

## Disclosure of sustainability-related info

The offered by **DZI – Life Insurance JSC** with Company ID: **121518328** and registered office in Bulgaria, Sofia city, 89B, Vitosha Blvd. (referred to hereinafter as „DZI“).

- universal life insurance (insurance within the meaning of Item 1 of Section I, Appendix No 1 to the Insurance Code) – insurance product **DZI Premium+** - provides insurance protection for the Insured person and an opportunity for accumulating amounts in a Savings Fund through payment of regular saving installments. On an annual basis, **DZI** distributes yield on the accumulated Savings Fund under the policy. The yield is being announced by **DZI** depending on the achieved result from its investments over each calendar year. The minimum annual yield (the technical interest on the insurance) equals 0% of the Saving Fund's amount. Investments are being made in government securities, deposits and real estates. **DZI** applies a conservative policy and strategy with regard to its investments. This policy is being updated every year and is being approved by the Management Board of **DZI**. Decisions on **DZI** investments are being made by an Investment Committee and in compliance with the approved investment policy. The investment strategy, embedded in the investment policy of **DZI**, does not include investments in shares of companies, domiciled in a member state, admitted for trade on a regulated market in a member state, nor in funds for sustainable and responsible investment (SRI) or in other conventional funds. For those reasons, upon investing the amounts from the Savings Fund under a **DZI Premium+ Insurance**, **DZI** does not take into account the adverse impact of investment decisions on the sustainability factors. **DZI** reserves its right to reconsider its decision upon a change in facts or in the regulatory framework. The results from the investment activity of **DZI** are being announced by publishing on its website ([www.dzi.bg](http://www.dzi.bg)) its solvency and financial performance report.
- Life insurance policies, linked to an investment fund, within the meaning of Item 3 of Section I, Appendix No1 of the Insurance Code – the insurance products **EuroFuture** and **EuroInvest**, provide an opportunity for investing in conventional (traditional) investment funds from **Sivek Global Low** (ISIN: BE0146661948), **Sivek Global Medium** (ISIN: BE0146659926) and **Sivek Global High** (BE0146657904), actively managed by **KBC Asset Management**.

## Sustainability Risks

**KBC Asset Management N.V. („KBC AM“)** understands sustainability risk as the risk, upon which the return on investments may be adversely impacted by environmental, social or governance-related risks.

Environmental risk is being determined as the risk, upon which the return on the investments may be adversely impacted by factors of the environment, including factors, originating from climate change, as well as factors, originating from other deterioration of the environment. Social risk is being defined as the risk, upon which the return on the investments may be adversely impacted by social factors (for example, labour disputes). Governance risk is being defined as the risk, upon which the return on the investments may be adversely impacted by governance-related factors (for example, transparent corporate culture).



The nature of those risks varies across the time scale:

- In short term perspective, sustainability risk is a typically event risk. Such risks typically only affect return if the event occurs. Examples of such events include an accident (resulting in litigation, for example to compensate damage to the environment); court cases and penalties (for example for failing to respect social legislation); scandals (for example when a company gets bad publicity because human rights are not upheld throughout its supply chain or because a company's products do not comply with the ESG standards it has undertaken to abide by). These types of sustainability risks are deemed higher, when an issuer is less strict on ESG standards;
- In long-term perspective the sustainability risk refers to risks, which may evolve in the long run, such as, for example: Exposure to business activities, which may be subjected to pressure due to climatic changes (for example, parts of the automotive industry); change of preferences for products on the part of clients (for example, enhanced preference for more sustainable products); difficulties in recruiting staff; increased expenses (for example, insurance companies, facing claims due to changing environmental conditions). As this risk evolves in long-term perspective, companies may initiate steps for its mitigation, for example, through changing their product offer, enhancement of their supply chains etc.

In its investment policy **KBC AM** takes into consideration those sustainability risks through:

- i. defining an exclusion policy (link - [exclusion policy](#)) („**Exclusion Criteria**“ „**Exclusion Criteria**“), which is being applied to all funds;
- ii. differentiating between sustainable and responsible investment funds („SRI“ funds), with stricter environmental, social and governance standards and conventional funds and thus defining lower sustainability risk for all ESG funds.

The investment policy of **KBC AM** assesses on an ongoing basis underlying investments on issuer level, but also (where appropriate) at asset distribution level and at the level of regional or sectoral distribution. These regular reviews consider sustainability risk as one of several elements that may affect return. The SRI research team assigns an ESG risk rating to most companies, included in the common indices and to a selection of small and midcap companies, based on input from an ESG data provider. The ESG risk ratings are shared internally with portfolio managers and strategists so they can use this as a factor in the investment decision process.

## Major adverse impacts

**KBC AM** undertakes to achieve long-term sustainable return on investments for its clients. This means that **KBC AM** makes investment decisions on behalf of its clients and based on an investment policy, which includes sustainability risks, social, ethical and environmental standards. The examples below may help in illustrating the practical effect from this policy (link - [policy](#)). As a result of its investment policy, **KBC AM** does not invest in:

- financial instruments, issued by manufacturers of controversial weapons and weapon systems, which are banned by international laws or for which there is a broad consensus that they should be prohibited. These weapon systems include (without limitation): cluster bombs and sub-munitions, chemical or biological weapons, anti-personnel mines and weapons containing depleted uranium;
- financial instruments, issued by manufacturers of nuclear weapons or such, containing white phosphorus;
- financial instruments, issued by companies where there are serious indications that they are perpetrators of, accomplices or accessories to, or stand to benefit from the violation of globally recognized standards of corporate sustainability, such as human rights, employee rights, environmental protection and anti-corruption.

The investment policy not only delineates the framework of admissible investments with regard to the financial performance of the business or the country, but also the social impact of a certain company or country. **KBC AM** continuously monitors its investment policy and its application in its business activity as a key element of its strive for ensuring long-term sustainable return on the investments for its clients.

As part of its commitment to long-term sustainable investments, **KBC AM** applies additional SRI criteria to its SRI funds. These are described in its SRI Policy (link - [SRI policy](#)).

Please, bear in mind that the passive investment funds of **KBC AM**, as well as its structured funds, and such, investing into third-party funds, may not apply all Exclusion Criteria.

## Shareholder Engagement

As part of its commitment to long-term sustainable investment, **KBC AM** exercises the voting rights of the shares, managed by the company in accordance with its Proxy Voting and Engagement Policy (**Proxy Voting Policy**). This means that **KBC AM** makes its voice heard at shareholder meetings and engages with many companies in order to promote the interests of its clients. The key principles of the Proxy Voting Policy can be found (link - [here](#)), as **KBC AM** also publishes an annual overview of proxy voting and shareholder engagement activities of **KBC AM** (link - [annual overview of proxy voting and shareholder engagement activities of KBC AM](#)) on its website.

## Ethical Standards

The **KBC Group**, to which **KBC AM** belongs, is committed to the following international business codes and **KBC AM's** investment policy and processes are aligned with these commitments:

- United Nations Environmental Programme Finance Initiative (UNEP FI) Principles for Responsible Banking
- The Collective Commitment to Climate Action, by which the **KBC Group** committed itself to stimulate the greening of the economy as much as possible and thus to limit global



warming to well-below 2°C, striving for 1.5°C, in line with the Paris Climate Agreement;

- Tobacco-Free Finance Pledge initiative, which encourages financial institutions to divest from the tobacco industry;

United Nations Principles of Responsible Investments.

