Pre-contractual disclosures concerning life insurance policies, linked to conventional (traditional) funds

In compliance with Art.6 of Regulation (EU) 2019/2088 of the European Parliament and of the Council dated 27 November 2019 on sustainability-related disclosures in the financial services sector

The offered by **DZI – Life Insurance JSC with Company ID: 121518328** and registered office in Bulgaria, Sofia, 89B, Vitosha Blvd, 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 into conventional (traditional) investment funds from **Sivek Global Low** (ISIN: BE0146661948), **Sivek Global Medium** (ISIN: BE0146659926) and **Sivek Global High** (ISIN: BE0146657904), actively managed by **KBC Asset Management**.

KBC Asset Management N.V. („KBC AM“) understands sustainability risk as the risk, upon which the return on investments may be negatively 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). As regards sustainability, these risk types are deemed much bigger, when the issuer is less strict with regard to environmental, social and governance 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"**), which is being applied for all funds;

ii. differentiating between sustainable and responsible investment fund (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.