

**Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**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.

**Product name:**  
Pension Plan Luminor Sustainable Future 16-50 Index

**Legal entity identifier:**  
25490003UUVF4PS7QK11

**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**

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

- **High overall ESG ratings of investee companies** – Pension fund invests its assets in investment funds that in turn invest their assets in companies with high scores in broad Environmental, Social and Governance (ESG) ratings.

Prioprietary index providers' ESG ratings are used and are designed to measure a company's (ESG) risks. Rules-based index provider methodology is used to identify industry leaders and laggards according to their exposure to proprietary ESG ratios and how well they manage those risks relative to peers. For example MSCI ratings core buildings blocks are:

**Environment** (Climate Change, Carbon Emissions, Packaging Material & Waste, Toxic Emissions & Waste and etc). **Social** (Human Capital, Responsible Investment, Community Relations and etc.). **Governance** (Corporate Governance, Board, Business Ethics, Tax Transparency and etc.), (source: <https://www.msci.com/esg-and-climate-methodologies>).



- **Reduced negative environmental or social impact** – Pension fund aims to avoid or as a minimum significantly reduce exposure to companies that are involved in business activities associated with negative environmental or social impact.
- **Excluded or significantly reduced investment in fossil fuel sector** – Pension fund aims to avoid or as a minimum significantly reduce exposure to businesses active in the fossil fuels sector (extraction, generation & reserves).
- **Excluded or significantly reduced investment in companies involved in controversial activities** – Pension fund aims to avoid or as a minimum significantly reduce exposure to businesses involved in controversial activities – tobacco, controversial weapons, civilian firearms, nuclear weapons, conventional weapons, alcohol, adult entertainment, gambling, genetically modified organisms, nuclear power.

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

Promoted social or environmental characteristics are mapped to (adverse) sustainability indicators and further measured by index funds' (where pension fund invests in) index methodology parameters and factors on an aggregated pension fund level.

Social or environmental characteristic promoted by Pension fund	Adverse sustainability indicator	Index factor or methodology parameter
High overall ESG ratings of investee companies		Reduced investable universe to increase overall ESG ratings of investee companies
Reduced negative environmental or social impact	2. Carbon footprint	Carbon Intensity (t CO2e/\$M EVIC) Wtd Avg Carbon Intensity (t CO2e/\$M Sales)
	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	UN Global Compact Violations % Social Violations (% of Constituents)
	12. Unadjusted gender pay gap	Gender Pay Gap
	13. Board gender diversity	Female:Male Board Diversity Ratio Board Diversity
	[additional social] 3. Number of days lost to injuries, accidents, fatalities, or illness	Total Recordable Injury Rate
	[additional social] 10. Lack of due diligence (human rights)	Lack of Due Diligence Policy (ILO) %
	[additional social] 14. Number of identified cases of severe human rights issues and incidents	Social Violations (% of Constituents)
Excluded or significantly reduced investment in fossil fuel sector	4. Exposure to companies active in the fossil fuel sector	Fossil Fuel Reserves % Environmental impact-based exclusions: • <b>Extraction &amp; Production</b> o Thermal Coal Mining

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

		<ul style="list-style-type: none"> <li>o Unconventional Oil &amp; Gas Extraction</li> <li>o Conventional Oil &amp; Gas Extraction</li> <li>• <b>Power Generation</b> <ul style="list-style-type: none"> <li>o Thermal Coal-based Power Generation</li> <li>o Oil &amp; Gas-based Power Generation</li> </ul> </li> <li>• <b>Fossil Fuel Reserves Ownership</b> <ul style="list-style-type: none"> <li>o Fossil Fuel Reserves for Energy Application</li> </ul> </li> </ul>
Excluded or significantly reduced investment in companies involved in controversial activities	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Controversial Weapons % Values-based Exclusions: 1. Tobacco 2. Controversial Weapons 3. Civilian Firearms 4. Nuclear Weapons 5. Conventional Weapons 6. Alcohol 7. Adult Entertainment 8. Gambling 9. Genetically Modified Organisms 10. Nuclear Power



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

- Yes, Pension fund considers principal adverse impacts (PAI) on sustainability factors. Information is disclosed in writing in the annual report or in a separate report in accordance with national law.
- No

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

Pension fund invests up to 100% of assets into equity markets using funds, which passively track ESG indexes.

- **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?**

Investment universe is comprised of funds, which passively track ESG indexes. Each fund is evaluated using information about its methodology, investments and its benchmark.

Pension fund strategy is implemented by constructing portfolio of investments, which allow to implement promoted Social or Environmental characteristics:

- High overall ESG ratings of investee companies.
- Reduced negative environmental or social impact.
- Excluded or significantly reduced investment in fossil fuel sector.
- Excluded or significantly reduced investment in companies involved in controversial activities.

