

**Statement on principal adverse impacts of investment decisions on sustainability factors published on
29th of June 2023**

NN Životná poisťovňa, a.s., (LEI): 3157008IZ14ZP307A433

Summary

NN Životná poisťovňa, a.s. considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the statement on principal adverse impacts on sustainability factors of NN Životná poisťovňa, a.s.

This statement on principal adverse impacts on sustainability factors covers the reference period from January 1, 2022 to December 31, 2022 and it covers the financial products in scope of the Sustainable Finance Disclosure Regulation (SFDR).

NN Životná poisťovňa, a.s. is a long-term institutional investor with a duty to act in the best interest of our policyholders, clients, shareholders, and other stakeholders. To fulfil this duty, we acknowledge the importance of systematically incorporating Environmental, Social, and Governance (ESG) factors into our investment policies, decision-making and related processes. We strongly believe that this ensures better informed investment decisions and supports the optimization of the risk-return profile of the investment portfolios.

As part of our approach to responsible investing, a process is set up by which we strive to mitigate the negative impacts of our investment decisions on sustainability factors, this process is subject to continuous improvement. These negative impacts are also called adverse impacts, whereby the most significant adverse impacts are referred to as principal adverse impacts. These principal adverse impacts can occur in different areas, namely environmental, social and employee matters, human rights, corruption, and bribery matters.

We consider the adverse impacts of our financial products' investment decisions through our Responsible Investment Framework policy (RIFP) applicable to whole NN Group and through our local principal adverse impacts policy. The degree and the way principal adverse impacts are subsequently considered in the investment process depends on several factors, such as on the type of fund or strategy, asset class, asset manager, and availability of reliable data. Consequently, the exact application can differ between financial products which, where applicable, is documented in the financial product disclosures in line with the requirements and timelines of the SFDR.

NN Životná poisťovňa, a.s. applies two different asset management approaches, which affect the extent and manner of principal adverse impacts consideration:

- the asset management of traditional life insurance products and other own assets of NN Životná poisťovňa, a.s. is performed by a selected external asset manager, whereby the portfolio management rules are determined by NN Životná poisťovňa, a.s. In these cases, we expect the asset manager to apply the RIFP and our local principal adverse impacts policy.
- in the case of insurance-based investment products and risk life insurance products with an optional investment component NN Životná poisťovňa, a.s. invests in collective investment funds that are managed by external asset managers, whereby the investment strategy is determined by the respective external asset manager. In these cases, it is the exclusive decision of the external asset manager whether and to what extent it will consider principal adverse impacts on sustainability factors in its investment decisions for the respective collective investment fund. Currently, not all external asset managers who manage collective investment funds in which assets are invested assess principal adverse impacts of their investment decisions. If the external asset manager considers principal adverse impacts, it approaches them according to its own policies and it is not bound and does not have to be aligned with the RIFP of NN Group. NN Živná poisťovňa, a.s. strives to gradually select external asset managers who take into account in their investment process the main adverse impacts on sustainability factors, if possible and feasible, and it is a long-term process implemented mainly with regard to the conditions of legislation and the interests and needs of all stakeholders. For collective investment funds that promote environmental or social characteristics or that have sustainable investments as an objective, we expect asset managers to disclose information on their main adverse impacts activities and the results achieved, in accordance with SFDR. As the availability of data and reporting on major adverse impacts improves, we expect our capabilities to monitor and raise awareness of the performance of our asset managers in this area will also improve.

We provide more information in this statement on our overall approach to identifying, prioritising, and addressing principal adverse impacts of our investment decisions on sustainability factors for the financial products in scope of the SFDR. This includes the expectations we have of our external asset managers. Furthermore, we provide the figures (i.e. quantitative values) of the PAI indicators that are mandatory to report on (from Table 1 of Annex I of Delegated Regulation 2022/1288). These figures have been calculated based on our interpretation of the requirements set out in the Delegated Regulation, and we have considered related guidance, clarifications and frequently answered questions published by the European Commission and the European Supervisory Authorities. This statement relates to the reference period January 1 – December 31, 2022.

Summary of principal adverse sustainability indicators:

Table	Number of the indicator	Adverse sustainability indicator
Indicators applicable to investments in investee companies		
1	1.	Greenhouse gas emissions (GHG)
1	2.	Carbon footprint
1	3.	GHG intensity of investee companies
1	4.	Exposure to companies active in the fossil fuel sector
1	5.	Share of non-renewable energy consumption and production
1	6.	Energy consumption intensity per high impact climate sector
1	7.	Activities negatively affecting biodiversity- sensitive areas
1	8.	Emissions to water
1	9.	Hazardous waste and radioactive waste ratio
1	10.	Violations of UN Global Compact principles and Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
1	11.	Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises
1	12.	Unadjusted gender pay gap
1	13.	Board gender diversity
1	14.	Exposure to controversial weapons (anti- personnel mines, cluster munitions, chemical weapons and biological weapons)
2	4.	Investments in companies without carbon emission reduction initiatives
3	9.	Lack of a human rights policy
Indicators applicable to investments in sovereigns and supranationals		
1	15.	GHG intensity
1	16.	Investee countries subject to social violations
Indicators applicable to investments in real estate assets		
1	17.	Exposure to fossil fuels through real estate assets
1	18.	Exposure to energy-inefficient real estate assets

This statement consists of the following five sections:

- A. Description of principal adverse impacts on sustainability factors;
- B. Description of policies to identify and prioritize principal adverse impacts on sustainability factors;
- C. Engagement policies;
- D. References to international standards;
- E. Historical comparison.

This statement on principal adverse impacts on sustainability factors applies only to NN Životná poisťovňa, a.s. and it covers only adverse impacts of financial products in scope of SFDR. In case of NN Životná poisťovňa, a.s. it applies to the following product types:

- insurance-based investment products,
- risk life insurance products including an optional investment component,
- capital life insurance with bonuses from the investment of technical provisions.