

## **STATEMENT ON THE NON-CONSIDERATION OF PRINCIPAL ADVERSE IMPACTS OF INVESTMENT DECISIONS ON SUSTAINABILITY FACTORS**

This statement by UAB INVL Asset Management (hereinafter referred to as the "**Management Company**") provides sustainability-related information as required by 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 referred to as the "**Regulation**").

### **NON-CONSIDERATION OF PRINCIPAL ADVERSE IMPACTS ON SUSTAINABILITY FACTORS AT THE MANAGEMENT COMPANY LEVEL**

Principal adverse impacts (PAIs) are defined as the negative effects of investment decisions on sustainability factors.

While the Management Company has integrated the assessment of ESG factors and their risks into its investment decision-making procedures, PAIs as defined by the Regulation are not currently considered. The Management Company manages various asset classes through different products and services but cannot ensure that all financial products take into account the principal adverse impacts on sustainability factors. A minority of investments managed by the Management Company has provided PAI indicators and their associated negative impacts; however, their accuracy has not been verified. As a result, the Management Company cannot ensure the completeness and quality of the information required to comply with the provisions of Article 4 of the Regulation.

The Management Company is improving its processes and regularly reviewing its ability to address the principal adverse impacts on sustainability factors and relevant indicators. A decision to consider PAIs will be made in the future when full compliance with the Regulation can be assured.

### **CONSIDERATION OF NEGATIVE IMPACTS AT THE FINANCIAL PRODUCT LEVEL**

Depending on the type and characteristics of the financial product of the Management Company, and whether the product is intended to promote environmental and/or social characteristics or pursue sustainable investment objectives, certain financial products managed by the Management Company may consider and measure PAIs on sustainability factors. Currently, the Management Company cannot guarantee the reliability of the data received for evaluating PAI indicators.

Information about the environmental and/or social characteristics promoted by the Management Company's financial products (including collective investment undertakings), whether the product pursues sustainable investment objectives, and the assessment of sustainability risks (as defined in the Regulation) is provided in the pre-contractual documentation of those products, if applicable. This information is also publicly available on the Management Company's website under the section "Sustainability-related disclosures."

If a financial product considers the principal adverse impacts on sustainability factors, the Management Company includes an explanation of how the financial product addresses these impacts and provides a corresponding statement in accordance with the provisions of the Regulation. The indicators of principal adverse impacts are incorporated into the overall investment process. ESG analysis is conducted as part of the investment process, and, where necessary, highlights which indicators of adverse impacts on sustainability are relevant for assessing the ESG risks of the target company or sector. Such financial products will monitor and report on the indicators listed in Table 1 of Annex I of the Regulatory Technical Standards on the Disclosure of Sustainability-Related Financial Information.

Financial products that do not promote environmental and/or social characteristics or have a sustainable investment objective do not consider the principal adverse impacts on sustainability factors. However, they include a sustainability risk assessment in the investment decision-making process. This statement is explicitly disclosed to investors before contracts are concluded, along with an explanation of the reasons for this.

### **LINKS TO THE ENGAGEMENT POLICY**

As responsible shareholders of the issuers of the financial instruments in which we invest, the Management Company has adopted an Engagement and Voting Policy to foster dialogue on various issues with the issuers of

financial instruments. The Engagement and Voting Policy outlines the key principles of corporate governance of companies.

The main goal of engagement and voting activities is to influence issuers in which the Management Company invests to improve their management of sustainability issues, reduce long-term risks, and enhance financial performance.

The implementation of the Engagement and Voting Policy depends on the type of assets, fund strategy, investment duration, and other specific features of the respective fund. Engagement initiatives encompass equities, bonds, private equity, and alternative investments.

Recognizing that a one-size-fits-all approach is not the best way to address various issues, we follow several different forms of engagement:

- **Voting:** The Company believes it is important to participate in shareholders' meetings where significant business matters are discussed.
- **Dialogue:** Dialogue covers various topics, including strategy, financial performance, risks, and capital structure, and may also address ESG-related issues.
- **Communication with other shareholders and relevant stakeholders of Portfolio companies, issuers, and Funds:** We maintain close relationships with numerous investors and other stakeholders to help identify the best solutions for our investments.

## REFERENCES TO INTERNATIONAL STANDARDS

The Management Company (represented by its affiliate Invalda INVL) is a signatory to the UN's Principles for Responsible Investment (PRI). However, the Management Company does not adhere to specific internationally recognized due diligence and reporting standards for principal adverse impact.

Nonetheless, the Company recognizes the importance of adopting and fulfilling international commitments that contribute to ensuring more sustainable operations and therefore supports international agreements and frameworks. Throughout the entire investment process, compliance with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights is monitored.

Some financial products of the Management Company are committed to other international standards (e.g., UN Global Compact, OECD Guidelines, and UN Guiding Principles), with information on these commitments disclosed in the respective products' constitutional documents alongside other sustainability-related details.

Version	Main changes	Publishing date	Renewal date
No. 1	Published under regulation	2021-03-10	
No. 2	Additional information on product categorization categories	2023-02-28	2023-02-28
No. 3	Updated document information by conclusion of the Bank of Lithuania. Updated information on product and sustainability risk integration 1. Separated considerations of principal adverse impacts and sustainability risks integration 2. Added sections on References to engagement policy and international standards	2024-12-13	2024-12-11