

GND Advisory
SFDR Disclosure Statement



Approved by:	GND Advisory Management
Approved on:	March 2022
References to external policies:	Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures (SFDR) in the financial services sector
References to internal policies:	Business Code of Conduct Risk and Compliance Policy Sustainability Policy Sustainability Risk Policy Engagement Policy

Contents

- 1. The Firm3
- 2. Introduction3
- 3. Inclusion of sustainability risks4
- 4. Adverse sustainability impacts statement.....4
- 5. Sustainability in remuneration5
- 6. Sustainability-related disclosures5
- 7. Approval.....6

1. The Firm

GND Advisory is an autonomous investment advisory registered in the Republic of Lithuania. The records of GND Advisory are kept at the State Enterprise Centre of Registers.¹ GND Advisory ("GND") and each of its majority-owned subsidiaries (together with GND, the "Firm") conducts its operations in compliance with the EU and Lithuanian Law, Regulations, and its internal Code of Conduct.

2. Introduction

We are committed to conducting our business in a sustainable, responsible and transparent manner by setting ambitious objectives for reaching a positive impact on the environment and society and henceforth, supporting the transition to low-carbon economy and Paris agreement goals. We are keen to integrate ESG-related measures and consider emerging risks while adapting our strategy, risk management framework, investment decision making and deal structuring, and other activities.

As described in the Sustainability Policy, we are committed to:

1. Support our investees transition towards a low-carbon economy and implementation of more sustainable environmental, social and governance practices; and
2. Reducing negative impacts on the environment and society in the assets we manage and aim to become net zero and taxonomy aligned during the investment lifetime.

We are determined to engage within our decision-making processes, whenever appropriate, to support no/low-carbon investments and climate change mitigation and adaptation opportunities, as well as identify opportunities to avoid, minimize or reduce greenhouse gas emission in our investments. We also are committed to support our investees in developing climate adaptation measures and climate resilient investment as well as managing risks caused by climate change.

The investments of this Sub-fund do take into account the EU criteria for environmentally sustainable economic activities which are determined by the Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, as amended from time to time. SEIF CEE will focus on the EU Taxonomy guidance of climate change mitigation and adaptation, and as well consider the sustainable use and protection of water and marine resources, the transition to a circular economy, the pollution prevention and control, and the protection and restoration of biodiversity and ecosystems.

Pursuant to EU Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector, as amended from time to time (the "SFDR"), the Investment Company is required to disclose the way sustainability risks are integrated into the investment decision and the results of the assessment of the likely impacts of sustainability risks on the returns of SEIF CEE.

Among other environmental, social and governance indicators, the 'carbon footprint' on each asset in SEIF CEE will be assessed following the guidance of the Greenhouse Gas Protocol (GHG Protocol) and relevant standards (i.e., ISO 14064-2 Greenhouse gasses – Part 2: Specification with guidance at the project level for quantification, monitoring and reporting of greenhouse gas emission reductions or removal enhancements).

Thus, SEIF CEE qualifies as a fully SFDR Article 9 compliant fund: A fund which has sustainable investment and reduction of carbon emissions as its objective. Thus, SEIF CEE will provide relevant Article 9 disclosures.

¹ State Enterprise Centre of Registers. https://www.registrucentras.lt/jar/index_en.php

3. Inclusion of sustainability risks

Article 3 of the regulation requires information to be shared with regards to the integration of sustainability risks within investment decision-making processes and investment advice. The approach taken by GND Advisory is briefly detailed in this section and further detailed in Sustainability Risk Policy.

GND Advisory applies an overarching approach to the management of sustainability that is set out in a number of policies and procedures. The organization-wide Sustainability Policy delineates our main sustainability principles as well as the key requirements and responsibilities in connection with sustainability-related enquiries, non-financial sustainability reporting, environmental and social due diligence in the context of reputational risk management, and, together with relevant risk frameworks and broader commitments, provides relevant context regarding the company's view on sustainability topics.

Additionally, GND Advisory applies an overarching formal policy regarding the integration of sustainability risks in the investment decision-making and advisory processes. As part of the integral control activities, risk management framework is established that is applicable to all GND Advisory activities, and sustainability risks are integrated into the investment decision making and risk monitoring to the extent that they represent a potential or actual material risk and/or opportunity for the returns.

As sustainability risk management is a vital part of the overall risk management in GND Advisory, the leading examples of governance and processes have been identified and defined for ESG and climate related risk management during the investment lifecycle. These will be further enhanced on an ongoing basis as more sustainability related data becomes available over time.

Among other regulations and guidelines, sustainability risk policy is set in line with the recommendations from Task Force on Climate-related Financial Disclosures (TCFD) and describes the following core elements:

- **Governance** – organization's governance is set up around sustainability and climate-related risk and opportunities.
- **Strategy** – the actual and potential impact of sustainability and climate-related risks and opportunities and embedded within the strategy and risk appetite.
- **Risk management** – the processes are being developed to identify, assess and manage sustainability and climate related risks during the investment lifecycle.
- **Metrics and targets** – defined to assess and manage relevant sustainability and climate related risks and opportunities, monitor and track progress.

Apart from the use of various top-down and bottom-up quantitative tools and models for identifying, assessing and managing sustainability and climate related risks, we also recognize the importance of qualitative engagement and dialogue with the investee companies as a decision-making tool for risk management. Engagement is a key part of the loop, helping identify assets at risk, provide a more dynamic approach and refine understanding of real long-term risks, as well as foster sustainable corporate performance and create more value.

