

# Annex to the investment fund “CBL European Leaders Equity Fund”

Template pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

**Product name:** CBL European Leaders Equity Fund

**Legal entity identifier:** 213800W9Y1UMULDNDL48

**Does this financial product have a sustainable investment objective?** *[tick and fill in as relevant, the percentage figure represents the minimum commitment to sustainable investments]*

**Yes**    **No**

<input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: ___% <ul style="list-style-type: none"> <li><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> </ul>	<input type="checkbox"/> It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments <ul style="list-style-type: none"> <li><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> <li><input checked="" type="checkbox"/> with a social objective</li> </ul>
<input type="checkbox"/> It will make a minimum of sustainable investments with a social objective: ___%	<input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>



## What environmental and/or social characteristics are promoted by this financial product?

The Fund promotes the following environmental and social attributes:

- Compliance with minimum sustainability standards. For example, the Fund does not invest in companies involved in pornography, inhumane weapons, etc.
- The Fund promotes minimum social standards by not investing in companies with a record of violations of international guidelines or incidents of discrimination that have led to sanctions.
- The Fund promotes minimum standards of governance by making sure that the company ensures the fight against corruption and bribery, the protection of human rights and whistleblowers.
- Mitigating climate impacts by selecting companies with lower Scope 1, 2 and 3 emissions intensity in their sector.
- Better use of natural resources by choosing companies with lower water intensity in their sector.

Although the Fund does not set a minimum size for sustainable investments in the portfolio, in the investment process, companies with best practices within their sector receive a higher score. The Fund does not have an ESG benchmark.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

Sustainability indicators used by the Fund in the investment process to measure environmental and social performance include:

- Scope 1, 2 and 3 emission intensity
- Water consumption intensity
- Relationship to controversial weapons
- Convictions for violations of anti-corruption and anti-bribery laws
- Incidents of discrimination leading to sanctions
- Anti-corruption and anti-bribery policies
- Human rights policy
- Whistleblower protection

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The Fund does not have as its objective a sustainable investment, but it promotes environmental or social characteristic. Due to the lack of data and ongoing development of the appropriate methodology the management cannot guarantee that a fixed amount of assets will be invested in sustainable products. Nevertheless, the Fund aims to contribute to the UN Sustainable Development Goals (SDGs) that have both social and environmental objectives. The company makes use of the SDGs framework and related EU Sustainable Finance Disclosure Regulation (SFDR) framework.

● ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

The Fund does not have as its objective a sustainable investment, but it promotes environmental or social characteristic. Due to the lack of data and ongoing development of the appropriate methodology the management cannot guarantee that a fixed amount of assets will be invested in sustainable products.

— — ***How have the indicators for adverse impacts on sustainability factors been taken into account?***

The Fund does not invest in companies that blatantly disregard sustainability principles. For example, we do not include in our portfolio companies involved in pornography, inhumane weapons production, etc. A company will also be excluded from the Fund if there is information that the company has links to:

- Controversial weapons
- Convictions for violations of anti-corruption and anti-bribery laws
- Incidents of discrimination leading to sanctions

Consideration is also given to whether the company has established the following policies:

- Anti-corruption and anti-bribery policy
- Human Rights Policy
- Whistleblower protection

If a company lacks any of the above listed policies, we will take steps to engage with the company to develop them, but if the company fails to take action within 12 months, it will be removed from the investment list and the Fund will not invest in it.

*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?*

The Fund does not aim at sustainable investments, but it promotes environmental or social performance. Due to the lack of data and the continuous development of an appropriate methodology, the Company cannot guarantee that a fixed amount of funds will be invested in sustainable investments.



**Does this financial product consider principal adverse impacts on sustainability factors?**

- Yes, the Fund considers principal adverse impacts on sustainability factors as referred to in Annex I of the SFDR Delegated Regulation and relies on a number of exclusion policies, ESG ranking integration into the investment process and engagement.
- No



**What investment strategy does this financial product follow?**

The Fund's investment strategy is defined in Section 1 of the Fund's prospectus "INVESTMENT POLICY AND INVESTMENT LIMITATIONS".

The Fund's approach to ESG factors is described above in this document and is also available in the "Integration of Sustainability Risks into CBL European Leaders Equity Fund" statement published on the Company's website

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

<https://www.cblam.lv/en/funds/european-equity/>

The binding elements of the Fund's ESG investment strategy are:

- Exclusion of issuers in accordance with the principles set out above.
- Improving the internal investment rating of issuers that are among the best in their sector on the following characteristics:
  - Tier 1, 2 and 3 emission intensity
  - Water intensity

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

The Fund does not commit to a minimum rate to reduce the scope of investments prior to the application of the investment strategy.

