

**ANNEX - PRE-CONTRACTUAL DISCLOSURE FOR THE FINANCIAL PRODUCT REFERRED TO IN  
ARTICLE 8, PARAGRAPHS 1, 2 AND 2A, OF SFDR AND ARTICLE 6, FIRST PARAGRAPH, OF  
TAXONOMY REGULATION**

**Product name:** CB European Quality Fund  
- European Equity

**Legal entity identifier:**  
549300G6TK5TFMDMOC83

## Environmental and/or social characteristics

### Does this financial product have a sustainable investment objective?



**Yes**



**No**



It will make a minimum of **sustainable investments with an environmental objective:** \_\_\_%



in economic activities that qualify as environmentally sustainable under the EU Taxonomy



in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy



It will make a minimum of **sustainable investments with a social objective:** \_\_\_%



It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of \_\_\_% of sustainable investments



with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy



with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy



with a social objective



It promotes E/S characteristics, but **will not make any sustainable investments**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



### What environmental and/or social characteristics are promoted by this financial product?

The Investment Manager conducts a fundamental analysis of the targeted companies, integrates ESG factors in its investment decision process and tends to select companies that are tilted towards positive ESG factors, in particular regarding sustainability issues such as ecological impacts and breach of international agreements in the environmental area, GHG emissions, business model resilience, corruption, harmful child labor and discrimination (in accordance with article 8 of SFDR).

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The funds managed by CB Asset Management AB invest in companies with a stable profit growth and a long-term sustainable business model.

The funds managed by CB Asset Management AB also do not invest in companies active in:

- Production or sales of tobacco, alcohol, and cannabis
- Sales and manufacturing of conventional weapons
- Sales and manufacturing of civilian hand-held weapons
- Gambling
- Pornography
- Mining or refining of coal, natural gas, crude oil, or uranium for fuel
- Companies in the energy sector that extract energy from coal, natural gas, crude oil or uranium, i.e., companies mining/pumping the fuels or generating energy from the fuels
- Production of genetically modified seeds used by others in agriculture.

These restrictions are valid also for companies who supply services/products to/in the above[1]mentioned industries. Activity in these industries is defined as accounting for 5% or more of the companies reported revenue in the most recent annual report. In the case of energy production from fossil fuels, the production capacity in Gigawatt (GW) must also not exceed 5%.

Furthermore, the funds managed by CB Asset Management do not invest in companies operating in any capacity in the production or sale of the following controversial weapons:

- Nuclear weapons
- Chemical weapons
- Biological weapons
- Cluster munition
- Landmines
- Depleted uranium
- White phosphorus

The restriction also applies to companies that provide components with the sole purpose of being used in these weapons and refer to those cases where it has been stated in the company's most recently published annual report that they generated sales in some capacity in the above-mentioned areas.

In the case of investments in government bonds, in addition to the restrictions defined in the prospectus, investments from the funds managed by CB Asset Management may not be made in government bonds issued by:

- Countries which the EU or the UN issued financial sanctions against
- Countries that have not approved the following:
  - o The UN Convention on Biological Diversity
  - o The Paris Agreement
- Countries whose ranking in the Transparency International's Corruption Perception Index falls outside of the top 70.

CB Asset Management aims to invest in companies which promote human rights and should therefore show diligence in the management of funds with investments that pose a risk of contributing to:

- Harmful forms of child labor and forced labor or unreasonable working environment (defined in the UN Rights of the Child Convention and ILO Conventions nr 29, 87, 98, 105, 138 and 182)
- Deliberate discrimination of employees due to gender, race, or religion (defined in the UN Declaration of Human Rights and ILO Conventions nr 100 and 111)

- Deliberate crimes against central international agreements in the environmental area (defined in the UN Climate Convention and the Kyoto protocol)
- Corruption, extortion and / or bribery (defined in the UN Convention against Corruption) CB Asset Management does not invest in companies sanctioned by the European Union, United Nations, or the United States (OFAC).

CB Asset Management aims to invest in companies supporting the conservation of biodiversity and to refrain from investing in companies active within deforestation. CB Asset Management is a member of UN PRI, the principles regarding socially responsible investments sanctioned by the UN, and SWESIF, Sweden’s forum for sustainable investment

CB Asset Management supports the Paris Agreement. Further, CB Asset Management evaluate and works towards minimizing sustainability risks in accordance with the TCFD framework. CB Asset Management provides quarterly updates on all holdings in the funds managed by the company. This is done to ensure access to data and information that investors need to ensure that all investments made by the funds are within the limits of this document.

The sustainability indicators have been determined in the framework of the Investment Manager’s internal ESG screening methodology.

