LUMINOR LATVIJAS ATKLĀTAIS PENSIJU FONDS AS STATEMENT ON PRINCIPAL ADVERSE IMPACTS OF INVESTMENT DECISIONS ON SUSTAINABILITY FACTORS

For the purposes of this Annex, the following definitions shall apply:

(1) `scope 1, 2 and 3 GHG emissions' means the scope of greenhouse gas emissions referred to in points (1)(e)(i) to (iii) of Annex III to Regulation (EU) 2016/1011 of the European Parliament and of the Council[1];

(2) `greenhouse gas (GHG) emissions' means greenhouse gas emissions as defined in Article 3, point (1), of Regulation (EU) 2018/842 of the European Parliament and of the Council[2];

(3) `weighted average' means a ratio of the weight of the investment by the financial market participant in an investee company in relation to the enterprise value of the investee company;

(4) `enterprise value' means the sum, at fiscal year-end, of the market capitalisation of ordinary shares, the market capitalisation of preferred shares, and the book value of total debt and non-controlling interests, without the deduction of cash or cash equivalents;

(5) `companies active in the fossil fuel sector' means companies that derive any revenues from exploration, mining, extraction, production, processing, storage, refining or distribution, including transportation, storage and trade, of fossil fuels as defined in Article 2, point (62), of Regulation (EU) 2018/1999 of the European Parliament and of the Council[3];

(6) `renewable energy sources' means renewable non-fossil sources, namely wind, solar (solar thermal and solar photovoltaic) and geothermal energy, ambient energy, tide, wave and other ocean energy, hydropower, biomass, landfill gas, sewage treatment plant gas, and biogas;

(7) `non-renewable energy sources' means energy sources other than those referred to in point (6);

(8) `energy consumption intensity' means the ratio of energy consumption per unit of activity, output or any other metric of the investee company to the total energy consumption of that investee company;

(9) `high impact climate sectors' means the sectors listed in Sections A to H and Section L of Annex I to Regulation (EC) No 1893/2006 of the European Parliament and of the Council[4];

(10) `protected area' means designated areas in the European Environment Agency's Common Database on Designated Areas (CDDA);

1 Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171, 29.6.2016, p. 1).

2 Regulation (EU) 2018/842 of the European Parliament and of the Council of 30 May 2018 on binding annual greenhouse gas emission reductions by Member States from 2021 to 2030 contributing to climate action to meet commitments under the Paris Agreement and amending Regulation (EU) No 525/2013 (OJ L 156, 19.6.2018, p. 26).

3 Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the Governance of the Energy Union and Climate Action, amending Regulations (EC) No 663/2009 and (EC) No 715/2009 of the European Parliament and of the Council, Directives 94/22/EC, 98/70/EC, 2009/31/EC, 2009/73/EC, 2010/31/EU, 2012/27/EU and 2013/30/EU of the European Parliament and of the Council, Council Directives 2009/119/EC and (EU) 2015/652 and repealing Regulation (EU) No 525/2013 of the European Parliament and of the Council (OJ L 328, 21.12.2018, p. 1).

4 Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90 as well as certain EC Regulations on specific statistical domains Text with EEA relevance (OJ L 393, 30.12.2006, p. 1–39).

(11) ‘area of high biodiversity value outside protected areas’ means land with high biodiversity value as referred to in Article 7b(3) of Directive 98/70/EC of the European Parliament and of the Council[5];

(12) ‘emissions to water’ means direct emissions of priority substances as defined in Article 2(30) of Directive 2000/60/EC of the European Parliament and of the Council[6] and direct emissions of nitrates, phosphates and pesticides ;

(13) ‘areas of high water stress’ means regions where the percentage of total water withdrawn is high (40-80%) or extremely high (greater than 80%) in the World Resources Institute’s (WRI) Water Risk Atlas tool “Aqueduct”;

(14) ‘hazardous waste and radioactive waste’ means hazardous waste and radioactive waste;

(15) ‘hazardous waste’ means hazardous waste as defined in Article 3(2) of Directive 2008/98/EC of the European Parliament and of the Council[7] ;

(16) ‘radioactive waste’ means radioactive waste as defined in Article 3(7) of Council Directive 2011/70/Euratom[8];

(17) ‘non-recycled waste’ means any waste not recycled within the meaning of ‘recycling’ in Article 3(17) of Directive 2008/98/EC;