● ***What is the policy to assess good governance practices of the investee companies?***

The Fund does not invest in companies that blatantly disregard sustainable management principles. For example, we do not include in our portfolio companies involved in pornography, inhumane weapons production, etc. A company will also be excluded from the Fund if there is information that the company has links to:

- Controversial weapons
- Convictions for violations of anti-corruption and anti-bribery laws
- Incidents of discrimination leading to sanctions

Consideration is also given to whether the company has established the following policies:

- Anti-corruption and anti-bribery policy
- Human Rights Policy
- Whistleblower protection

If a company lacks any of the above company policies, we will take steps to engage the company to develop them, but if the company fails to take action within 12 months, it will be removed from the investment list and the Fund will not invest in it.

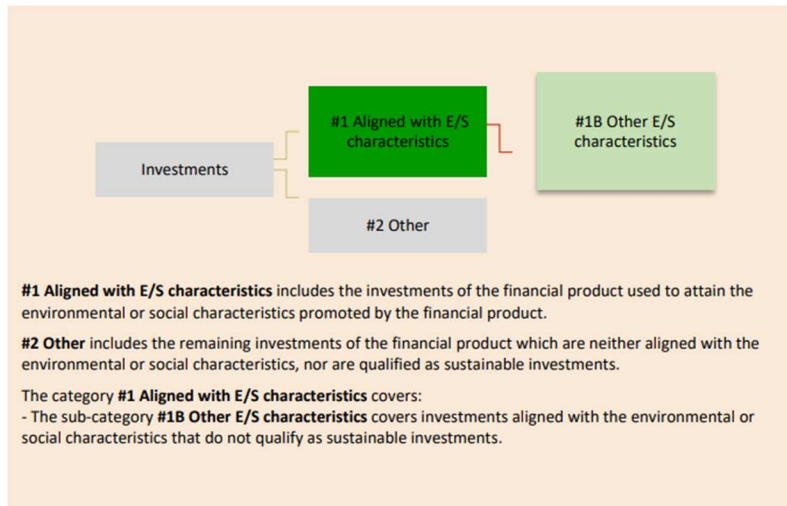


**What is the asset allocation planned for this financial product?**

More than 97% of investments (#1 and #1B) are in line with the environmental and social attributes of the Fund, as measured by a positive contribution to the Fund's SDG framework. A small proportion of investments (#1) are not aligned with the Fund's environmental and social attributes due to data availability constraints.

The category other (#2) investments, is less than 3% and is predominantly cash and cash equivalents.

The Fund does not aim at sustainable investments, but it does contribute to environmental and social performance. Due to the lack of data and the continuous development of an appropriate methodology, the Company cannot guarantee that a fixed amount of funds will be invested in sustainable investments, therefore the minimum proportion of sustainability investments is 0%.



● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

The Fund does not make use of derivatives to attain the environmental or social characteristics promoted by the financial product.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

0%

The Fund does not make Taxonomy-aligned investments.

*The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy-alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy-alignment only in relation to the investments of the financial product other than sovereign bonds.*



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

● **What is the minimum share of investments in transitional and enabling activities?**

0%



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

0%

The Fund does not have as its objective a sustainable investment, but it promotes environmental or social characteristic. Due to the lack of data and ongoing development of the appropriate methodology the management cannot guarantee that a fixed amount of assets will be invested in sustainable products.



**What is the minimum share of socially sustainable investments?**

0%

The Fund does not have as its objective a sustainable investment, but it promotes environmental or social characteristic. Due to the lack of data and ongoing development of the appropriate methodology the management cannot guarantee that a fixed amount of assets will be invested in sustainable products.



**What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The investments in the category Other (#2) are mostly in cash and cash equivalents; derivatives. Their purpose is liquidity management and hedging. There are no minimum environmental or social safeguards to be considered regarding the investments included under “#2”.



**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

n/a

- *How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?*

n/a

- *How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?*

n/a

- *How does the designated index differ from a relevant broad market index?*

n/a

- *Where can the methodology used for the calculation of the designated index be found?*

n/a



**Where can I find more product specific information online?**

**More product-specific information can be found on the website:**

<https://www.cblam.lv/en/funds/european-equity/>

**More sustainability-related information can be found on the website:**

<https://www.cblam.lv/en/sustainability/>