SUSTAINABILITY DISCLOSURE REPORT

Fortuna Life Insurance Ltd.

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1. Introduction

In March 2018, the European Commission published an action plan for the establishment of a sustainable financial system ("Action plan on financing sustainable growth"), drawing on the targets of the Paris Agreement on climate change and the United Nations' 2030 Agenda for Sustainable Development. Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosure obligations in the financial services industry (hereinafter "Disclosure Regulation") also came into force within this framework. This Regulation governs the disclosure obligations incumbent upon participants in the financial markets in terms of taking sustainability-related issues into account in their strategies, processes and products.

Limited consideration of adverse impacts («PAI») of investment decisions on sustainability factors

According to Art. 4 of the SFDR, Fortuna is obliged to publish on its website:

- either to consider the main adverse impacts of its investment decisions on sustainability factors and to disclose a statement of its strategy to implement adequate measures in relation to mitigating these impacts, given its size, the nature and scope of its activities and the types of financial products it provides, or
- if it does not consider adverse impacts of investment decisions on sustainability factors, to state clear reasons why the company does not implement this in the above-mentioned form and to provide information on whether and, if so, from when it intends to consider the main adverse impacts of its investment decisions depending on sustainability factors to be taken into account.

Fortuna considers the adverse sustainability effects at company level to a limited extent only and no consideration is done at a product level. The reason for this decision by Fortuna is that a reliable quantifiable assessment of the sustainability effects of investment decisions is currently not possible for Fortuna at a reasonable cost due to the nature of its business as well as a run-off situation. The size of the Fortuna is also relatively small compared to other players on the life insurance market.

Based on the facts and details on the legal framework available, Fortuna is presenting and explaining the PAI to a limited extent only as follows below.

This re-consideration is made at least on an annual basis.

2. Incorporation of sustainability risks and negative sustainability-related impacts into the investment decision process under Article 3 (1) and Article 4 (1) and (2) of the Disclosure Regulation

Insurance entails responsibility. This responsibility is not limited to the here and now – it also covers future generations. As a result, the Generali Group, and by extension Fortuna Life Insurance Ltd ("hereinafter Fortuna"), undertakes to show a consistent commitment to climate protection, the use of renewable energies and the conscious handling of resources. Similarly, Fortuna sets great store by making responsible investment decisions and using this approach to work towards a sustainable future. This revolves around taking environmental concerns, social issues, respect for human rights and the combating of corruption in capital investments into account. Any actual or potential negative impact arising from the fields of environmental, social and governance (ESG) and affecting the value and/or returns from capital investments are now termed "sustainability risks". This term therefore encompasses environment-related risks and the consequences of climate change (e.g., environmental pollution, destruction of biodiversity, natural catastrophes, water pollution), social concerns (e.g., poor working conditions, child and forced labour) and issues relating to governance (e.g., corruption, tax evasion).

Fortuna strives to avoid ESG risks and takes them into account in all its relevant investment decisions. The local Chief Investment Officer (CIO) together with the Country Investment Committee (CIC) is involved in investment decisions considering the ESG factors. The ESG KPIs are aligned with the Group's strategy which are monitored by the Operating Sustainability Committee (OSC), reported quarterly to the Executive Committee and annually to the Group.

Fortuna's investment strategies are regularly reviewed and adjusted as required so that sustainability concerns are taken into account within the framework of capital investments.

In principle, a distinction needs to be drawn between investments involving Fortuna's own assets (Approach 1) or involving customer funds (Approach 2):

Approach 1: management of Fortuna’s assets (investments at its own risk)

Fortuna has introduced the Generali Group’s internal ESG guidelines to manage its own assets. Against this backdrop, Fortuna has set itself the following goals:

- Divesting from investments that do not align with the Group’s internal ESG guidelines. At present, the Generali Group and Fortuna’s exclusions list encompasses more than 1,000 companies. Particularly, we have decided to divest from the coal industry. Furthermore, no new investments into companies from exclusion list are permitted.

- A further objective is a 25% reduction in CO_2/decarbonisation of the portfolio by year end 2024 and reach Net Zero by 2050.

- Annual investments in fixed-interest green and sustainable bonds are also part of this approach.

- Engagement is performed at the Generali Group level and includes Fortuna’s holdings as well.

This list is not exhaustive. It applies to all investment decisions and share categories that we, as a capital investor, can directly influence. We access the sustainability-related information required for investment decisions from the Generali Group and our local risk management team.

Fortuna has outsourced asset management to Generali Insurance Asset Management S.p.A (“GIAM”). GIAM provides Fortuna with regular reports on the execution of its ESG guidelines and the most important ESG KPIs for the portfolio it manages. Starting from 2023, a separate report on the green and sustainable bonds has been provided to monitor the non-financial KPIs performance.

Approach 2: management of customer assets within fund-based life insurance contracts (investment risks borne by customers)

Fortuna has been fully in run-off since 2015 and thus has limited itself to processing its existing insurance portfolio. Since then, Fortuna has strived to offer its customers products with an optimum risk/return profile. To ensure that this is the case, we will continue to invest in funds that do not formally meet the Group's internal sustainability criteria for investments at their own risk. However, if there are concerns about the investment policy of individual funds, there is an option to stop offering them. In the event of any necessary adjustment to investment plans, in particular, Fortuna reviews the extent to which funds meet internationally recognised sustainability rules and fund managers comply with international sustainability standards (e.g., UN PRI) as well as any available classification of the funds (Scope 6, 8, and 9 funds under EU regulation as well as Swiss Climate Score certification if and when available).

3. Remuneration policy in conjunction with taking sustainability risks into account under Article 5 of the Disclosure Regulation

Sustainability is important to Fortuna, and we also make sure to take it into account in our employees' remuneration. Our employees' goals are partly derived from Generali Switzerland's corporate goals – and sustainability is one of them.

Our remuneration policy is based on the following approaches:

- Remuneration is based on the "total compensation" approach and is intended to be competitive when compared with other companies in the insurance industry (market data is used to ensure this is the case).
- Employees' base salaries are intended to represent a sufficiently high proportion of their overall remuneration such that employees do not have to rely on variable salary components.
- There is a limit on the variable salary components for each stakeholder group.
- SMART[1] serves as a guideline for setting individual targets: they should be ambitious and yet always attainable.

[1] SMART = specific, measurable, attractive, realistic, time-bound

Fortuna’s remuneration policy meets the requirements of a sustainability-focused business and risk strategy, thereby underpinning our long-term, value-based goals. If misplaced incentives are identified that could put Fortuna’s objectives, particularly in the area of ESG, at risk, they are eliminated as a matter of urgency.

Furthermore, Fortuna actively supports the reconciliation of family and career. Fortuna therefore provides its employees with six weeks' annual leave, a flexible working mode, an array of discounts (including on childcare) and supplements for various activities. The health of its employees is of great concern to Fortuna. This is why we support our employees in leading a healthy lifestyle and provide them with ergonomic workstations, comfortable break rooms and modern, mobile computer equipment so they can work from home if desired. We are certified “Friendly Workspace” and “Great Place to Work” certified. Furthermore, Fortuna supports the “Run for Generali” initiative and also encourages its employees to be physically active in other ways.