(18) ‘activities negatively affecting biodiversity-sensitive areas’ means activities that are characterised by all of the following:

(a) those activities lead to the deterioration of natural habitats and the habitats of species and disturb the species for which a protected area has been designated;

(b) for those activities, none of the conclusions, mitigation measures or impact assessments adopted pursuant to any of the following Directives or national provisions or international standards that are equivalent to those Directives have been implemented:

  (i) Directive 2009/147/EC of the European Parliament and of the Council[9];

  (ii) Council Directive 92/43/EEC[10];

  (iii) an Environmental Impact Assessment (EIA) as defined in Article 1(2), point (g), of Directive 2011/92/EU of the European Parliament and of the Council[11];

  (iv) for activities located in third countries, conclusions, mitigation measures or impact assessments adopted in accordance with national provisions or international standards that are equivalent to the Directives and impact assessments listed in points (i), (ii) and (iii);

(19) ‘biodiversity-sensitive areas’ means Natura 2000 network of protected areas, UNESCO World Heritage sites and Key Biodiversity Areas (‘KBAs’), as well as other protected areas, as referred to in Appendix D of Annex II to Commission Delegated Regulation (EU) 2021/2139[12];

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5 Directive 98/70/EC of the European Parliament and of the Council of 13 October 1998 relating to the quality of petrol and diesel fuels and amending Council Directive 93/12/EEC (OJ L 350, 28.12.1998, p. 58).

6 Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy (OJ L 327, 22.12.2000, p. 1).

7 Directive 2008/98/EC of the European Parliament and of the Council of 19 November 2008 on waste and repealing certain Directives (OJ L 312, 22.11.2008, p. 3).

8 Council Directive 2011/70/Euratom of 19 July 2011 establishing a Community framework for the responsible and safe management of spent fuel and radioactive waste (OJ L 199, 2.8.2011, p. 48).

9 Directive 2009/147/EC of the European Parliament and of the Council of 30 November 2009 on the conservation of wild birds (OJ L 20, 26.1.2010, p. 7).

10 Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora (OJ L 206, 22.7.1992, p. 7).

11 Directive 2011/92/EU of the European Parliament and of the Council of 13 December 2011 on the assessment of the effects of certain public and private projects on the environment (OJ L 026, 28.1.2012, p. 1).

12 Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives (OJ L 442, 9.12.2021, p. 1).

(20) `threatened species' means endangered species, including flora and fauna, listed in the European Red List or the IUCN Red List, as referred to in Section 7 of Annex II to Delegated Regulation (EU) 2021/2139;

(21) `deforestation' means the temporary or permanent human-induced conversion of forested land to non-forested land;

(22) `UN Global Compact principles' means the ten Principles of the United Nations Global Compact;

(23) `unadjusted gender pay gap' means the difference between average gross hourly earnings of male paid employees and of female paid employees as a percentage of average gross hourly earnings of male paid employees;

(24) `board' means the administrative, management or supervisory body of a company;

(25) `human rights policy' means a policy commitment approved at board level on human rights that the economic activities of the investee company shall be in line with the UN Guiding Principles on Business and Human Rights;

(26) `whistleblower' means `reporting person' as defined in Article 5(7) of Directive (EU) 2019/1937 of the European Parliament and of the Council[13];

(27) `inorganic pollutants' means emissions within or lower than the emission levels associated with the best available techniques (BAT-AEL) as defined in Article 3, point (13) of Directive 2010/75/EU of the European Parliament and of the Council[14], for the Large Volume Inorganic Chemicals- Solids and Others industry;

(28) `air pollutants' means direct emissions of sulphur dioxides (SO_2), nitrogen oxides (NO_x), non-methane volatile organic compounds (NMVOC), and fine particulate matter ($PM_{2,5}$) as defined in Article 3, points (5) to (8), of Directive (EU) 2016/2284 of the European Parliament and of the Council[15], ammonia (NH_3) as referred to in that Directive and heavy metals (HM) as referred to in Annex I to that Directive;

(29) `ozone depletion substances' mean substances listed in the Montreal Protocol on Substances that Deplete the Ozone Layer.

