Liechtenstein Life

Information pursuant to Article 4 of the Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector

Statement on the principal adverse impacts of investment decisions on sustainability factors

Principal Adverse Impact Statement
Version 1.1. amended on 26/07/2023

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Liechtenstein Life

Financial Market Participant

Liechtenstein Life Assurance AG (LEI: 529900RMYJQQFOR4SP58)

Summary

Liechtenstein Life Assurance AG (LEI: 529900RMYJQQFOR4SP58; hereinafter referred to as .Liechtenstein Life., .we., oder .us.) is a company of prosperity company AG which is part of Fidelidade – Companhia de Seguros, S.A. The group is one of the leading providers of primary insurance and digital and innovative risk solutions worldwide.

Liechtenstein Life takes account of the principal adverse impacts of investment decisions on sustainability factors. The present Statement is the consolidated statement on the principal adverse impacts on the sustainability factors of Liechtenstein Life Assurance AG.

This Statement on the principal adverse impacts on the sustainability factors relates to the reference period from 1st of January until 31st of December 2022. The systematic integration of ESG criteria constitutes a basic component of the investment strategy pursued by Liechtenstein Life. We take a holistic view of the topic of sustainability and therefore make material ESG aspects part of our investment decisions. This helps us identify ESG-related risks and opportunities beyond a conventional financial analysis and make responsible investment decisions in the long term. In principle, investment control is based on three pillars: specification of grounds for exclusion within the framework of our mandatory guidelines, focus on investments, e.g., in renewable energies as well as the systematic ESG integration in the investment process.

Liechtenstein Life is a service company whose own activity as an insurance undertaking does not cause adverse impacts such as measurable water pollution (emissions in water) in the way the activity of a manufacturing company might. Generally, the climate indicators and/or the other environment-related indicators at the company level of Liechtenstein Life do not paint a negative picture. As a company, we must rely on the offers made by energy suppliers in Liechtenstein. The regional energy supplier called Liechtensteinische Kraftwerke, however, has a broad range of electricity from hydropower to solar energy on offer. The activity pursued by Liechtenstein Life does not require any radioactive substances or devices which contain any such substances.

We pursue the primary objective to meet our commitments to the clients while respecting the legal requirements with regard to the 'prudent person' principle in all regards at the same time. Therefore all decisions are subject to high security requirements.

For the initial reporting on the 2022 data, we received up-to-date company data from our data suppliers in June 2023 in order to make sure that the basic reporting is not based on old data. In order to assess, measure and monitor the principal adverse impacts on sustainability factors, Liechtenstein Life Assurance AG uses the services of the external data provider Morningstar Sustainalytics which provides extensive sustainability data.

Description of the principal adverse impacts on sustainability factors

The principal adverse impacts on sustainability factors are those impacts on investment decisions which have adverse impacts on sustainability factors. Among other things, sustainability factors include all environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters. In 2022, Liechtenstein Life has further developed its sustainability strategy. The integration of ESG ratings and the application of the best-in-class approach in the investment process were approved by the Management Board and the Board of Directors. For the year 2023, an assessment with regard to tightening and extending the exclusion criteria has been planned. In addition, Liechtenstein Life supports the University of Liechtenstein in the area of continued education for sustainable finance with regard to sustainable investments.

Within the framework of the Disclosure Regulation (EU) 2019/2088, we will, as of 2022, collect data on the legally defined environmental and social indicators in order to measure and assess the adverse impacts on the sustainability factors. The 20 indicators include 18 mandatory indicators as well as two optional indicators which we have selected from several indicators contained in the Disclosure Regulation, and comprise indicators for investments in companies, countries and supranational organisations and real estate.

For the period from the 1st of January 2022 until the 31st December 2022, the data on the 20 indicators are published within the present Statement for the first time.

