


CBL Asset Management IPAS (the Company) recognizes the co-responsibility of asset managers in mitigating and preventing global risks such as climate change, social and environmental risks, and other principal adverse impacts. The direct impact of the company is analyzed, measured and managed in accordance with the Citadele Group’s policy, while the indirect impact that occurs in the investment decisionmaking process is analyzed, measured and managed in accordance with the UN Sustainable Development Goals (UN SDGs).

For the CBL European Leaders Equity Fund, the Company has selected several UN SDGs, which ensure the greatest synergy between the Fund’s investment goals and the UN SDGs, thus ensuring the greatest added value and potential impact in achieving global sustainable development. The choice of goals results from internal discussions, reflecting the personal values of shareholders, the Company’s management and employees, and is also related to the availability of data to ensure measurable performance results.

	<p><b>Goal 6:</b> Ensure availability and sustainable management of water and sanitation for all.</p> <p>Clean water scarcity and droughts have a negative effect on human well-being and food security, which brings unnecessary harm, so we are incorporating such factors into our investment process.</p>
	<p><b>Goal 8:</b> Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.</p> <p>The achievement of the goal is highly dependent on social and employee issues. CBL Asset Management is supporting investee company’s and society’s efforts towards decent work conditions and economic growth.</p>
	<p><b>Goal 13:</b> Take urgent action to combat climate change and its impacts. Climate change is one of the toughest problems to be solved. CBL Asset Management is contributing to the process by considering in the asset allocation process the investee company’s efforts to combat climate change by reducing the use of fossil fuels, etc.</p> <p><i>The Company supports the Paris Agreement - UN Framework Convention on Climate Change, as it recognizes a critical need to rush the transition towards global net zero emissions. As an asset manager we are considering playing our part to help deliver the goals of the Paris Agreement.</i></p> <p><i>The Company supports the Task Force on Climate-Related Financial Disclosures. We are evaluating the opportunities to include the forward-looking information on the material financial impacts of climate-related risks and opportunities in our decision-making process.</i></p>
	<p><b>Goal 16:</b> Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.</p> <p>CBL Asset Management supports strong institutions and stands against corruption and bribery and we incorporate these factors into our investment process.</p>

	Additionally, to reduce the suffering from geopolitical conflicts, we exclude companies that have involvement in controversial weapons.
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The investment process of the fund is based on the analysis of fundamental indicators of companies. After excluding economic sectors and companies, in addition to traditional financial analysis, the fund systematically integrates ESG factors into the overall assessment. The Company uses data on ESG factors provided by external suppliers and using a model developed within the fund converts these data into the internal rating for the companies. This is the basis for making the final investment decision. Full implementation of the process is possible only if a certain amount of ESG data is available about an issuer. Following the development processes, it can be found that the amount of data is constantly increasing and the quality of data is improving.

<b>STOXX Europe 600 Market</b>
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<p><b>Exclusion and Engagement</b></p> <p>Exclusion of economic sectors or companies where it is clear that they do not follow the principles of sustainability. For example, we do not include into our portfolio businesses that are related to pornography, production of inhumane weapons, etc. A company shall be excluded if there is information that the company is related to:</p> <ul style="list-style-type: none"> <li>• Production of Controversial Weapons</li> <li>• Convictions for Violations of Anti-Corruptions &amp; Anti-Bribery Laws</li> <li>• Incidents of Discrimination Leading to Sanctions</li> </ul> <p>We shall engage with companies, if they lack at least one of the below stated policies. And we will exclude aforementioned companies, if no action is taken on their side within 12 months since the time of engagement.</p> <ul style="list-style-type: none"> <li>• Anti-Corruption &amp; Anti-Bribery Policy</li> <li>• Human Rights Policy</li> <li>• Whistleblower Protection</li> </ul>
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<p><b>Assigning Score and Assessing</b></p> <p>Companies are evaluated based on a number of fundamental (including, for example, the company's earnings growth dynamics, profitability and solvency indicators, the company's stock market value and earnings ratio, etc.) and technical (the company's stock price dynamics assessment) factors, and the overall rating is adjusted by ESG indicators, improving our internal ranking of companies that are best in their industry in the following categories:</p> <ul style="list-style-type: none"> <li>• Scope 1,2&amp;3 Carbon Intensity</li> <li>• Water Consumption Intensity</li> </ul>
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<p><b>Creation of a Portfolio</b></p> <p>Top 40-50 companies that score the highest on both fundamental, technical and ESG factors will be considered in the portfolio.</p>
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<b>CBL European Leaders Equity Fund</b>
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