RESPONSIBLE INVESTMENT AND SUSTAINABILITY RISK INTEGRATION POLICY

UAB Artea Life Insurance

I. GENERAL PROVISIONS

1. This Responsible Investment and Sustainability Risk Integration Policy (hereinafter – the Policy) defines UAB *Artea Life Insurance's* (hereinafter – the Company or "we") approach to sustainability risks and related value creation opportunities when making investment decisions, establishes the foundations of own funds and assets under management to take into account responsible investment objectives, relevant laws, and governance standards.
2. The policy was prepared in accordance with *the provisions of the European Parliament and Council Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (SFDR)*.
3. The Policy applies to the Company and must be followed by members of the Investment Committee, Company employees, and structural units responsible for the investment process.

II. TERMS USED

4. **Sustainability risk** – an environmental, social, or governance event or situation that could cause significant adverse effects on the value of investments.
5. **ESG** – environmental, social, and governance factors by which investors can analyse and assess how advanced an investment is in terms of sustainability (both qualitatively and quantitatively).
6. **Environmental factors** are factors related to the natural world. This includes the use of renewable and non-renewable resources (e.g., water, minerals, ecosystems, biodiversity) and interactions with them.
7. **Social factors** – factors that affect people's lives. This includes managing human capital, animals, local communities, and clients.
8. **Governance factors** – factors that involve issues related to countries and/or jurisdictions or are common practice in the sector, as well as the interests of a broader group of stakeholders.
9. **The Sustainable Development Goals** are a set of goals endorsed by the United Nations aimed at ensuring balanced economic development, social welfare, and environmental protection by addressing issues such as poverty, inequality, climate change, resource use, and institutional effectiveness.
10. **Do No Significant Harm** (DNSH) is a sustainability regulatory principle according to which an economic activity contributing to one or more environmental objectives is considered sustainable only if it does not cause significant harm to any of the other environmental objectives.

III. SCOPE OF APPLICATION

11. The company invests in various asset classes (for example, stocks, bonds, cash and cash equivalents, alternative investments) through different investment life insurance directions. The integration of sustainability risk into the decision-making process depends on the specific investment direction or the client's portfolio assets, strategy, and investment term. The recommendations of this Policy apply to all existing business segments and all major asset classes. Additional processes may be implemented for certain investment directions to identify, manage, and reduce ESG risks.
12. We aim to incorporate a responsible investment approach and contribute to societal well-being and sustainable development through the integration of ESG criteria, active involvement, and negative selection.
13. According to the current Company principles, ESG factors are part of our investment process, not the goal. Our goal remains to make the best financial decisions regarding investment risk

and targeted returns so that the yields of asset portfolios are sustainable and meet reasonable client expectations.

IV. SUSTAINABILITY RISK MANAGEMENT IN THE INVESTMENT PROCESS

14. The integration of sustainability risks within the company is based on a clearly defined process that includes sustainability analysis before making an investment decision, regular investment monitoring after investment, and decisions on actions when unacceptable sustainability risks are identified. The process applies to all asset classes, and its detail and specific methods depend on the nature of the instruments: investment funds, stocks, bonds, government bonds, or alternative asset funds.

15. For sustainability risk management, the Company uses three methods: (i) integration, (ii) engagement, (iii) negative investment screening. Each method is applied according to the sustainability analysis rules established for asset classes.

15.1. **Integrating**

15.1.1. By integrating sustainability risks, the Company complements traditional fundamental or technical analysis with ESG criteria evaluation, using:

15.1.1.1. internal sustainability analysis: Company-developed ESG indicator assessment methodologies and questionnaires;

15.1.1.2. external data: ratings and metrics of recognized data providers (MSCI, Sustainalytics, Bloomberg);

15.1.1.3. public disclosures of companies and funds: sustainability reports, financial statements, policy descriptions.

15.1.2. When investing in funds (exchange-traded funds (Eng. *exchange traded funds* (ETFs) and open collective investment undertakings):

15.1.2.1. before investing, the fund's management company's ESG policy, governance structure, participation policy, and ESG integration methodology are evaluated;

15.1.2.2. assessing the fund's compliance with the requirements of Articles 8 or 9 of the SFDR;

15.1.2.3. analyses indicators of negative impacts on sustainability (Eng. *principle adverse impact* (PAI) availability and quality;

15.1.2.4. from several similar funds, the one with the highest ESG rating and the one that contributes most to the Sustainable Development Goals is selected.

15.1.3. Investing in stocks and corporate bonds:

15.1.3.1. an analysis of PAI indicators is conducted compared to sector averages;

15.1.3.2. third-party ESG ratings are checked, minimum acceptance thresholds are applied;

15.1.3.3. if there are no third-party indicators, a detailed internal ESG analysis is conducted using the Company's methodology;

15.1.3.4. If the investment is directly aimed at promoting sustainability (such as green or sustainability-linked bonds, share issues of renewable energy companies, etc.), compliance with the definition of a sustainable investment is checked: contribution to environmental or social objectives, adherence to the Do No Significant Harm principle, and adherence to minimum safeguards.

