, compared to the previous period.	<b>Actions taken and planned, and targets set for the next reference period</b> See indicator 10.
<b>12. Unadjusted gender pay gap</b>	Average unadjusted gender pay gap of investee companies	11.28	14.18	%	20.62%	20.86%	The unadjusted gender pay gap in investee companies decreased by 2.9 percentage points in the reporting period compared to the previous one.	<b>Actions taken and planned, and targets set for the next reference period</b> The Company has not currently taken or planned any actions for this indicator, but it expects that applying the UNGC principles and the OECD Guidelines for Multinational Enterprises to the investment process will have an indirect positive impact on the average unadjusted gender pay gap in investee companies.

<b>13. Board gender diversity</b>	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	36.66	35.74	%	78.28%	80.52%	In 2024, there was a slight increase in the ratio for the board gender diversity indicator compared to the previous year.	<b>Actions taken and planned, and targets set for the next reference period</b> The Company has not currently taken or planned any actions for this indicator, but it expects that applying the UNGC principles and the OECD Guidelines for Multinational Enterprises to the investment process will have an indirect positive impact on the average board gender diversity in investee companies.
<b>14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)</b>	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0.12	0.15	%	96.25%	92.15%	In 2024, the share of investments in companies involved in the manufacture or sale of controversial weapons decreased by 0.03 percentage points. As in the previous year, the Company had no direct investments in bonds issued by such companies during the reference period. During the reference period, exposure to controversial weapons remained solely through mutual funds covering unit-linked life insurance liabilities.	<b>Actions taken</b> The manufacture and sale of controversial weapons is on the list of excluded sectors as defined in the Sustainability Investment Policy and applies to direct exposures to controversial weapons manufacturers, which the Company does not hold in its investment portfolio.  <b>Actions planned and targets set for the next reference period</b> The Company will continue to monitor the portfolio in this regard and assess the need to exclude individual issuers from the investment portfolio on a case-by-case basis.

\* The calculation and comparison of PAI indicators for 2023 and 2024 are based on data from MSCI. In the PAI statement published in 2024 for 2023, data from Moody's were used as they were the data provider at the time.

**Table 3: Indicators applicable to investments in sovereigns and supnationals**

Adverse sustainability indicator		Metric	Impact (2024)*	Impact (2023)*	Unit	Coverage (2024)	Coverage (2023)	Explanation	Actions taken, actions planned and targets set for the next reference period
Environmental	15. GHG intensity	GHG intensity of investee countries	247.37	293.94	tCO <sub>2</sub> e per million EUR of GDP	83.14%	86.79%	The GHG intensity of investee countries decreased by 46.57 tCO <sub>2</sub> e per million EUR of GDP in 2024.	<b>Actions taken and planned, and targets set for the next reference period</b> See indicators 1–6.
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	4.75 (absolute number) 4.91% (relative number)	6.00 (absolute number) 6.39% (relative number)	absolute and relative number	83.14%	86.79%	In both absolute and relative terms, the number of all investee countries where social rights are violated decreased compared to the previous reference period. Exposure to such countries arises through unit-linked life insurance liabilities covered by mutual funds, given that the Company has no direct influence over the fund managers. Nevertheless, the absolute number fell by 1.25 in 2024 compared to 2023, while the relative number decreased by 1.48 percentage points.	<b>Actions taken and planned, and targets set for the next reference period</b> From 2025 onwards, the Company will continue to monitor the investment portfolio in this regard and assess the need to exclude individual issuers from the investment portfolio on a case-by-case basis.

\* The calculation and comparison of PAI indicators for 2023 and 2024 are based on data from MSCI. In the PAI statement published in 2024 for 2023, data from Moody's were used as they were the data provider at the time.