Indicators applicable to investments in investee companies						
Adverse sustainability indicator		**Metric**	**Impact 2022**	**Impact [Year n-1]**	**Explanation**	**Actions taken, and actions planned and targets set for the next reference period**
Climate and other environment-related indicators						
Greenhouse gas emissions	1. GHG emissions	Scope 1 Greenhouse Gas Emissions	7'212.60 t CO_2e*	No data collected	Scope 1 greenhouse gas emissions comprise the direct release of climate-damaging greenhouse gases by the invested companies.	We restrict all risks through a long-term strategy and make an extensive assessement of the busines and risk strategy and, if needed, we will make adjustments.
		Scope 2 greenhouse gas emissions	2'170.77 t CO_2e*	No data collected	Scope 2 greenhouse gas emissions comprise the indirect release of climate-damaging greenhouse gases by energy suppliers of the invested companies.	
		Scope 3 greenhouse gas emissions	67'334.43 t CO_2e*	No data collected	Scope 3 greenhouse gas emissions comprise the indirect release of climate-damaging greenhouse gases in the upstream and downstream supply chain of the invested companies.	
		GHG emissions in total	76'660.96 t CO_2e*	No data collected	The key figure of the entire greenhouse gas emissions contains both Scope 1, Scope 2 and Scope 3 emissions.	
	2. Carbon footprint	Carbon footprint	54.79 t CO_2e*/ million EUR invested 448.44 t CO_2e*/ million EUR invested	No data collected	Carbonfootprint Sope 1 and 2 Carbonfootprint Scope 1, 2 and 3	We restrict all risks through a long-term strategy and make an extensive assessement of the busines and risk strategy and, if needed, we will make adjustments.
	3. GHG intensity of the investee companies	GHG intensity of the investee companies	131.32 t CO_2*/ million EUR of revenue 908.3 t CO_2*/ millions EUR of revenue	No data collected	Scope 1 and 2 Scope 1, 2 and 3	
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	1.63 %*	No data collected	Companies active in the fossil fuel sector means companies that derive revenues from the exploration, mining, extraction, production, processing, storage, refining or distribution, including transportation, storage and trade, of fossil fuels.	

	5.	Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	63.65 %*	No data collected	Non-renewable energy sources means energy sources to which the following definiton does not apply: renewable non-fossil sources, namely wind, solar (solar thermal and solar photovoltaic) and geothermal energy, ambient energy, tide, wave and other ocean energy, hydropower, biomass, landfill gas, sewage treatment plant gas, and biogas.	We restrict all risks through a long-term strategy and make an extensive assessement of the busines and risk strategy and, if needed, we will make adjustments.
	6.	Energy consumption intensity per high impact climate sector Energieverbrauchs nach klimaintensiven Sektoren	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	5.03 GWh* 1.50 GWh* 7.97 GWh* 4.70 GWh* 0.94 GWh* 0.14 GWh* 1.80 GWh* 1.89 GWh* 0.62 GWh*	No data collected	NACE A NACE B NACE C NACE D NACE E NACE F NACE G NACE H NACE I	We restrict all risks through a long-term strategy and make an extensive assessement of the busines and risk strategy and, if needed, we will make adjustments.
Biodiversity	7.	Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	2.38 %*	No data collected	Activities negatively affecting biodiversity-sensitive areas lead to the deterioration of natural habitats and the habitats of species and disturb the species for which a protected area has been designated.	
Water	8.	Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0.22 t*	No data collected	Emissions to water means direct emissions of priority substances and direct emissions of nitrates, phosphates and pesticides	We restrict all risks through a long-term strategy and make an extensive assessement of the busines and risk strategy and, if needed, we will make adjustments.
Waste	9.	Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	71.90 t*	No data collected	Hazardous waste is relevant in certain economic sectors in particular (chemistry, mining, etc.).	

Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters							
Social and employee matters Beschäf-tigung	10.	Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0.18 %	No data collected	When calculating the share of our portfolio in investments in companies involved in violations of UN Global Compact principles or OECD Guidelines for Multinational Enterprises, we calculate the sum of all investments in companies identified as non-compliant with the UN Global Compact principles, divided by our own investments (in EUR market value). The coverage of the reported numbers is 87.40%.	We restrict all risks through a long-term strategy and make an extensive assessement of the busines and risk strategy and, if needed, we will make adjustments.
	11.	Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/ complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	12.75 %*	No data collected	When calculating the share of our portfolio in investments with a lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises, we calculate the sum of all investments in companies in respect of which it was found that there is a lack of guidelines to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises, divided by our own investments (in EUR market value). The coverage of the reported numbers is 86.72%.	We restrict all risks through a long-term strategy and make an extensive assessement of the busines and risk strategy and, if needed, we will make adjustments.
	12.	Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	13.80 %*	No data collected	Gender pay gap for investee companies	
	13	Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	33.70 %*	No data collected	The percentage represents the share of female board members (e.g. executive and supervisory board members) in investee companies.	
	14.	Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0%	No data collected	No investments in this category have been made.	The existing exclusion criteria also prohibit any future investments in this category.