4. Adverse sustainability impacts statement

As part of the regulation, GND Advisory in our capacity as Financial Market Participant is obliged to disclose the company's approach on the consideration of principal adverse impacts of investment decisions on sustainability factors. Principal adverse impacts on sustainability factors are referred to in Article 4 of the Disclosure Regulation. They are further defined in implementing legislation, which at the time of publication of this statement has not entered into force but are meant to cover negative effects of investments regarded as material from a sustainability perspective.

As briefly described in the statement below and further detailed in formal Sustainability Policy, GND Advisory will take four specific impacts into account in relevant investment decisions. For this purpose, factors relating to the aforementioned principal adverse impacts will be made transparent against the investment universe. The consideration of these adverse impacts will be an additional factor for review in making investment decisions but will not automatically outweigh other relevant factors.

Description of principal adverse sustainability impacts

The principal adverse impacts, including the identification, prioritisation and any designated action to be taken to manage exposure to these, will be reviewed by GND Advisory dedicated governance forums on a regular basis.

The Principal Adverse Impacts that GND Advisory will consider (but not limited to) are:

- Exposure to Fossil Fuels - Industries that derive revenues from the exploration, mining, extraction, distribution or refining of hard, liquid or gaseous fuels (i.e. coal, oil, natural gas).
- Carbon emissions - The level of carbon dioxide equivalent that is released by a company, measured in volume and intensity.
- Compliance with United Nations Global Compact principles - Observing that companies at a minimum, meet fundamental responsibilities in the areas of human rights, labour, environment and anti-corruption.
- Exposure to controversial weapons - Industries that derive revenues from the manufacture or selling of controversial weapons (i.e., anti-personnel landmines, cluster munitions, chemical, biological, radiological and nuclear weapons).

Further assessment of mandatory and voluntary indicators under SFDR regulation are described in Sustainability Risk Policy.

Description of actions to address principal adverse sustainability impacts

GND Advisory will make factors relating to the principal adverse impacts transparent against the investment universe, enabling informed decisions in the selection process for construction of relevant financial products. The focus will be on making the data available within the processes for selection of underlying products for our managed funds and portfolios. As a fiduciary, it is of the utmost importance that we make all investment decisions in the best interest of the investors, considering all financial and risk factors. Therefore, the consideration of these adverse impacts will be an additional factor for review in making investment decisions but will not automatically outweigh other relevant factors.

5. Sustainability in remuneration

The consideration of sustainability and sustainability risks is an integral part of the compensation within GND Advisory and its partners. Where appropriate, we set sustainability related targets which include financial and nonfinancial targets such as sustainable financing and investment volumes as well as culture and conduct. Furthermore, we expect all employees of GND Advisory to adhere to the sustainability principles stipulated in our code of conduct and sustainability policy, which aim to generate sustainable value for all our stakeholders' incl. employees, partners, investors and society at a large. The code of conduct is embedded in our governance, policies, processes, and control systems. Further details are described in Remuneration Policy.

6. Sustainability-related disclosures

The information contained in this section is provided in accordance to Art. 10 of the REGULATION (EU) 2019/2088 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of November 27, 2019 on sustainability-related disclosures in the financial services sector (the Disclosure Regulation).

Data sources and criteria for assessments in terms of environmental or social characteristics

GND Advisory considers environmental and social characteristics in selecting potential investment. In order to identify potential financial and non-financial risks and opportunities we use two approaches: bottom-up and top-down. For the former, we use several methods to collect information and nuances about the potential investment and investee:

- Sustainability due diligence questionnaire provides a list of questions on policies, processes and reporting of environmental, social and governance aspects related to sustainability. It assists in identifying risks and good practices and regarded as a tool to facilitate assessment whether there may be any significant issues, and opportunities that require either more detailed technical assessment or target setting for improvements. The questionnaire can also help identify relevant ESG factors that may be used to support ESG monitoring and reporting during the lifetime of an investment.
- EU Taxonomy tool is used to gather and evaluate technical screening criteria for identifying environmentally sustainable investments according to the taxonomy based on the six environmental conditions: climate mitigation, climate adaptation, water, pollution, circular economy, ecosystems.
- Data gathering (incl. environmental) via a predefined template that is used for financial and non-financial assessment and scenario analysis, as well as further monitoring and reporting.

Methods used to measure and monitor environmental or social characteristics

In order to assess the sustainability risks whether an investment meets the sustainability criteria, GND Advisory considers top-down and bottom-up modelling, which is based on three modules:

- Scenario analysis - is expected to inform the metrics and targets used to assess and manage risks and opportunities.
- Strategic impact assessment - top-down impact assessment extrapolates the macro-level scenarios to sectors, regions, or asset classes which are homogenous in their sensitivity to risks and assesses how it affects different risk factor pathways.
- Investee-level calibration - the bottom-up approach calibration captures project-specific nuances.

Disclosure on the inclusion of environmental or social characteristics in pre-contractual information

Addition to the explanation in accordance with Article 7 Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investments, and amending Regulation (EU) 2019/2088 – also known as EU Taxonomy Regulation – in the Pre-contractual disclosure for financial products referred to in Article 8 (1) of Disclosure Regulation.

7. Approval

I have read, accept and fully understand the responsibilities detailed under this SFDR Disclosure Statement.

I approve this Plan.

Donatas DITKUS
GND Advisory Representative