For the purposes of this Annex, the following formulas shall apply:

(1) `GHG emissions' shall be calculated in accordance with the following formula:

$$\sum_{n}^{i}\left(\frac{\text{current value of investment}_i}{\text{investee company's enterprise value}_i} \times \text{investee company's Scope(x) GHG emissions}_i\right)$$

(2) `carbon footprint' shall be calculated in accordance with the following formula:

$$\frac{\sum_{n}^{i}\left(\frac{\text{current value of investment}_i}{\text{investee company's enterprise value}_i} \times \text{investee company's Scope 1,2 and 3 GHG emissions}_i\right)}{\text{current value of all investments (€M)}}$$

(3) `GHG intensity of investee companies' shall be calculated in accordance with the following formula:

$$\sum_{n}^{i}\left(\frac{\text{current value of investment}_i}{\text{current value of all investments (€M)}} \times \frac{\text{investee company's Scope 1, 2 and 3 GHG emissions}_i}{\text{investee company' s €M revenue}_i}\right)$$

13 Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law (OJ L305, 26.11.2019, p. 17).

14 Directive 2010/75/EU of the European Parliament and of the Council of 24 November 2010 on industrial emissions (integrated pollution prevention and control) (OJ L 334, 17.12.2010, p. 17).

15 Directive (EU) 2016/2284 of the European Parliament and of the Council of 14 December 2016 on the reduction of national emissions of certain atmospheric pollutants, amending Directive 2003/35/EC and repealing Directive 2001/81/EC (Text with EEA relevance), *OJ L 344, 17.12.2016, p. 1–31*

(4) `GHG intensity of sovereigns' shall be calculated in accordance with the following formula:

$$\sum_{n}^{i}\left(\frac{\text{current value of investment}_i}{\text{current value of all investments (€M)}} \times \frac{\text{The country' s Scope 1, 2 and 3 GHG emissions}_i}{\text{Gross Domestic Product}_i\text{ (€M)}}\right)$$

(5) `inefficient real estate assets' shall be calculated in accordance with the following formula:

$$\frac{\text{((Value of real estate assets built before 31/12/"2020 " with "EPC of C or below)} + \text{(Value of real estate assets built after 31/12/2020 with PED below NZEB in Directive 2010/31/EU))}}{\text{(Value of real estate assets required to abide by EPC and NZEB rules}}$$

For the purposes of the formulas, the following definitions shall apply:

(1) `current value of investment' means the value in EUR of the investment by the financial market participant in the investee company;

(2) `enterprise value' means the sum, at fiscal year-end, of the market capitalisation of ordinary shares, the market capitalisation of preferred shares, and the book value of total debt and non-controlling interests, without the deduction of cash or cash equivalents;

(3) `current value of all investments' means the value in EUR of all investments by the financial market participant;

(4) `nearly zero-energy building (NZEB)', `primary energy demand (PED)' and `energy performance certificate (EPC)' shall have the meanings given to them in paragraphs 2, 5 and 12 of Article 2 of Directive 2010/31/EU of the European Parliament and of the Council[16].

16 Directive 2010/31/EU of the European Parliament and of the Council of 19 May 2010 on the energy performance of buildings (recast) (OJ L 153, 18.6.2010, p. 13)

Statement on principal adverse impacts of investment decisions on sustainability factors

Financial market participant

Luminor Latvijas atklātais pensiju fonds AS, LEI 529900XQ4MTFSS9W0766

Summary

Luminor Latvijas atklātais pensiju fonds AS, LEI 529900XQ4MTFSS9W0766 (further in this document – Fund) has entrusted the management of its 3rd pillar pension plans to Luminor Asset Management IPAS (further in this document – AMC), which considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of Luminor Latvijas atklātais pensiju fonds AS. This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January to 31 December 2023.

AMC considers principal adverse impact on entity level by measuring and monitoring the aggregated negative impact on sustainability factors in respect to assets under management (AuM) of the Fund's pension plans. The AMC considers the mandatory principal adverse impact indicators and three additional principle adverse impact indicators (both mandatory and additional principle adverse impact indicators also referred as indicators) ("Investments in companies without carbon emission reduction initiatives", "Lack of a human rights policy", and "Number of convictions and amount of fines for violation of anti-corruption and anti-bribery laws") defined by the 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 SFDR) and the Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 supplementing Regulation (EU) 2019/2088.