Indicators applicable to investments in sovereigns and supranationals						
Adverse sustainability indicator		**Metric**	**Impact [year n]**	**Impact [year n-1]**	**Explanation**	**Actions taken, and actions planned and targets set for the next reference period**
Environ-mental	15. GHG emission intensity	GHG emission intensity of investee count-ries	0.18 t CO_2 / million EUR of GDP	No data col-lected	Greenhouse gas emission intensity is the sum of all greenhouse gas emissions of the respective countries per million euros of the respective gross domestic product.	We restrict all risks through a long-term strategy and make an extensive assessement of the busines and risk strategy and, if needed, we will make adjust-ments.
Social	16. Investee count-ries subject to social violations verstossen	Number of investee count-ries subject to social violati-ons (absolute number and relative num-ber divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where appli-cable, national law	2	No data col-lected	This concerns countries which violate the European Convention on Human Rights, the OECD Gui-delines for Multinational Enterprises and/or further guidlines to this effect.	The development of the key fi-gure is monitored on an ongoing basis and possible measures are being analysed. We seek to keep investments in this category as low as possible.
Indicators applicable to investments in real estate assets						
Adverse sustainability indicator		**Metric**	**Impact [year n]**	**Impact [Jahr n-1]**	**Explication**	**Actions taken, and actions planned and targets set for the next reference period**
Fossil fuels Brenn-stoffe	17. Exposure to fos-sil fuels through real estate assets	Share of investments in real estate assets involved in the extrac-tion, storage, transport or manufacture of fossil fuels	No data col-lected	No data col-lected		Not significant
Energy efficiency	18. Exposure to energy-ineffi-cient real estate assets	Share of investments in energy-in-efficient real estate assets	No data col-lected	No data col-lected		Not significant

Other indicators for principal adverse impacts on sustainability factors							
Adverse sustainability indicator			**Metric**	**Impact [year n]**	**Impact [Jahr n-1]**	**Explication**	**Actions taken, and actions planned and targets set for the next reference period**
Water, waste and material emissions	9.	Investments in companies producing chemicals.	Share of investments in investee companies the activities of which fall under Division 20.2 of Annex I to Regulation (EC) No 1893/2006	0.61 %	No data collected	Companies which produce pesticides, plant protection products and disinfectants	The development of the key figure is monitored on an ongoing basis and possible measures are being analysed. We seek to keep investments in this category as low as possible.
Anti-corruption and anti-bribery matters	15.	Lack of anti-corruption and anti-bribery policies	Share of investments in entities without policies on anti-corruption and anti-bribery consistent with the United Nations Convention against Corruption	0.23 %*	No data collected		The development of the key figure is monitored on an ongoing basis and possible measures are being analysed. We seek to keep investments in this category as low as possible.

Description of the strategies for identifying and weighting the principal adverse impacts on sustainability factors

Sustainability is very important to Liechtenstein Life and we include it in all relevant investment decisions. Besides the Head of Investments, the Internal Investment Committee, the Management Board and the Investment Commission as the body of the Board of Directors are responsible for its implementation. In this context, two types of investment decisions (a) and (b) and the consequent sustainability impacts in the investment decision-making process (c) must be distinguished:

(a) On the one hand, investment decisions which include an investment of our assets at our own risk must be considered. In these cases, the Head of Investments considers the sustainability of the investments in relation to their term and amount, and explains any prevailing concerns in a statement. Irrespective thereof, the members of the bodies mentioned above also inform themselves on the sustainability of the individual investment options. The inclusion of sustainability is considered independently of each other in the individual bodies of Liechtenstein Life. If, after the discussions have been completed, any prevailing concerns regarding the inclusion of sustainability cannot be ruled out, no capital investment may be made, irrespective of the term, the expected yield and the amount to be invested.

As a result, Liechtenstein Life will not invest in companies which

- produce or sell weapons for military or private use,
- generate more than five percent of its annual revenue from the extraction and generation of electricity from coal
- make their revenue contingent upon the development of prices for agricultural raw materials,
- produce tobacco products, and
- have been involved in the development and operation of gambling or the production and sale of pornographic material.
- In addition, we exclude investments in companies which violate the UN Global Compact.

This enumeration is not exhaustive. Investments which do not comply with the requirements above may be rejected as well. The provisions set out above apply to all investment decisions and share classes on which we as the capital investor have a direct influence. We obtain the sustainability information necessary for our decisions from various providers of sustainability data. Among other things, we use the service of the external data provider Morningstar Sustainalytics which provides extensive sustainability data.

