

CBL European Leaders Equity Fund

Principal Adverse Impacts Statement for the reference period of 1 January to 31 December 2023



**CBL ASSET
MANAGEMENT**

CBL Asset Management (the Company) considers principal adverse impacts (PAI) of its investment decisions on sustainability factors as part of investment management process of CBL European Leaders Equity Fund (the Fund). Although the Fund does not aim to make sustainable investments per se as defined by SFDR, the Fund's managers want to ensure that the investments made do no significant harm to any environmental or social objective as defined by SFDR.

The publication of this statement on PAI on sustainability factors coincides with the first reference period of 1 January to 31 December 2023.

Methodology to identify and consider PAI & data sources

In the context of SFDR the Company determines the PAI of investment decisions on sustainability factors as part of investment management process of the Fund. The evaluation of the outcomes is performed on a regular basis.

For reporting purposes, the Company is using the data set provided by Sustainalytics – one of the leading providers for global ESG and PAI data. Neither adjustments nor modelling is used to provide the consolidated numbers or metrics.

Moreover, the PAI are both identified and addressed via the different approaches within the investment management process, for example, through activity-based or policy-based exclusions, “best in class” approach, engagement. PAI is also considered in the decision-making process (while managing the Fund) as the Company recognizes the responsibility of the asset manager towards global risks such as climate change, social and environmental risks, and other principal adverse impacts. The indirect impact is recognized through the investment decisions process that is based on the United Nations Sustainable Development Goals (UN SDGs). Further information about integration of sustainability risks in Fund’s management process is available here:

https://www.cblam.lv/files/funds/celef_sustainable_risks_integration_en.pdf

Indicators applicable to investments in investee companies

Adverse sustainability indicator	Metric	Impact [year 2024]	Impact [year 2023]	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 GHG emissions	N/A	N/A	N/A	We are a signatory to Principles of Responsible Investment (PRI) and committed to work in the best long-term interests of our beneficiaries.
		Scope 2 GHG emissions	N/A	N/A	N/A	
		Scope 3 GHG emissions	N/A	N/A	N/A	
		Total GHG emissions	N/A	N/A	N/A	
	2. Carbon footprint	Carbon footprint	N/A	N/A	N/A	In the investment process, we will consider GHG emissions using an internally developed scoring system that promotes companies achieving best-in-class efficiency for the chosen measures. This promotes the UN 13 th SDG. No targets are set for the next reference period.
	3. GHG intensity of investee companies	GHG intensity of investee companies	N/A	N/A	N/A	
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	N/A	N/A	N/A	
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	N/A	N/A	N/A	No targets are set for the next reference period.	
6. Energy consumption	Energy consumption in GWh per million EUR of revenue of	N/A	N/A	N/A	No targets are set for the next reference period.	

Indicators applicable to investments in investee companies

Adverse sustainability indicator		Metric	Impact [year 2024]	Impact [year 2023]	Explanation	Actions taken, and actions planned and targets set for the next reference period
	intensity per high impact climate sector	investee companies, per high impact climate sector				
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	N/A	N/A	N/A	No targets are set for the next reference period.
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	N/A	N/A	N/A	No targets are set for the next reference period.
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	N/A	N/A	N/A	No targets are set for the next reference period.
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS						
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD	N/A	N/A	N/A	In the investment process we will exclude companies that have breached UNGC principles or OECD Guidelines, which in turn will promote the rule of law on national and international level, under UN 16 th SDG.

Indicators applicable to investments in investee companies

Adverse sustainability indicator		Metric	Impact [year 2024]	Impact [year 2023]	Explanation	Actions taken, and actions planned and targets set for the next reference period
	Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Guidelines for Multinational Enterprises				No targets are set for the next reference period.
	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	N/A	N/A	N/A	No targets are set for the next reference period.
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	N/A	N/A	N/A	No targets are set for the next reference period.
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	N/A	N/A	N/A	No targets are set for the next reference period.

Indicators applicable to investments in investee companies

Adverse sustainability indicator		Metric	Impact [year 2024]	Impact [year 2023]	Explanation	Actions taken, and actions planned and targets set for the next reference period
	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	N/A	N/A	N/A	The fund will exclude companies that are involved in manufacturing and selling of controversial weapons. This exclusion promotes UN 16 th SDG. No targets are set for the next reference period.

Other indicators for principal adverse impacts on sustainability factors

Description of policies to identify and prioritise principal adverse impacts on sustainability factors

Adverse sustainability indicator		Metric	Impact [year 2024]	Impact [year 2023]	Explanation	Actions taken, and actions planned and targets set for the next reference period
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INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS

Governance matters	1. Lack of Anti-Corruption & Anti-Bribery Policy	Share of investments in investee companies without policies in Anti-Corruption & Anti-Bribery	N/A	N/A	N/A	The fund will engage with companies that do not have anti-corruption & anti-bribery policy, before investing and if no documents are produced, we will exclude the company from investable universe. The process for engagement and exclusion promotes UN 16 th SDG.
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Indicators applicable to investments in investee companies

Adverse sustainability indicator	Metric	Impact [year 2024]	Impact [year 2023]	Explanation	Actions taken, and actions planned and targets set for the next reference period	
					No targets are set for the next reference period.	
	2. Convictions for Violations of Anti-Corruptions & Anti-Bribery Laws	Share of investments in investee companies that have been involved in violations of Anti-Corruptions & Anti-Bribery Laws	N/A	N/A	N/A	<p>The fund will exclude companies that have convictions for violation of anti-corruptions & anti-bribery laws. This exclusion promotes UN 16th SDG.</p> <p>No targets are set for the next reference period.</p>
	3. Incidents of Discrimination Leading to Sanctions	Share of investments in investee companies that have been involved in violations of Discrimination	N/A	N/A	N/A	<p>The fund will exclude companies that have incidents of discrimination leading to sanctions. This exclusion promotes UN 16th SDG.</p> <p>No targets are set for the next reference period.</p>