**Table 4: Indicators applicable to investments in real estate assets**

Adverse sustainability impact	Metric	Impact (2024)	Impact (2023)	Unit	Coverage (2024)	Coverage (2023)	Explanation	Actions taken, actions planned and targets set for the next reference period
<b>Fossil fuels</b>	<b>17. Exposure to fossil fuels through real estate assets</b>	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	1.00	0.00	%	28%	21%	<p>In 2024, the share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels increased by 1 percentage point compared to 2023. This is due to an increase in the coverage of reported data.</p> <p><b>Actions taken</b> In terms of infrastructure investments, real estate funds and other alternative investments, the Company takes sustainability criteria into account, as non-compliance with the ESG guidelines generally constitutes an exclusion criterion when deciding on investments in funds and direct projects. Currently, the investments of the Company's portfolio in the form of alternative funds comply with at least one industry sustainability standard (UNPRI – United Nations Principles of Responsible Investments, GRESB – Global Real Estate Sustainability Benchmark, TCFD – Task Force on Climate-related Financial Disclosures).</p> <p><b>Actions planned</b> The Company will continue to consider sustainability criteria when making such investments. The aim for the next reference period is to gather as much data as possible on this impact in order to improve data coverage.</p>
<b>Energy efficiency</b>	<b>18. Exposure to energy-inefficient real estate assets</b>	Share of investments in energy-inefficient real estate assets	37.00	33.00	%	34%	37%	<p>In 2024, the share of investments in energy-inefficient real estate assets increased by 4 percentage points. The Company obtained data on its own properties and certain real estate and infrastructure funds.</p> <p><b>Actions taken and planned</b> The Company obtained and calculated data for its own properties and certain real estate and infrastructure funds. In the next reference period, the Company will try to obtain data for an even greater number of such funds, thereby improving data coverage.</p>

\* The calculation and comparison of PAI indicators for 2023 and 2024 are based on data from MSCI. In the PAI statement published in 2024 for 2023, data from Moody's were used as they were the data provider at the time.

**Table 5: Additional indicators applicable to investments in investee companies**

Adverse sustainability impact		Metric	Impact (2024)	Impact (2023)	Unit	Coverage (2024)	Coverage (2023)	Explanation	Actions taken, actions planned and targets set for the next reference period
<b>Environmental impacts (emissions)</b>	<b>4. Investments in companies without carbon emission reduction initiatives</b>	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	36.28	34.52	%	86.05%	88.17%	Investments in companies without carbon reduction initiatives showed a slight increase of 1.76 percentage points in the reference period compared to the previous one.	<b>Actions taken and planned, and targets set for the next reference period</b> See indicators 1–6.
<b>Respect for human rights</b>	<b>14. Number of identified cases of severe human rights issues and incidents</b>	Number of cases of severe human rights issues and incidents connected to investee companies on a weighted average basis	0.00	0.00	number	72.29%	70.37%	The indicator on the number of cases of severe human rights issues and incidents showed no change in 2024 compared to the previous reference period.	<b>Actions taken and planned, and targets set for the next reference period</b> The target is to continue not investing in companies where severe human rights issues and incidents occur.

\* The calculation and comparison of PAI indicators for 2023 and 2024 are based on data from MSCI. In the PAI statement published in 2024 for 2023, data from Moody's were used as they were the data provider at the time.

### **3 Description of policies for identifying and prioritising principal adverse impacts of investment decisions on sustainability factors**

#### **3.1 General guidelines for integrating the sustainability aspect into the investment process**

The Sustainability Investment Policy of the Sava Insurance Group defines the approach to environmental, social and governance (ESG) considerations of investment decisions and sets out an exclusion list of industries in which Zavarovalnica Sava does not invest. This enables the Company to consider the principal adverse impacts of investment decisions on sustainability factors. The exclusion list includes industries such as the manufacture of weapons and the production of tobacco, coal energy, shale oil and similar. For more information on the exclusion list, please refer to the Sustainability Investment Policy published on the Company's website. As part of its active ownership, Zavarovalnica Sava monitors direct investments and attends general meetings where it believes it can exercise significant influence.

The Company has defined the goals related to the sustainability aspect of investment management in the Sustainable Development Strategy of Zavarovalnica Sava d.d. for 2023–2027, which was adopted by the Company's management board and has been in force since 1 January 2023.

The Company is increasing its investments in securities issued to fund green and environmental projects (green bonds) and sustainability bonds intended to finance the issuers' green and social sustainability goals.

As at 31 December 2024, ESG-compliant investments represented 31.5% (2023: 24.6%). In addition to ESG bonds, these investments include mutual funds and exchange-traded funds (ETFs, excluding unit-linked funds), as well as investments in alternative funds (infrastructure funds, real estate funds, direct infrastructure projects and private debt funds), all of which adhere to ESG principles. By increasing the share of investments that adhere to ESG guidelines, the Company indirectly limits the adverse impacts of investment decisions and will continue to be active in this area. The ESG database is gradually being updated with data required for a more detailed assessment of the principal adverse impacts of investment decisions on sustainability factors. In parallel, the Company is gradually adapting its sustainability-related processes and policies, which are regularly updated and supplemented.

The management board of Zavarovalnica Sava monitors the implementation of the Sustainability Investment Policy through regular quarterly compliance reviews and approves the Statement on Principal Adverse Impacts on Sustainability Factors before it is published on the Company's website.