It is important to note that the data availability or quality of data for some indicators remains low and a large proportion is based on estimates and will develop further. The explanation column describes the share of reported and estimated data from all the covered data. It is probable that the principle adverse impact indicator metrics below may increase with improved coverage or reduced estimation in next reports, without the actual negative adverse impacts having increased. The indicator metrics for the previous reference period from 1 January to 31 December 2022 presented in column "Impact 2022" have been updated relative to the previously reported statement in the following table due to the third party data providersupdating their data.

Description of the principal adverse impacts on sustainability factors

Indicators applicable to investments in investee companies

Adverse sustainability indicator		Metric	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	1203.8595 tonne CO2e	1561.0662 tonne CO2e	Coverage 82.79% Estimated 29.7% Reported 70.3%	AMC followed exclusions on direct investments established by Luminor Sustainability Policy, applied to pension plans' portfolios. AMC selected investment funds managed by fund management companies that are UN PRI[17] signatories. AMC reviewed Sustainable Investments Due Diligence Procedure. The key amendments include supplementing the description of investment process with description of principal adverse impact consideration and prioritization. The implementation for this procedure will be executed in the next reference period. For more information, refer to the section "Description of policies to identify and prioritise principal adverse impacts on sustainability factors. Fund continued to offer its clients pension plan Luminor Sustainable Future 16-50 Index with reduced negative environmental or social impact, and significantly reduced investments in fossil fuel sector, as well as excluded or significantly reduced investments in
		Scope 2 GHG emissions	434.3574 tonne CO2e	498.6738 tonne CO2e	Coverage 82.79% Estimated 29.7% Reported 70.3%	
		Scope 3 GHG emissions	10268.92 tonne CO2e	11712.941 tonne CO2e	Coverage 82.09% Estimated 55.1% Reported 44.9%	
		Total GHG emissions	11864.094 tonne CO2e	14073.488 tonne CO2e	Coverage 81.5% Estimated 56.09% Reported 43.91%	
	2. Carbon footprint	Carbon footprint	282.99988 tonne CO2e / EUR M invested	405.62512 tonne CO2e / EUR M invested	Coverage 81.5% Estimated 56.09% Reported 43.91%	
	3. GHG intensity of investee companies	GHG intensity of investee companies	513.5614 tonne CO2e / EUR M revenue	703.2523 tonne CO2e / EUR M revenue	Coverage 81.58% Estimated 56.08% Reported 43.92%	
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	5.0569096 %	9.885532 %	Coverage 79.18% Estimated 0% Reported 100%	
	5. 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	Consumption: 25.952837 % Production: 1.7370037 %	Consumption: 38.232365 % Production: 2.7735496 %	Coverage 77.61% Estimated 0% Reported 100% Coverage 78.63% Estimated 0% Reported 100%	

17 The United Nations Principle for Responsible Investment (UN PRI), a UN-supported network of investors, works to promote sustainable investment through the incorporation of environmental, social and governance factors into investment decision-making.

	6. 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	Total: 0.1830424 GWh / EUR M revenue Sector A: 0.00080384937 GWh / EUR M revenue Sector B: 0.06025122 GWh / EUR M revenue Sector C: 0.047186382 GWh / EUR M revenue Sector D: 0.07556128 GWh / EUR M revenue Sector E: 0.00067833974 GWh / EUR M revenue Sector F: 0.0003618222 GWh / EUR M revenue Sector G: 0.001994377 GWh / EUR M revenue Sector H: 0.010373004 GWh / EUR M revenue Sector L: 0.003508321 GWh / EUR M revenue	Total: 0.31347704 GWh / EUR M revenue Sector A: 0.000951343 GWh / EUR M revenue Sector B: 0.081263706 GWh / EUR M revenue Sector C: 0.059576854 GWh / EUR M revenue Sector D: 0.1915552 GWh / EUR M revenue Sector E: 0.0011354978 GWh / EUR M revenue Sector F: 0.00041850968 GWh / EUR M revenue Sector G: 0.002619047 GWh / EUR M revenue Sector H: 0.01186073 GWh / EUR M revenue Sector L: 0.00499215 GWh / EUR M revenue	Coverage 86.38% Estimated 32.08% Reported 67.92% Coverage 99.7% Estimated 35.18% Reported 64.82% Coverage 84.69% Estimated 28.84% Reported 71.16% Coverage 98.12% Estimated 34.4% Reported 65.6% Coverage 59.29% Estimated 25.75% Reported 74.25% Coverage 95.74% Estimated 38.58% Reported 61.42% Coverage 97.97% Estimated 40.19% Reported 59.81% Coverage 81.55% Estimated 30.07% Reported 69.93% Coverage 89.7% Estimated 26.14% Reported 73.86% Coverage 94.05% Estimated 25.24% Reported 74.76%	companies involved in controversial activities[18]. In the next reference period AMC will be monitoring and analysing indicator data and its scope, and implications for pension plans's investment portfolios. AMC will prioritize carbon footprint, GHG intensity of investee companies and lack of human rights policy indicator in its investment process. All else being equal and if it does not contradict to the pension plans' mandate and underlying strategy, when deciding on the inclusion of the instrument into an investment portfolio, an instrument with a better assessment outcome of the climate-related metrics and "Lack of human rights policy" indicator screening will be preferred in general. There are no specific targets set for the subsequent reporting period for the indicators.
Biodiversity	7. 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	1.0901014 %	1.6018858 %	Coverage 81.3% Third party data provider leverages natural language processing (NLP) models to identify breaches for this indicator. All controversies considered a potential violation by NLP models are later reviewed by analysts.	
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0.0046479874 tonne / EUR M invested	0.0049466346 tonne / EUR M invested	Coverage 21.5% Estimated 70.59% Reported 29.41%	

