



## NOTICE ON THE ASSESSMENT OF PRINCIPAL ADVERSE IMPACTS ON SUSTAINABILITY AND OTHER SUSTAINABILITY-RELATED INFORMATION

19<sup>th</sup> of February 2024

In this Notice, UAB Lords LB Asset Management (hereinafter referred to as the **Management Company**) provides sustainability-related information as laid down in Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (hereinafter – the **Regulation**).

### INTEGRATION OF SUSTAINABILITY RISK IN INVESTMENT DECISION-MAKING

Sustainability (*environmental, social, and governance (ESG)*) factors are understood as environmental, social and governance, respect for human rights and anti-bribery matters, and sustainability risk means an environmental, social or governance event or condition that, if it occurs, could cause an actual or potential negative impact on the value of the investment.

By adopting investment decisions regarding the investment of assets of the collective investment undertakings (hereinafter referred to as the **Funds**) managed by it, the Management Company seeks to assess the risks of sustainability that are relevant to a particular investment related to the sustainability and ethics, social and environmental impacts of the investment. In addition, the Management Company has approved the Responsible Investment Policy whereby the Management Company undertakes to consider the principal aspects of sustainability in making investments, carrying out due diligence of investments, observing and evaluating the investments managed by the Management Company to the maximum extent practicable, having regard to the circumstances and the commitment of the Management Company to seek the best possible returns for investors and at all times to act in their best interests.

Further information on the integration of sustainability risk in the investment decision-making process is published in the Responsible Investment Policy approved by the Management Company which is available on the website of the Management Company: <https://lordslb.lt/en/>.

### STATEMENT ON THE ASSESSMENT OF PRINCIPAL ADVERSE IMPACTS ON SUSTAINABILITY FACTORS

According to Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector ("the Regulation"), Principal Adverse Impact ("PAI") is the impact of investment decisions that results in negative impacts on environmental, social and labor issues, as well as respect for human rights and the fight against corruption and anti-bribery issues.

#### **Not considering the Principle Adverse Impact of investment decisions on sustainability factors at the Management Company level**

The Management Company has integrated the assessment of sustainability risks into its investment decision-making procedures and recognizes responsibility for and assesses the potential impact of sustainability risks on the value of its investments but does not consider the negative impact of sustainability factors at entity level. The Management Company currently manages a variety of financial products, but not all of them consider the Principle Adverse Impact on sustainability factors, so that the analysis of impacts disclosed at the Management Company level would be subjective and insufficiently informed.



The Management Company is continuously reviewing the possibilities to include indicators of the Principle Adverse Impact on sustainability topics in the financial products it manages. The full implementation of this objective will lead to a future decision to consider the main negative impacts at the level of the Management Company for all financial products.

### Consideration of the Principal Adverse Impact of investment decisions on sustainability factors at product level

The Management Company shall consider the Principle Adverse Impact of investment decisions of Funds that promote environmental or social characteristics or have a sustainable investment target as defined in Articles 8 and 9 of the Regulation on sustainability factors at the financial product level (product level). The Principle Adverse Impact is understood as the sum of all mandatory indicators of the main negative impacts of investment decisions on sustainability factors, plus at least one additional indicator related to climate or other environmental issues, plus at least one additional indicator related to social and labor issues, respect for human rights, anti-corruption and anti-bribery, as provided for in Annex 1 to the European Commission's Delegated Regulation (EU) 2022/1288. The Management Company shall disclose the most accurate information available but may cooperate with third party data providers, external experts or reasonable assumptions if information relating to any of the indicators used is not readily available.

Disclosures on the Principle Adverse Impact on sustainability factors shall be made in the Funds' pre-contractual documentation, periodic reports, annual reports on the main adverse impact of investment decisions on sustainability factors, and in the Management Company's website accounts for the relevant Funds.

### UAB LORDS LB ASSET MANAGEMENT FINANCIAL PRODUCTS

<i>Financial product name</i>	<i>SFDR fund classification</i>	<i>Principal Adverse Impact (PAI) considered and reported</i>	<i>Fund information</i>
SUTIISIB UAB „Atsinaujinančios energetikos investicijos“	Article 9	Yes	<a href="#">Link to fund</a>
Green Energy Growth Fund	Article 9	Yes	<a href="#">Link to fund</a>
Lords LB Baltic Green Fund (V)	Article 8	Yes	<a href="#">Link to fund</a>
Lords LB Baltic Fund IV	Article 6	No	<a href="#">Link to fund</a>
BGFV Inter Cap Fund	Article 6	No	<a href="#">Link to fund</a>
Lords LB Baltic Small Cap Fund	Article 6	No	<a href="#">Link to fund</a>
Energy and Infrastructure SME Fund	Article 6	No	<a href="#">Link to fund</a>
TEWOX	Article 6	No	<a href="#">Link to fund</a>
AB „Baltic Opportunity“	Article 6	No	<a href="#">Link to fund</a>
Lords LB Special Fund I Subfund A	Article 6	No	<a href="#">Link to fund</a>
Lords LB Special Fund III	Article 6	No	<a href="#">Link to fund</a>
Lords LB Special Fund IV	Article 6	No	<a href="#">Link to fund</a>
Lords LB Special Fund V	Article 6	No	<a href="#">Link to fund</a>
Central Development Fund	Article 6	No	<a href="#">Link to fund</a>
Right Bank Development Fund	Article 6	No	<a href="#">Link to fund</a>
Lords LB Private Equity Fund I	Article 6	No	<a href="#">Link to fund</a>



### ***Policies on identification and prioritization of Principal Adverse Impact and indicators***

The Management Company and the Funds that it manages follow the Responsible Investment Policy which obliges to consider the key aspects and risks of investment sustainability.

The Management Company and the Funds it manages adhere to a list of exemptions which provides for refraining from investing in specific sectors, countries, companies or products that are incompatible with the strategies and values of the Company, investors and other stakeholders. In addition, the Management Company has established an ESG Committee, composed of representatives of the finance and investment management teams, whose main function is to examine the environmental and social risks associated with each potential investment financed by the Green Bond.

### ***Engagement policies***

The engagement with stakeholders on sustainability-related risks highly depends on the investment type. Funds invest in a few asset classes: real estate, renewable energy infrastructure, and private equity. The Management Company ensures that while managing the Funds' investments appropriate engagement and voting rights strategies are applied.

### ***References to international standards***

The Management Company has been participating in the United Nations Global Compact initiative since 17 April 2015 and it supports and adheres to the Ten Principles of the United Nations Global Compact in the areas of human rights, labor, environment and anti-corruption.

In 2019, the Management Company joined the Principles for Responsible Investment supported by the United Nations (UN PRI). The initiative is the world's leading proponent of responsible investment and encourages investors to use responsible investment to enhance returns and better manage risks. The Management Company follows the six responsible investment principles set out by the UN for better incorporation of ESG issues into the investment and management process.

## **TRANSPARENCY OF THE EMPLOYEE REMUNERATION POLICY IN TERMS OF SUSTAINABILITY RISK**

The Management Company has approved and applied the Employee Remuneration Policy which is in line with the relevant EU regulations. This policy establishes the procedure, terms and conditions for remuneration and promotion of the Management Company's employees whose professional activity and/or decisions could have a material impact on the nature and extent of risk assumed by the Management Company or the collective investment undertakings managed by it to attract, motivate and retain the best employees who would help implement the long-term objectives and business strategy of the Management Company. This also includes the risks related to the sustainability application where this is relevant to the respective employees. The Employee Remuneration Policy is available on the website of the Management Company: <https://lordslb.lt/en/>

This notice will be reviewed at least annually going forward.