#### **3.2 Data sources**

Following a due diligence review of ESG data providers on the market, the Sava Insurance Group, on behalf of its subsidiaries, entered into a contract with a new provider, MSCI Inc., in October 2024 for the collection and use of data. In previous years, the Company had cooperated with Moody's, but this partnership ended at the end of 2024. To prepare this PAI statement, the Company obtained information from both MSCI Inc. and its own data sources.

### **3.3 Methodology for measuring principal adverse impacts**

In order to ensure the comparability of PAI indicators, MSCI applied the methodology for calculating PAI indicators based on the SFDR for both the reference period from 1 January to 31 December 2024 and the previous period from 1 January to 31 December 2023. The Company believes that MSCI Inc.'s data collection methodologies and processes for calculating supplier indicators are reliable and credible.

In addition to the 18 mandatory PAI indicators as defined in the SFDR Delegated Regulation, the Company has also calculated two additional indicators for both periods, as set out in the Annex to the aforementioned Regulation, namely the climate and environment indicators in table 2 and the social indicator in table 3.

The indicators are calculated based on the average of the quarterly shares of investments in investee companies over the reference period from 1 January to 31 December 2024 and according to the latest available data from the external ESG data provider on the principal adverse impacts of investee companies. While data for all indicators, except 1.17 and 1.18, were obtained from the external ESG data provider, the data for the calculation of indicators 1.17 and 1.18 (investments in real estate assets) were obtained directly from the funds in which investments were made, as well as from the Company's own properties.

For investments in mutual funds, exchange-traded funds (ETFs) and alternative funds (infrastructure funds, real estate funds and private debt funds), the Company implemented a look-through approach to ensure the impact was calculated for each investment in these funds. The look-through approach is applied to level 1 investments in the fund.

As the external ESG data provider, MSCI Inc. uses the following sources to collect company-reported data for calculating PAI indicators:

- direct company disclosures: sustainability reports, annual reports, regulatory reports and company websites,
- indirect company disclosures: data published by government agencies, industry and trade associations, and third-party financial providers,
- direct communication with companies.

Where company disclosures are not available, estimated metrics are provided (where possible) based on other MSCI Inc. datasets. These datasets are created using proprietary methodologies and draw on data from companies, market and industry peers, the media, non-governmental organisations (NGOs), multilateral institutions and other reputable sources. Before publication, MSCI Inc. assesses the data provided by issuers and performs quality controls.

## **4 Engagement policies**

Engagement with investee companies can have a positive effect on investment results, society and the environment. The Company promotes responsible engagement with companies and countries with the aim of protecting the interests of its customers and achieving the goals and priorities of the Sustainability Investment Policy. Engagement can take the form of monitoring companies and countries, informal discussions or the formal exercise of voting rights.

The Sava Insurance Group is a signatory to the UN Principles for Responsible Investment (UNPRI) and the UN Global Compact (UNGC). Operating in line with these principles includes the possibility of cooperating with other shareholders in order to motivate companies and countries to pursue these principles. Zavarovalnica Sava has no influence on the investment policy of asset management companies. In view of the above, the Company has no possibility of engaging with companies to mitigate the principal adverse impacts.

## **5 References to international standards**

### **5.1 UN Principles for Responsible Investment, UN Global Compact, OECD Guidelines for Multinational Enterprises and UN Guiding Principles on Business and Human Rights**

In 2021, Sava Re d.d., the parent company of Zavarovalnica Sava, became a signatory to the UN Principles for Responsible Investment and the UN Global Compact principles. It also endorses the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises. By signing the UN Global Compact, it was agreed that the Group and its subsidiaries would abide by the United Nations Universal Declaration of Human Rights, the International Labour Organisation labour standards and the UN Guiding Principles on Business and Human Rights. The Company has accepted these commitments and aims to integrate them into its investment decisions on an ongoing basis. To this end, it has incorporated the principles into the Sustainability Investment Policy, which the Company also takes into account in its investment process.

### **5.2 Paris Agreement and European Green Deal**

The Company is increasingly focusing on sustainability risks. In its strategy period 2023–2027, the Sava Insurance Group is placing great emphasis on sustainable development and has drawn up and adopted a Sustainable Development Strategy in collaboration with all Group companies. This strategy forms the basis for the Company's development in the area of sustainable business and also provides for the disclosure of alternative financial information on environmental, social and human resource matters, and matters relating to respect for human rights, anti-corruption and anti-bribery. The Company has implemented the Guidelines for Responsible Underwriting of Environmental, Social and Governance Risks in Non-Life Insurance, which guide Group companies in the underwriting of risks. The Sustainability Investment Policy of the Sava Insurance Group defines, among other things, the economic activities in which the Group does not invest. At the Group level, both physical and transition risks are monitored as part of climate change risk. Under the insurers' business model, physical risks are those most clearly manifested in the increased risk of natural disasters and weather-related losses. The assessment of the materiality of the impact of climate change risk is published in the Solvency and Financial Condition Report of the Sava Insurance Group for 2024, namely in section C.6.3 "Sustainability risk and climate change risk".