18 Controversial activities defined by MSCI ESG Controversies and Global Norms Screening and value-based, and climate-based exclusions applied to indices that investment funds follow (MSCI SRI Filtered PAB, MSCI SRI S-Series PAB 5% Capped, MSCI SRI Select Reduced Fossil Fuel, MSCI SRI Low Carbon Select). The applied exclusions relate to companies associated with weapons, genetically modified organisms, nuclear power production, tobacco, alcohol, adult entertainment, gambling and others.

Waste	9. 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	27.714676 tonne / EUR M invested	40.014187 tonne / EUR M invested	Coverage 81.99% Estimated 51.48% Reported 48.52%	

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

Social and employee matters	10. Violations of UN Global Compact principles and Organisation 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	7.570484 %	4.54152 %	Coverage 81.3% Third party data provider leverages NLP models to identify breaches for this indicator. All controversies considered a potential violation by NLP models are later reviewed by analysts.	AMC followed exclusions on direct investments established by Luminor Sustainability Policy, applied to pension plans' portfolios. AMC selected investment funds managed by fund management companies that are UN PRI signatories. AMC reviewed Sustainable Investments Due Diligence Procedure. The key amendments include supplementing the description of investment process with description of principal adverse impact consideration and prioritization. The implementation for this procedure will be executed in the next reference period. For more information, refer to the section "Description of policies to identify and prioritise principal adverse impacts on sustainability factors.
	11. 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	0.16352594 %	0.25428677 %	Coverage 89.11% Estimated 0% Reported 100%	
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	4.9177513 %	6.6605206 %	Coverage 50.37% Estimated 0% Reported 100%	
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	15.981976 %	20.808607 %	Coverage 88.14% Estimated 0% Reported 100%	
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0.0009752688 %	0.00077461055 %	Coverage 91.22% Estimated 0% Reported 100%	

Luminor

INDICATORS APPLICABLE TO INVESTMENTS IN SOVEREIGNS AND SUPRANATIONALS

Adverse sustainability indicator		Metric	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
Environmental	15. GHG intensity	GHG intensity of investee countries	131.58772 tonne CO2e / EUR M GDP	207.49194 tonne CO2e / EUR M GDP	Coverage 99.61% Estimated 100% Reported 0%	Same as previous.
Social	16. 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	Relative: 3.0568237 % Absolute: 2.25	Relative: 4.510976 % Absolute: 4.25	Coverage 100% Estimated 0% Reported 100% Coverage 100% Estimated 0% Reported 100%	Within direct investments AMC adheres to investment restrictions applicable further to sanctions imposed by authorities in the country of operation, as well as the EU, UN and US.

INDICATORS APPLICABLE TO INVESTMENTS IN REAL ESTATE ASSETS

Adverse sustainability indicator		Metric	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	0 %	0 %	Coverage 100%	AMC reviewed Sustainable Investments Due Diligence Procedure. The key changes for principal adverse impact consideration and prioritization has been added to the investment process. The implementation for this procedure is for the next reference period. For more information, refer to the section "Description of policies to identify and prioritise principal adverse impacts on sustainability factors".
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	56%	56.1%	Coverage 100% Estimated 0% Reported 100%	AMC monitors and requests data from local (Baltic) real estate asset managers thereby engaging with investees. There are no specific targets set for the subsequent reporting period for the indicators.