15.1.4. Investing in government bonds:

15.1.4.1. the country's ESG score is assessed, composed of environmental, social, and governance indicators;

15.1.4.2. It is checked whether the state participates in sanctions regimes and complies with international agreements on climate, human rights, and governance.

15.1.5. Investing in closed collective investment undertakings and alternative asset funds:

15.1.5.1. first, the fund manager's ESG level and maturity of integration are assessed: ESG policy, engagement policy, report quality;

15.1.5.2. priority is given to managers who meet the requirements of SFDR Articles 8 or 9, have higher ESG ratings, and clear rules for eliminating negative activities.

15.1.6. Post-investment monitoring is carried out: PAI indicators, ESG ratings, and their dynamics are evaluated annually. When a significant negative trend in indicators is observed, explanations are sought from the company's management or fund manager whenever possible. If satisfactory explanations are not received and the situation does not improve, partial or full liquidation of the position is initiated.

15.2. **Engagement**

15.2.1. The company promotes stakeholder partnerships and engagement opportunities that support ESG criteria management in investment management activities. We consider stakeholder engagement a process of change where investors seek to improve investment practices with a specific goal. The company sees a real opportunity to influence change (especially when holding a larger position or using participation in advisory boards).

15.2.2. Engagement can be carried out in various ways, but it usually relies on long-term and constructive dialogue with company management and fund managers.

15.2.3. The purpose of engagement activities is to influence the investments invested in by the Company to improve its sustainability management, reduce long-term risks, and enhance the long-term financial results of investment portfolios.

15.3. **Negative investment screening**

15.3.1. The negative screening method is designed to avoid activities that may pose uncontrolled and unacceptable investment risks and activities considered harmful to society. To reflect the nature of the Company, we apply a two-tier approach to prohibited investments:

15.3.1.1. Prohibited investments identified by the Company apply to direct investments of the Company. These restrictions apply to investments that do not meet our responsible investment commitments due to their significant impact on ESG areas. The initial Company's currently prohibited investments are as follows:

15.3.1.1.1. illegal economic activities (drug trafficking, trade in stolen goods, smuggling, illegal gambling, fraud, illegal possession of weapons, etc.);

15.3.1.1.2. violations of international sustainability standards (investments that cause significant harm to human rights, labour, environment, and anti-corruption);

15.3.1.1.3. states that violate international norms or are on sanctions lists.

15.3.1.2. Additional unauthorized investments in specific investment directions. The company offers separate investment directions with different investment strategies. Individual investment directions may have stricter ESG standards for their investments compared to those set at the Company level.

V. CONFLICTS OF INTEREST

16. The Company understands that potential conflicts of interest may arise or actual conflicts of interest arise from participation and involvement in investments as shareholders. The Company implements measures aimed at taking action or refraining from certain actions to prevent conflicts of interest or to properly manage them, as required by the laws applicable to the Company.

VI. PARTICIPATION AND VOTING POLICY

17. The Company has approved and applies *a Participation and Voting Policy* that sets out the principles and guidelines the Company follows, as well as the actions it takes when engaging in participation related to companies – joint-stock companies whose shares are traded on a regulated market and whose shares are invested on behalf of investors. The purpose of the *Participation and Voting Policy* is to influence through its investments those issuers whose financial instruments the Company invests in, aiming to improve their sustainability management, reduce long-term risk, and enhance long-term financial results. The latest version of the *Participation and Voting Policy* is published on the website www.artea.lt.

VII. RESPONSIBILITY AND INTERNAL CONTROL

18. All Company units and employees specified in the Policy are responsible for properly performing the functions assigned to them as set out in this Policy.
19. By regularly reviewing and monitoring the security, quality, liquidity, and profitability of the entire portfolio, the Company assesses, among other things, asset characteristics, including sustainability.
20. The Company submits reports as required by the laws applicable to the Company.

VIII. FINAL PROVISIONS

21. The policy is reviewed at least once every 3 years and updated if necessary.
22. The Policy is approved, amended, and repealed by decision of the Company's Board.
23. Policy owner – risk management function.
24. The policy is published publicly.

Version	Amendments	Data
No. 1. Sustainability Strategy	Published under Technical Regulatory Standards	2021-04-01
No. 2. Sustainability Strategy	The strategy has been supplemented with provisions regarding investment managers' obligations and the disregard of the main negative impact of investment decisions on sustainability factors when providing recommendations on insurance products	2022-01-01
No. 3. Responsible Investment and Sustainability Risk Integration Policy	Detailed integration of sustainability risk into the investment process. Provisions on participation and remuneration policies, statement on negative impacts on sustainability factors transferred to a separate document.	2023-12-01
No. 4. Responsible Investment and Sustainability Risk Integration Policy	Updated according to the Company's internal legal requirements – editorial changes.	2025-01-27
No. 5. Responsible Investment and Sustainability Risk Integration Policy	Detailed investment decision-making process. Sustainability analysis criteria applicable to different asset classes are specified.	2026-05-15