The Company uses forward-looking climate scenarios to analyse the potential losses associated with climate risks, such as extreme weather conditions and the transition to a low-carbon economy. It recognises the importance of climate change risks to its long-term operations and has therefore

addressed these risks qualitatively and quantitatively in the Solvency and Financial Condition Report of the Sava Insurance Group for 2024 as part of its own risk and solvency assessment (ORSA) at the end of 2024.

The Company is pursuing the targets of the European Green Deal and the Paris Agreement. In its investment management strategy for 2023–2027, the Company has set a target to reduce its scope 1 and 2 GHG emissions by 55% by 2030. Accordingly, the Company considers PAI indicators 1.1, 1.2, 1.4, 1.10 and 1.14 to be a priority and mitigates them by restricting investments in the sectors defined in the Group’s Sustainability Investment Policy.

## **6 Comparison with previous periods**

As shown in the table in section 2 of this statement, the principal adverse impacts of investment decisions on sustainability factors decreased for most of the calculated PAI indicators, or there were no significant changes compared to the previous period. Among other things, data coverage improved for most indicators, thereby increasing the value of each calculation for some indicators.

For the climate and other environmental indicators applied to investments in investee companies, the values for indicators 1.1 and 1.2 decreased in terms of GHG emissions and carbon footprint. However, for indicator 1.3, which measures the GHG intensity of investee companies per million EUR of revenue, the value increased, mainly due to improved data coverage.

The share of investments in companies operating in the fossil fuel sector (indicator 1.4) declined compared to 2023, as did the value for indicator 1.5 (share of non-renewable energy consumption and production). Indicator 1.6 shows a decrease across all sectors, except for sector H of the NACE classification (transportation and storage), where energy consumption in GWh per million EUR of the investee company’s revenue increased during the reporting period. This is due to an increase in data coverage. In addition, the Company currently has no investment limitations in the transportation and storage sector.

For indicator 1.7, the share of investments in companies with sites/operations located in or near biodiversity-sensitive areas increased over the reference period compared to 2023. There was a significant reduction of 12.88 tonnes of emissions per million EUR invested for indicator 1.8, which measures tonnes of emissions to water from investee companies. Zavarovalnica Sava does not currently have defined impact mitigation targets for these indicators but expects to have an indirect positive impact on reducing both indicators by excluding defined industries from the investment universe. Indicator 1.9, which measures the tonnes of hazardous and radioactive waste generated by investee companies, showed a decrease in 2024 compared to the previous period.

Most of the values for indicators 1.10 to 1.14 decreased, except for indicator 1.13, where the ratio of women to men on the boards of investee companies increased from 35.74% to 36.6%.

Among the indicators applicable to investments in sovereigns and supranationals, environmental indicator 1.15 showed a decrease in the GHG intensity of the investee countries, which is in line with the Company’s Sustainability Investment Policy. In both absolute and relative terms, indicator 1.16 showed a decrease in the number of all investee countries where social rights were violated. The absolute number in 2024 was 4.75, which was 1.25 less than in 2023, while the relative number in 2024 decreased by 1.48 compared to the previous period.

For indicator 1.17, which applies to investments in real estate assets, Zavarovalnica Sava obtained data for 28% of all investments in real estate and infrastructure funds for the reference year. Consequently, in 2024, the share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels increased to 1.00%, up from the previous year. This is due to improved data coverage. For indicator 1.18, the Company obtained data on its own properties and certain real estate funds, achieving 34% data coverage. The indicator showed that the share of investments in energy-inefficient real estate assets increased by 4 percentage points, rising from 33% in 2023 to 37% in 2024.

With regard to the additional indicators applicable to investments in investee companies, the Company opted to report on indicators 2.4 and 3.14 for 2024. Indicator 2.4 (investments in companies without carbon emission reduction initiatives) increased by 1.76% in 2024. However, indicator 3.14, which shows the number of cases of severe human rights issues and incidents, remained unchanged in 2024 compared to the previous reference period, although data coverage improved.