OTHER INDICATORS FOR PRINCIPAL ADVERSE IMPACTS ON SUSTAINABILITY FACTORS						
Adverse sustainability impact	**Adverse impact on sustainability factors (qualitative or quantitative)**	**Metric**	**Impact 2023**	**Impact 2022**	**Explanation**	**Actions taken, and actions planned and targets set for the next reference period**
ADDITIONAL CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Emissions	4. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	31.46 %	46.733833 %	Coverage 100% Estimated 0% Reported 100%	Same as in section "INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS".
ADDITIONAL INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS						
Human Rights	9. Lack of a human rights policy	Share of investments in entities without a human rights policy	3.88 %	6.775917 %	Coverage 85.54% Estimated 0% Reported 100%	Same as in section "CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS".
Anti-corruption and anti-bribery	17. Number of convictions and amount of fines for violation of anti-corruption and anti-bribery laws	Numbers of convictions and amount of fines for violations of anti-corruption and anti-bribery laws by investee companies	1: 2 2: 4765.0225 million EUR	1: 2 2: 4760.7725 million EUR	1: Coverage 81.3% Third party data provider leverages NLP models to identify breaches for this indicator. All controversies considered a potential violation by NLP models are later reviewed by analysts. 2: Coverage 81.3% Third party data provider leverages NLP models to identify breaches for this indicator. All controversies considered a potential violation by NLP models are later reviewed by analysts.	Same as in section "CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS".

Description of policies to identify and prioritise principal adverse impacts on sustainability factors

Luminor Group has approved following policies and guidelines with the purpose to help identify and prioritize principal adverse sustainability impacts in the business activities of its different divisions and subsidiaries, including AMC:

Sustainability Policy – outlines the main sustainability principles and values we follow in our business activities, decision making (including investment decision making), remuneration, and relationships with our Stakeholders to support achievement of our sustainability objectives. Latest version approved by the Luminor Bank Supervisory Council in December 29th, 2023.

Sustainable Investment Guidelines – outline sustainable investment principles, including the Sustainability (ESG) risk integration in the investment decision making process in Luminor Bank and its asset management subsidiaries, including AMC. Approved by the Luminor Bank Head of Sustainability Department in November 25th, 2022.

AMC has approved Sustainable Investments Due Diligence Procedure (Procedure), which describes the process for Sustainability (ESG) due diligence assessment by AMC prior to making investment decision and continuous monitoring thereof. Furthermore, the Procedure describes how Sustainability (ESG) risks and adverse sustainability impacts are integrated in the investment decision making processes. Latest version approved by the AMC Management Board in April 3rd, 2024.

In the investment process AMC aims to identify adverse sustainability impact from the investment decisions. AMC avoids direct investments in companies that do not meet our minimum safeguards. AMC aims to invest in investment funds managed by external asset managers who are UN PRI signatories and thus exhibit positive trend in integrating ESG factors in their businesses. This provides AMC opportunity to identify and prioritize investments with lower adverse sustainability impact.

Principal adverse impact indicator selection is based on the Sustainability Policy of Luminor Group. Subject to data availability, the selection of additional indicators follows the methodology of selecting the indicators which are deemed most relevant to consider based on the applicable policies, investee exposures and data quality. AMC selected three relevant additional indicators: an indicator relating to emissions – Investments in companies without carbon emission reduction initiatives, an indicator that relates to human rights – Lack of a human rights policy, an indicator that relates to anti-corruption and anti-bribery - Number of convictions and amount of fines for violation of anti-corruption and anti-bribery laws.

AMC prioritizes mandatory climate-related indicators "Carbon footprint", "GHG intensity of investee companies", and additional social indicator "Lack of human rights policy" in the investment decision making process. In addition, screening on these indicators is integrated in the financial instrument selection per Sustainable Investments Due Diligence Procedure. All else being equal and if it does not contradict to the Pension plans' mandate and underlying strategy, when deciding on the inclusion of the instrument into a pension plan, an instrument with a higher assessment outcome of the climate-related metrics and "Lack of human rights policy" indicator screening is preferred in general.

