

REPORT ON THE EVALUATION OF THE PRINCIPAL ADVERSE IMPACT ON SUSTAINABILITY AND OTHER RELATED SUSTAINABILITY INFORMATION

2023-09-01

In this report, the management company UAB “Union 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 Council of November 27, 2019 on sustainability-related disclosures in the financial services sector (hereinafter referred to as the **Regulation**).

I. INTEGRATION OF SUSTAINABILITY RISK INTO THE INVESTMENT DECISION-MAKING PROCESS

Environmental, social, and governance (ESG) factors are understood as environmental, social, and employee issues, as well as respect for human rights and the fight against corruption and bribery, while sustainability risk is defined as an event or situation related to sustainability factors that could have a real or potential significant negative impact on investment value.

As of the publication date of this report, the Management Company has approved the Sustainability Risk Integration Policy (hereinafter referred to as the **Policy**), the main objective of which is to define the Management Company’s approach to sustainability risk and adverse impact on sustainability in managing collective investment undertakings for informed investors (hereinafter referred to as **CIUFII**), including when making investment decisions. The Management Company, in managing CIUFII, seeks to invest responsibly by not only following financial data but also monitoring, analyzing, and taking into account non-financial performance indicators related to sustainability, including environmental and societal impact and good governance practices, which may affect the investment return of CIUFII. The integration of sustainability risks into the investment decision-making and execution process involves various methods depending on the asset class in which CIUFII invest. During the investment evaluation process, the methods applied include a list of exceptions and the integration of sustainability indicators into the analysis of potential investments and investment management processes. While the Management Company has integrated sustainability risk assessment into its investment decision-making procedures, it does not evaluate the specific suitability of an investment object for sustainability because the Management Company does not manage CIUFII that promote environmental or social characteristics or their combination, nor does it manage CIUFII whose objective is sustainable investments, as defined in Articles 8 and 9 of the Regulation. The Management Company may consider key sustainability aspects when selecting investment objects, conducting thorough due diligence on potential investment objects, and monitoring investment objects to the extent practical, taking into account circumstances and the Management Company’s obligation to seek the best possible return for investors and always act in their best interests.

II. EVALUATION OF THE PRINCIPAL ADVERSE IMPACT ON SUSTAINABILITY IN MAKING INVESTMENT DECISIONS

The principal adverse impact is understood as the impact of investment decisions that results in a negative effect on sustainability factors. Although the Management Company has integrated the assessment of sustainability factors and their risks into investment decision-making and investment management procedures, it does not consider the principal adverse impact on sustainability factors, as defined in the Regulation, because the Management Company currently does not manage CIUFIs that promote environmental or social characteristics or their combination, and/or whose objective is sustainable investments, as defined in Articles 8 and 9 of the Regulation. Nevertheless, the process of integrating sustainability risks reflects the Management Company's view that information on sustainability factors and risks is considered essential in the entire CIUFII management process.

The Management Company intends to periodically review this decision, taking into account and reassessing the above circumstances. In the event of CIUFIs oriented towards promoting environmental or social characteristics or sustainable investment objectives, as provided for in Articles 8 and 9 of the Regulation, and/or a decision to consider the principal adverse impact on investment decisions, the Management Company will publish an updated report and relevant contractual information concerning specific CIUFIs in accordance with the Regulation.

III. INTEGRATION OF SUSTAINABILITY RISK INTO THE REMUNERATION POLICY

As the Management Company operates under CIUFIs, which do not require the approval of a Remuneration Policy, the Management Company has not approved such a policy. However, in setting the remuneration of Management Company employees, efforts are made to encourage reliable and effective risk management, including, where relevant, sustainability risk management.

IV. OTHER SUSTAINABILITY-RELATED INFORMATION

Detailed information on the integration of sustainability risks into the decision-making and execution process of investments is provided in the Management Company's approved Sustainability Risk Integration Policy, the prospectus of specific CIUFIs, and other contractual documents, as well as in periodic reports. All sustainability-related information is published on the Management Company's website www.uam.lt.