All holdings are screened in relation to the above-mentioned indicators using data from the companies themselves such as annual reports, as well as from vendors and in some occasions other media such as newspapers. In situations when a screening comes back positive for a violation to exclusion criteria, the investment manager evaluates the violation and decides what action to take. If it is determined that the company for which the violation is raised is not responsible for any of the actions leading to the violation, the investment manager can hold off on selling the holding in anticipation of preventive actions from the affected company. On the other hand, if the investment manager agrees with the results of the screening, and the company for which the violation has been raised is not in the process of remedying it, the investment manager excludes the company and sells all holdings of the company in its funds. In case of criteria that not in itself result in exclusion, such as non-Taxonomy alignment and high carbon footprint, the investment manager evaluates how this may affect financial performance and financial risks associated with the ESG risks and decides what action to take based on what is believed to result in the best financial outcome for the investors.

- ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

Not applicable.

- ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Not applicable as this financial product will not contemplate sustainable investments.

- ***How have the indicators for adverse impacts on sustainability factors been taken into account?***

Not applicable.

--- How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

- Not applicable.

*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



### Does this financial product consider principal adverse impacts on sustainability factors?

Yes, \_\_\_\_\_

No

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.



### What investment strategy does this financial product follow?

The Sub-Fund invests in companies with stable growth in profits and long-term sustainable business models. The Sub-Fund screens all holdings and potential investments. This is done continuously to detect violations against the Sub-Fund’s ESG criteria.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics are the following:

- ✓ Tilted towards positive ESG factors via the ESG screening (positive ESG factors, in particular regarding sustainability issues such as ecological impacts and breach of international agreements in the environmental area, GHG emissions, business model resilience, corruption, harmful child labor and discrimination),

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

- ✓ Exclusion list,
- ✓ Asset allocation with a minimum of 80% in issuers aligned with the E/S characteristics and the remaining in cash.

● **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

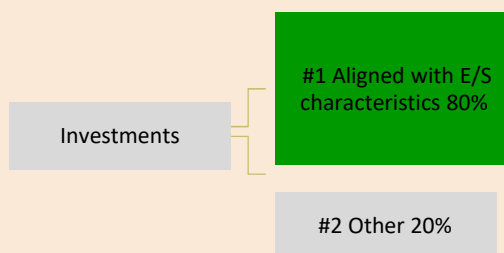
The Sub-Fund does not have a committed minimum rate to reduce the scope of the investments prior to the application of the investment strategy but the Sub-Fund screens all holdings and potential investments. This is done continuously to detect violations against the Sub-Fund's ESG criteria. If a screening comes back positive for a violation, the Investment Manager assess the degree of the violation as well as the company's involvement in the situation. If the Investment Manager finds that the company is responsible for a violation that goes against the Investment Manager's guidelines, the holding is sold.

● **What is the policy to assess good governance practices of the investee companies?**

The ESG characteristics that will be taken into consideration integrate best-in-class approach with regard to governance practices - thus guaranteeing the good governance of the companies forming part of the portfolio.

**What is the asset allocation planned for this financial product?**

A minimum of 80% of the Sub-Fund will be invested in issuers aligned with the E/S characteristics promoted (#1). The remaining (< 20%) such as cash positions will not be aligned with the E/S characteristics promoted (#2 Other).



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.



**Asset allocation** describes the share of investments in

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

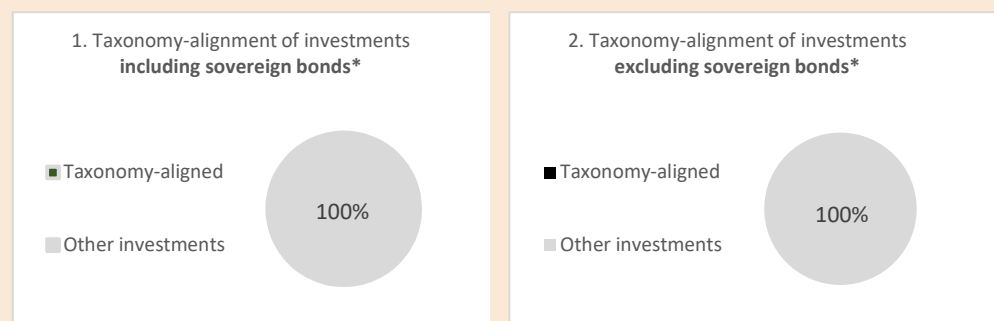
Not applicable. The Sub-Fund may enter into derivatives for investment and/or hedging purposes, but not to attain the environmental or social characteristics promoted by the Sub-Fund.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

Not applicable.

*The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

Not applicable.



**What is the minimum share of socially sustainable investments?**

The Fund does not commit to a minimum share of socially sustainable investments.




**What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

Investments in the “Other” category are only cash.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

The benchmark is only used for the calculation of the performance fee and to define the investment countries without constraints on the asset allocation in the portfolio. The benchmark has not been designated for the purpose of attaining the ESG characteristics promoted by the Sub-Fund and as a consequence is not aligned with the ESG characteristics promoted by the Sub-Fund.

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

Not applicable.

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

Not applicable.

- ***How does the designated index differ from a relevant broad market index?***

Not applicable.

- ***Where can the methodology used for the calculation of the designated index be found?***

Not applicable.



**Where can I find more product specific information online?**

More product-specific information can be found on the website:

<https://www.cbfounder.se/en/2015-05-28-12-26-29/ethical-guidelines.html>