

Investment fund

"CBL Global Emerging Markets Bond Fund"

Appendix to the prospectus

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

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 Global Emerging Markets Bond Fund
Legal entity identifier: 2138002QNPZNE48P9Z46

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

Yes
 No

<input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: ___% <ul style="list-style-type: none"> <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> It will make a minimum of sustainable investments with a social objective: ___%	<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"> <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with a social objective <input checked="" type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments
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What environmental and/or social characteristics are promoted by this financial product?

The Fund promotes certain minimum of environmental and social characteristics applying exclusion criteria with regards to business practices of securities issuers that CBL Asset Management believes being incompatible with sustainable business strategies.

The Fund promotes investing in companies with lower sustainability risk based on environmental, social, and governance (ESG) risk scores and limits investing in companies with an elevated sustainability risk based on ESG risk scores. The ESG risk scoring (provided by Sustainalytics) are integrated in the investment product analysis and evaluation, as well as intrinsic value determination process.

Moreover, the Fund promotes investing in companies with lower sustainability risk based on selected **Principal Adverse Impacts (PAI)** indicators and limits investing in companies with an elevated sustainability risk based on selected PAI indicators. The assessment of PAI indicators (provided by Sustainalytics) are integrated in the investment product analysis and evaluation process.

There is no reference benchmark chosen for the purpose of achieving the environmental or social characteristics promoted by the Fund.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

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

The Fund applies the exclusion policy, which is defined in the Company's document "**Integration of ESG characteristics in the investment process of CBL Global EM Bond Fund – philosophy and methodology**" (https://www.cblam.lv/files/strategy/sustainable_risks_integration_en.pdf).

The Fund is using internal and external ESG scoring of each security issuer and comparing to the general universe and industry ESG scoring. General principles of the ESG risk integration in the asset management process are described on the webpage and are available <https://www.cblam.lv/lv/sustainability/>.

The Fund is considering the environmental and social footprint scoring (both internal and external) and comparing it to the general investment universe by accessing the relevant PAI indicators. General principles of the PAI integration in the asset management process are described in the CBL Asset Management IPAS document "**Integration of ESG characteristics in the investment process of CBL Global EM Bond Fund – philosophy and methodology**" (see https://www.cblam.lv/files/strategy/sustainable_risks_integration_en.pdf).

- ***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. Nevertheless, by considering PAI of the investment portfolio it therefore does not cause significant harm.

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

Detailed description of the integration and inclusion of PAI is available via Principal Adverse Impact Statement that is going to be published on the company's website <https://www.cblam.lv/lv/funds/global-emerging-usd/> and <https://www.cblam.lv/lv/funds/global-emerging-eur/> (inaugural report will be published by 01.07.2023. on the main page about the Fund).

The management of the Fund is assessing the contribution of investee companies to the SDGs. Within this process the contribution is defined through related PAI indicators that either indirectly or directly impacts the achievement of SDGs.

Moreover, the Fund is applying the PAI indicators related to the SDGs as part of investment process related to the research, analysis, exclusions, intrinsic value determination and engagement.

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 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.

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.



Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

The consideration of PAI on sustainability factors happens via norm-based and/or activity-based exclusions; ESG integration process; environmental and social footprint performance measurement process; and engagement. Other implications could be considered as soon as meaningful implementation of the sustainability practices becomes practical.

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 investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

- ***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?***

The Fund complies with the binding elements defined in the CBL Asset Management IPAS document "Integration of sustainability risks in CBL Global EM Bond Fund - philosophy and methodology" (see https://www.cblam.lv/files/strategy/sustainable_risks_integration_en.pdf) and in the principles of ESG risk integration in the Fund's asset management process, available at <https://www.cblam.lv/lv/sustainability/>

- ***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?***

To assess governance practices of companies the management of the Fund is considering external risk assessment report and controversies report if available for the investee company.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.



What is the asset allocation planned for this financial product?

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.

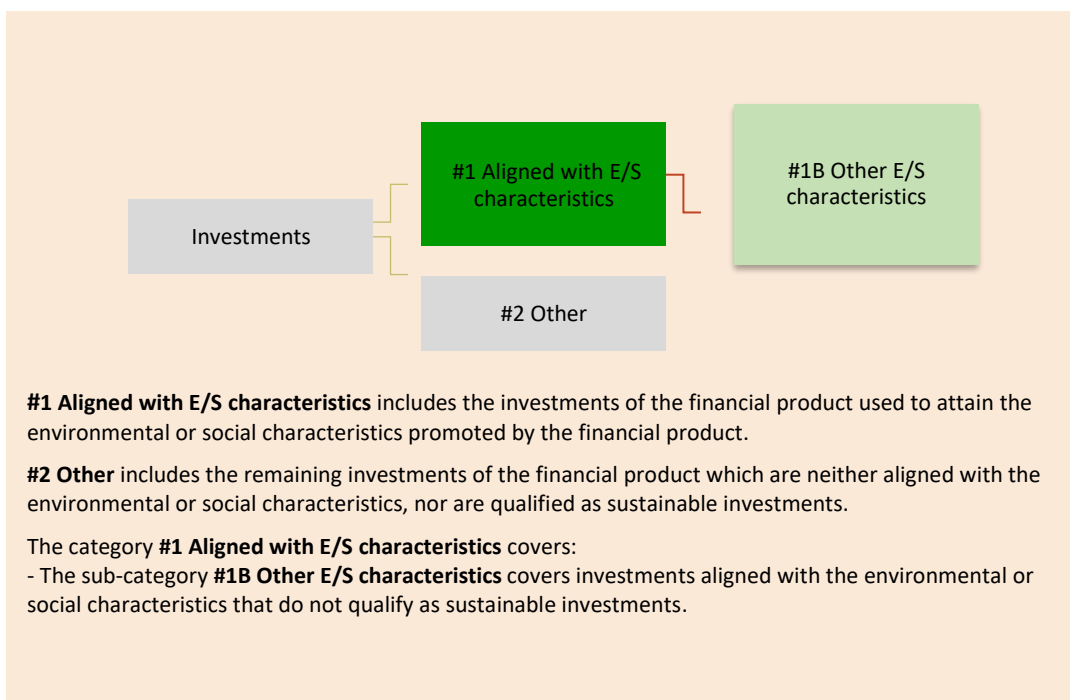
A major part of the investments (#1 & #1B) is aligned with the Environmental and Social characteristics of Fund measured through positive contribution to the Fund's SDGs framework. A minor part of the investments (#1) is not aligned with the Environmental and Social characteristics of Fund due to the data availability limitations.

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

The investments in the category Other (#2) are mostly in cash and cash equivalents; derivatives for foreign exchange risk hedging purposes.



- **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.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



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%



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



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/lv/funds/global-emerging-usd/>

<https://www.cblam.lv/lv/funds/global-emerging-eur/>

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

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