AMC uses external data vendor (Clarity AI) for collecting data on principal adverse impact indicators. The external data vendor has been selected on basis of a thorough due diligence process, however, it does not cover principle adverse impact indicators for all of the pension plans portfolio holdings. As of end of 2023, Clarity AI has coverage of more than 60 thousand companies, 198 Nationals and 360 thousand funds.

The data coverage, estimation and the extent of its accuracy on select principal adverse impacts may vary greatly period to period, dependent of the quality of the corporate disclosures and evolving estimation models of data vendor. As of this report, it is difficult to assess the magnitude of the margin of error, but it is expected to be substantial. As corporate disclosures are expected to improve and increase over time, it is expexted that the margin of error will decrease. AMC continously engages with the external data provider in cases where data is incorrect or if there are significant data gaps.

Engagement policies

In the name of the Fund, AMC operates according to its Engagement Policy which determines the general principles on how the exercise of shareholder rights is included in the AMC investment strategies and what engagement activities AMC conducts within the managed pension plans for the benefit of these pension plans when investing funds directly in shares of the companies, which are listed in the regulated market and registered in a member state.

References to international standards

Fund and AMC do not adhere to specific responsible business conduct codes and internationally recognised standards for principal adverse impacts' due diligence and reporting. As of the date of the report Fund and AMC do not commit to align pension plan portfolio holdings with the objectives of the Paris Agreement. AMC has not implemented forward-looking climate scenarios in its investment process. However, AMC invests only in investment funds managed by external asset managers who are signatories to UN PRI.

For Fund’s Article 8 (as defined by the SFDR) pension plan Luminor Sustainable Future 16-50 Index relevant principle adverse impact indicators are selected to measure attainment of promoted social or environmental characteristics. Indicators are measured on the Pension plan level by aggregating information calculated from investment funds` (where Pension plan invests) principle adverse indicators, obtained from third party data vendors, and tracked index methodology. In instrument selection and monitoring for pension plan Luminor Sustainable Future 16-50 Index we employ ESG metrics provided by index administrators. Evaluation framework for such metrics (e.g. ESG Risk, ESG Controversies) is designed to be consistent with international norms, e.g. represented by the UN Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the UN Global Compact.

Historical comparison

The historical comparison of principle adverse impact indicators is for the reference period from 1 January to 31 December 2023 as described in Table 1 column "Impact 2023" relative to indicators for the reference period from from 1 January to 31 December 2022 presented in column "Impact 2022". The indicator values in the column "Impact 2022" have been updated from the previously published Statement on principal adverse impacts of investment decisions on sustainability factors. This is due to updated data from the third-party data vendor. In 2025 a historical comparison of the indicators in the period reported will be made with the two previous periods (Statements for 2023 and 2022).

Fund’s holdings showed improvement in all mandatory climate and other environment-related indicators with decreased negative impact. It is important to note that GHG emissions, carbon footprint, GHG intensity of investee companies, emissions to water and hazardous waste and radioactive waste ratio indicator metrics are more based on estimations than on reported numbers. From the indicators that only relied on reported numbers significant improvement was made in exposure to companies active in the fossil fuel sector which decreased from 9.89% in 2022 to 5.06% in 2023.

Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters showed mixed results in 2023 relative to 2022. Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises (indicator 10.) increased by almost 67%. This metric might improve in the future due to indicator 11. showing almost 36% reduction in investees without policies to monitor above mentioned principles. Board gender diversity metric also showed deterioration. However, the unadjusted gender pay gap decreased.

Indicators applicable to investments in sovereigns and supranationals showed improvement by 36.5% in GHG intensity of investee contries (100% of data estimated) and 32% in number of investee countries subject to social violations (100% of data reported).

Indicators applicable to investments in real estate assets showed the least change due to single investment fund being held by Fund’s pension plans. It remained not exposed to fossil fuels and slightly improved energy-efficiency.

Additional climate and other environment-related indicator 4. Investments in companies without carbon emission reduction initiatives improved from 46.73% to 31.46% further supporting broad improvement in climate-related metrics. Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters showed mixed results. The 9. Lack of a human rights policy indicator that is prioritized by the AMC improved with a decrease of investments without a human rights policy from 6.78% to 3.88%. Additional indicator 17. Number of convictions and amount of fines for violation of anti-corruption and anti-bribery laws slightly deteriorated as both metrics increased.