

CBL Global Emerging Markets Bond 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 Global Emerging Markets Bond 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/strategy/sustainable_risks_integration_en.pdf

Description of PAI of investment decisions on sustainability factors (mandatory indicators)

INDICATORS APPLICABLE TO INVESTMENTS IN INVESTEE COMPANIES

CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS

Adverse Sustainability Indicator		Metric	Impact (year: 2023)	Explanation	Actions taken, and actions planned, and targets set for the next reference period
Greenhouse gas emissions	GHG emissions	Scope 1 GHG emissions expressed as tonnes of carbon dioxide equivalent	6 600	Coverage: ~38% Data Source: Sustainalytics	No targets are set for the next reference period.
		Scope 2 GHG emissions expressed as tonnes of carbon dioxide equivalent	1 193	Coverage: ~38% Data Source: Sustainalytics	No targets are set for the next reference period.
		Scope 3 GHG emissions expressed as tonnes of carbon dioxide equivalent	15 733	Coverage: ~38% Data Source: Sustainalytics	No targets are set for the next reference period.
		Total GHG emissions expressed as tonnes of carbon dioxide equivalent	24 261	Coverage: ~38% Data Source: Sustainalytics	No targets are set for the next reference period.
	Carbon footprint	Carbon footprint expressed as tCO2e/million EUR invested	1 154	Coverage: ~38% Data Source: Sustainalytics	No targets are set for the next reference period.
	GHG intensity of investee companies	GHG intensity of investee companies expressed as tCO2e/million EUR of owned revenue	1 144	Climate change is one of the toughest problems to be solved as its adverse effects destabilize sustainable development opportunities. The UN 13th SDG aims to fill the gaps and 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. Coverage: ~43% Data Source: Sustainalytics	To contribute to the achievement of the UN 13th SDG the Company is applying the "best in class" approach. This means that we are adjusting the internal rating considering the GHG intensity of investee company and comparing it to the one of the competitors on the global market. No targets are set for the next reference period.
	Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	8.20%	Coverage: ~70.3% Data Source: Sustainalytics	No targets are set for the next reference period.
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	Share of non-renewable energy consumption is 76.5% (average). Share of non-renewable energy production is non significant due to the very low level of coverage.	The 7th UN SDG requires taking action towards guaranteeing access to affordable, reliable, sustainable, and modern energy. CBL Asset Management supports this shift through investments in renewable energy resources, in companies implementing the usage of clean energy technologies and infrastructures, etc. Coverage: ~ 49% (consumption) & ~ 7% (production) Data Source: Sustainalytics	To contribute to the achievement of the UN 7th SDG the Company is applying the "best in class" approach. This means that we are adjusting the internal rating considering the share of non-renewable energy consumption of investee company and comparing it to the one of the competitors on the global market. No targets are set for the next reference period.	
Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector (if applicable)	Agriculture, Forestry & Fishing - 4.0 (average) Construction - n/a Electricity, Gas, Steam & Air Conditioning Supply - 25.5 (average) Manufacturing - 3.3 (average) Mining & Quarrying - 0.9 (average) Real Estate Activities - 1.4 (average) Transportation & Storage - 1.2 (average) Water Supply, Sewerage, Waste Management & Remediation Activities - n/a Wholesale & Retail Trade & Repair of Motor Vehicles & Motorcycles - n/a Real Estate - 0.0003 (average)	Data Source: Sustainalytics	No targets are set for the next reference period.	
Biodiversity	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	6.0%	Coverage: ~68% Data Source: Sustainalytics	No targets are set for the next reference period.

Water	Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0.0	Coverage: ~68% Data Source: Sustainalytics	No targets are set for the next reference period.
Waste	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	0.001	Data Source: Sustainalytics	No targets are set for the next reference period.

INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS

Adverse Sustainability Indicator		Metric	Impact (year: 2023)	Explanation	Actions taken, and actions planned, and targets set for the next reference period
Social and employee matters	Violations of UN Global Compact principles and Organization 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	3.0%	Coverage: ~68% Data Source: Sustainalytics	No targets are set for the next reference period.
	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	38.0%	Coverage: ~68% Data Source: Sustainalytics	No targets are set for the next reference period.
	Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	0.8%	Coverage: ~68% Data Source: Sustainalytics	No targets are set for the next reference period.
	Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	27.0	Coverage: ~68% Data Source: Sustainalytics	No targets are set for the next reference period.
	Exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0.0%	Coverage: ~68% Data Source: Sustainalytics	No targets are set for the next reference period.

Description of PAI of investment decisions on sustainability factors (mandatory indicators)

INDICATORS APPLICABLE TO INVESTMENTS IN SOVEREIGNS AND SUPRANATIONALS

CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS

Adverse Sustainability Indicator	Metric	Impact (year: 2023)	Explanation	Actions taken, and actions planned, and targets set for the next reference period
Environmental: GHG intensity	GHG intensity of investee countries expressed as tCO2e/million EUR of owned GDP	0.0627	<p>Climate change is one of the toughest problems to be solved as its adverse effects destabilize sustainable development opportunities. The UN 13th SDG aims to fill the gaps and 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>To calculate the metric we used the Carbon Emissions Intensity (data source: Sustainalytics) and considered each investment's share within the total holdings in the sovereigns` segment.</p> <p>Data coverage: 100%. Data source: Sustainalytics.</p>	<p>To contribute to the achievement of the UN 13th SDG the Company is applying the "best in class" approach. This means that when evaluating the investment opportunity we adjust our internal rating dependent on the country's GHG intensity.</p> <p>No targets are set for the next reference period.</p>

INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS

Adverse Sustainability Indicator	Metric	Impact (year: 2023)	Explanation	Actions taken, and actions planned, and targets set for the next reference period
Social: Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	Absolute number: 1 Relative number: 17.45% of all sovereign holdings	<p>The country subject to the social violation: Ukraine.</p> <p>Data coverage: 100%. Data source: Sustainalytics.</p>	<p>No targets are set for the next reference period.</p>

Description of other PAI of investment decisions on sustainability factors (voluntary indicators)

INDICATORS APPLICABLE TO INVESTMENTS IN INVESTEE COMPANIES

CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS

Adverse Sustainability Indicator	Metric	Impact (year: 2023)	Explanation	Actions taken, and actions planned, and targets set for the next reference period	
Water, waste, and material emissions	Investments in companies without water management policies	Share of investments in investee companies without water management policies	10%	Coverage: ~ 68% Data Source: Sustainalytics	No targets are set for the next reference period.

INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS

Adverse Sustainability Indicator	Metric	Impact (year: 2023)	Explanation	Actions taken, and actions planned, and targets set for the next reference period	
Social and employee matters	Investments in companies without workplace accident prevention policies	Share of investments in investee companies without a workplace accident prevention policy	9%	The 8th UN SDG targets to support sustained economic growth, higher levels of productivity, and technological innovation. 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. Coverage: 68% Data Source: Sustainalytics	To contribute to the achievement of the UN 8th SDG the Company is applying the combination of the flowing actions: exclusions based on the criteria – lack of workplace accident prevention policies – and engagement with the investee company to support the investee company within the process of the gap closure. No targets are set for the next reference period.
	Insufficient whistleblower protection	Share of investments in entities without policies on the protection of whistleblowers	4%	The 8th UN SDG targets to support sustained economic growth, higher levels of productivity, and technological innovation. 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. Coverage: ~68% Data Source: Sustainalytics	To contribute to the achievement of the UN 8th SDG the Company is applying the combination of the flowing actions: exclusions based on the criteria – lack of sufficient whistleblower protection – and engagement with the investee company to support the investee company within the process of the gap closure. No targets are set for the next reference period.
Human Rights	Lack of a human rights policy	Share of investments in entities without a human rights policy	3%	The 8th UN SDG targets to support sustained economic growth, higher levels of productivity, and technological innovation. 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. Coverage: ~68% Data Source: Sustainalytics	To contribute to the achievement of the UN 8th SDG the Company is applying the combination of the flowing actions: exclusions based on the criteria – lack of a human rights policy – and engagement with the investee company to support the investee company within the process of the gap closure. No targets are set for the next reference period.
Anti-corruption and anti-bribery	Lack of anticorruption and antibribery policies	Share of investments in entities without policies on anticorruption and antibribery consistent with the United Nations Convention against Corruption	3%	The 8th UN SDG targets to support sustained economic growth, higher levels of productivity, and technological innovation. 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. Coverage: ~ 68% Data Source: Sustainalytics	To contribute to the achievement of the UN 8th SDG the Company is applying the combination of the flowing actions: exclusions based on the criteria – lack of anticorruption and anti-bribery policies – and engagement with the investee company to support the investee company within the process of the gap closure. No targets are set for the next reference period.

Description of other PAI of investment decisions on sustainability factors (voluntary indicators)
INDICATORS APPLICABLE TO INVESTMENTS IN SOVEREIGNS AND SUPRANATIONALS
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS

Adverse Sustainability Indicator	Metric	Impact (year: 2023)	Explanation	Actions taken, and actions planned, and targets set for the next reference period
Green securities: Share of securities not issued under Union legislation on environmentally sustainable bonds	Share of securities in investments not issued under Union legislation on environmentally sustainable bonds	100%	Most of the Fund's investment universe securities are issued by countries outside the European Union, where Union legislation on environmentally sustainable bonds is not applicable. Data coverage: 100%. Data source: Bloomberg.	The Fund does not have any target in relation to investment in green, social, sustainable products. No targets are set for the next reference period.

INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS

Adverse Sustainability Indicator	Metric	Impact (year: 2023)	Explanation	Actions taken, and actions planned, and targets set for the next reference period
Human rights: Average human rights performance	Measure of the average human right performance of investee countries using a quantitative indicator explained in the explanation column	54.48	The 8th UN SDG targets to support sustained economic growth, higher levels of productivity, and technological innovation. 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. The global median is below 50.00; Fund's measure of the average human right performance is above global median & above global average score during 2023, while further improvements are possible. Data coverage: 100%. Data source: Sustainalytics.	The indicator was selected to contribute to the achievement of the UN 8th SDG the Company is applying the "best in class" approach. This means that when evaluating the investment opportunity we adjust our internal rating dependent on the country's average human right performance. No targets are set for the next reference period.
Governance: Average corruption score	Measure of the perceived level of public sector corruption using a quantitative indicator explained in the explanation column	46.79	The 8th UN SDG targets to support sustained economic growth, higher levels of productivity, and technological innovation. 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. Fund's measure of the average human right performance is slightly above global median level, further improvements are possible. Data coverage: 100%. Data source: Sustainalytics.	To contribute to the achievement of the UN 8th SDG the Company is applying the "best in class" approach. This means that when evaluating the investment opportunity we adjust our internal rating dependent on the country's average level of public sector corruption. No targets are set for the next reference period.