

STATEMENT ON THE ASSESSMENT OF THE MAIN ADVERSE EFFECTS ON SUSTAINABILITY AND OTHER SUSTAINABILITY-RELATED INFORMATION

In this statement, the life insurance company UAB SB draudimas (hereinafter referred to as the Company) provides sustainability-related information as set out in Regulation (EU) 2019/2088 of the European Parliament and of the Council of 2019-11-27 on disclosure of sustainability-related information in the financial services sector (hereinafter referred to as the Regulation).

I. INTEGRATION OF SUSTAINABILITY RISK

Sustainability risks are understood as an environmental, social, and governance (hereinafter referred to as ESG) event or situation that could have a real or potential significant negative impact on the value of the investment. These risks can be relevant both as a separate risk category and as an integral part of other risks, including market, credit, liquidity and other risks. Sustainability risks may vary depending on the asset class, geographical region or sector.

When making investment decisions, the Company seeks to assess all risks and factors that may affect the value and results of investments. Accordingly, the Company also assesses the ESG factors relevant to the specifically analyzed investment and the risks associated with them. The Company has approved and applies the Responsible Investing and Sustainability Risk Integration Policy (hereinafter referred to as the Sustainability Policy), which provides for the integration of essential components such as negative screening, ESG risk and opportunity analysis, engagement and participation, monitoring, into both the initial investment decisions and subsequent investment management processes.

Unit-linked life insurance assets may be invested in financial instruments that meet certain criteria, including ESG ratings, and/or relate to certain sustainable development topics and follow good environmental, social and corporate governance practices. Such investments may represent a smaller proportion of total assets compared to other investments that do not meet specific sustainability criteria. The return on such investments may (i) lag behind the total return on the market if such investments fall behind the overall market return during that period and/or (ii) lag behind other returns on investment that are not covered by the ESG criteria. The company can sell investments related to ESG issues, the results of which were profitable and can subsequently be profitable in the future.

II. ASSESSMENT OF THE MAIN ADVERSE EFFECTS ON SUSTAINABILITY

Principal adverse impacts are understood as the impact of investment decisions that triggers negative impacts on sustainability factors.

Although, as mentioned above, the Company has integrated the assessment of ESG factors and their risks into its investment decision-making procedures, the main negative impact of investment decisions on sustainability factors, as defined in the Regulation, is not taken into account, except in the case of the unit-linked investment direction of INVL Global Sustainable Equity. This is mainly due to the lack of consistent, accessible and accurate data on how to measure investments in a portfolio in this regard, and the lack of a harmonised sector-wide reporting framework. For example, at this moment, the Company is unable to ensure the collection of all data related to mandatory indicators for the assessment of adverse effects, such as greenhouse gas (GHG) emissions, releases of pollutants into the water, etc.

The Company will regularly review this position and, if it changes, update the information provided to customers accordingly.

When making investment decisions for INVL Global Sustainable Equity's asset allocation, the main negative impact on sustainability factors is taken into account. More detailed information is provided in the pre-contractual sustainability information of this direction.

III. PARTICIPATION AND VOTING POLICY

The Company has approved and applies the Participation and Voting Policy, which sets out the principles and guidelines, as well as the factors for exercising voting and other rights conferred by financial instruments (shareholder's rights) in corporate governance. The Company takes the view that ESG factors have a significant impact on the performance of firms in the long term, so attending and voting at shareholders' meetings is a meaningful way to promote the implementation of ESG principles. The Policy of Participation and Voting is published on the Company's website www.sb.lt.

IV. TRANSPARENCY OF REMUNERATION POLICIES WITH REGARD TO SUSTAINABILITY RISKS

The Company applies the Remuneration Policy, which ensures that the Company's employee remuneration determination and modification practices are consistent with and contribute to the reliable and effective management of the risks that the Company faces. This includes an assessment of the risks associated with the application of ESG. The remuneration policy is applied taking into account the Company's business strategy, long-term goals and interests, as well as the fact that the Company's employees especially contribute to their implementation and the Company's success. The remuneration policy is applied in conjunction with the Sustainability Policy.

The reasonable and appropriate remuneration setting and modification environment applied in the Company ensures that the Company's employees are not encouraged to take excessive or inappropriate risks. Therefore, when encouraging employees in the Company, the entire range of risks is taken into account, of which the risks associated with ESG are also apart.

Bonuses awarded to employees of the Company depend on the implementation of specific and technical goals assigned to a specific employee of the Company. In setting targets, the Company does not encourage to take excessive sustainability-related risks and does not encourage to take risks that could exceed the level of risk tolerated by the Company. The fund allocated for premium payments should not restrict the Company's ability to strengthen its capital base.

The Remuneration Policy is published on the Company's website www.sb.lt.

V. OTHER SUSTAINABILITY-RELATED INFORMATION

Investments related to the management of the Company's unit-linked life insurance plan assets are not taken into account in the EU's criteria for environmentally sustainable economic activities, with the exception of the investment direction of INVL Global Sustainable Equity.

For a comprehensive understanding of the incorporation of ESG risks into the investment decision-making process and various aspects of ESG factor assessment, detailed information can be found in the Company's approved Sustainability Policy, as well as in the terms and conditions to each investment direction and other documents offering pre-contractual information. These materials are accessible on the Company's website.