(b) In addition, investment decisions which include an investment of assets at our clients' risk must be considered. In this case, sustainability is relevant to the selection of funds in the individual investment-based insurances of Liechtenstein Life. When we update and enlarge the funds on offer for our clients, we evaluate what funds and to what extent these funds meet the internationally accepted sustainability rules. To the extent possible, we try to make sure that we have at least one fund on offer which meets the ESG criteria in all risk classes and relevant investment classes. We regularly examine compliance with ESG criteria for all internal special-purpose assets, baskets and other capital investment opportunities under our own management and on offer for our clients. For any such investment opportunities which do not comply with such ESG criteria at the time of the examination, we will examine and, to the extent possible, implement an adjustment of the investment strategy. In these cases too, the Head of Investments will consider the sustainability of the funds and set out any prevailing concerns in a statement.

Even though Liechtenstein Life is anxious to make sure that as many of our clients as possible invest in sustainable funds, we will continue to offer and include funds which formally fail to meet the sustainability criteria. This is how we ensure the widest possible choice and diversity for our clients. However, if the Head of Investments or the actuary in charge has concerns about the investment policy of individual funds, the said fund can no longer be put on offer. On the basis of the established measures, Liechtenstein Life will ensure a comprehensive inclusion of sustainability in its investment decisions. All measures taken are examined, adjusted and enlarged on a regular basis in order to be able to continue to include sustainability for capital investment purposes in the future.

(c) In addition, prior to any investment decision in the "alternative investment" and "real estate" capital investment classes, Liechtenstein Life will apply positive selection criteria. In doing so, we will examine and asses the individual investments specifically with regard to the pursuit of certain sustainability goals (so-called sustainable development goals, "SDG"). We include the ESG criteria mentioned above in our investment decisions, thus making investments specifically in companies with a business modell based on values and a long-term strategy. This helps us reduce any sustainability risks. We exclude companies which are specifically affected by potential impacts of sustainability risks as early as at the beginning of the investment decision-making process. This includes both companies whose business modell will become less important given sustainability considerations (e.g. coal mining) and companies whose business model can be significantly adversly affected by political decisions (e.g. carbon dioxide pricing).

In order to make sure that the ESG criteria mentioned above are complied with in face of the abundance of capital investment opportunities, we make use of the IT application of a globally leading provider of corporate sustainability analyses and ESG ratings. After an investment has been made and during the entire term of our investments, regular screenings assess and monitor compliance with the ESG criteria mentioned above, including subsequent updates.

Investment decisions may cause adverse impacts on carbon dioxide emissions, on the climate, plants and animals, social matters of employees or corruption and fraudulent acts. On account of an improvement of the measurability of individual sustainability indicators and a wider data basis, we are planning to weight and, if applicable, publish sustainability key figures in the future (e.g. carbon dioxide emissions, social and corporate governance key figures). The rule-based and business field-based exclusion criteria described above as well as the inclusion of sutainability impacts in the investment decision-making process serve to further minimize adverse impacts. Companies which after an investment violate our exclusion criteria will be excluded from a new investment completely.

Participation policy

As an active investor, Liechtenstein Life Assurance AG is generally interested in exercising the voting rights in any shares that it directly holds, irrespective of the size of the position. Whenever possible, our vote will be for ESG-promoting measures. For the exercise by Liechtenstein Life Assurance AG of its voting rights, transparency and integrity of the invested companies are decisive.

Indicators for adverse impacts are currently not part of our participation policy.

Taking into account internationally accepted standards

With regard to direct investments, we access publicly available ESG data (e.g. MSCI ESG Ratings), it being understood that sustainability reports with the companies' relevant sustainability data have an additional impact on the investment decision.
In order to evaluate the extent to which a target investment (ETF/target fund) takes account of ESG factors, we make us of data and analyses provided by Morningstar Sustainalytics. The focus of the analysis lies on the investment/exclusion criteria of the target funds/ETF managers and/or the underlying indices. Furthermore, a best-in-class approach is pursued: In case of a comparable focus (peer group) and risk/yield parameters, we will prefer those target investments which take greater account of ESG criteria. In addition, preference is given to investment assets classified pursuant to Art. 8 or Art. 9 of the Disclosure Regulation.

Historical comparison

This statement on the most important adverse impacts on the sustainability factors relates to the reference period from 1 January until 31 December 2022. It has been drawn up for the first time. A historical comparison will be started in the coming years.

* amended on 26/07/2023 due to a subsequent correction of the data provided by Morningstar Deutschland GmbH.

Liechtenstein Life

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