**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.

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

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

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

No committed minimum rate to reduce the scope of the investments is considered prior to the application of that investment strategy.

Investments made by the Pension fund into financial instruments, which track indexes based on proprietary methodologies of relevant index provider (e.g. MSCI) aims to narrow investable universe to 25% of broad market universe in terms of ESG performance.

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

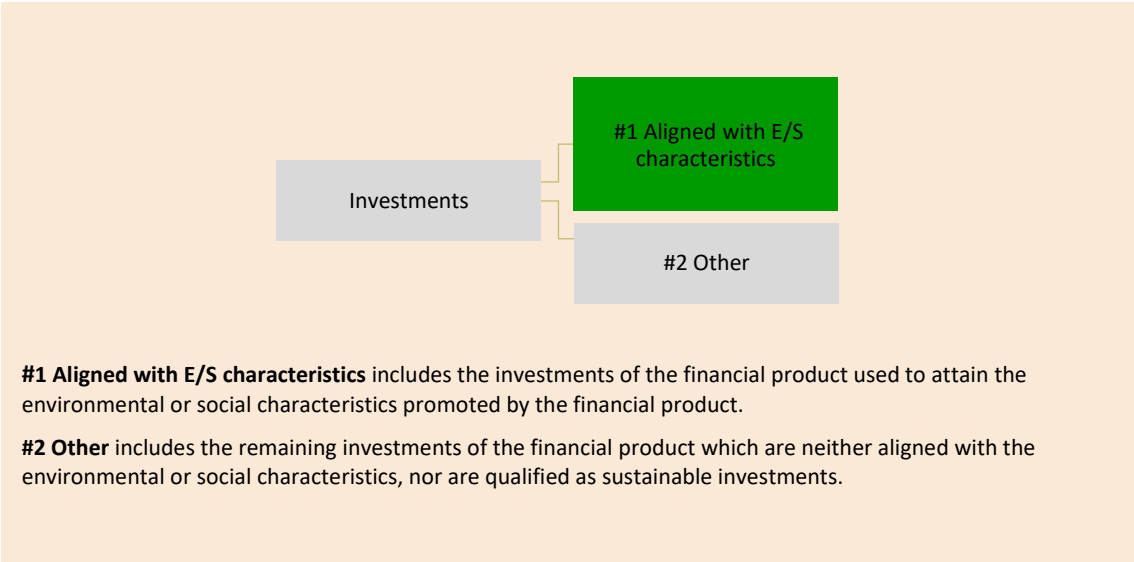
Pension fund doesn't invest directly into financial instruments issued by the investee companies.

On the index level, rating models which focus on material issues for each industry are applied by index administrator. Models employ specialized datasets, company disclosures, and media sources, to profile each company in the index. In general, such models focuses on following key issues in respect of governance – ownership characteristics, board and committee composition, pay figures, accounting metrics, policies and practices, geographic segments, controversies.



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

**Asset allocation** describes the share of investments in specific assets.



Pension fund invests its assets only in equity index funds that invest in companies with higher than average scores in Environmental, Social and Governance (ESG) ratings, exclude companies that are involved in business activities associated with negative environmental or social impact. In addition, investments in fossil fuel sector and companies involved in controversial activities are excluded or as a minimum significantly reduced.

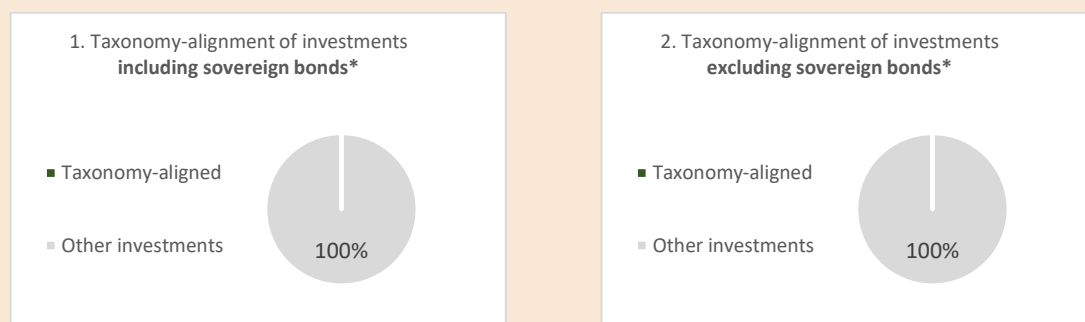
- **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

The Pension fund investment strategy does not include transactions in derivatives.



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

*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

The Pension fund has no commitment to make a certain proportion of investments in accordance with the EU Taxonomy.



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

Pension fund invests its assets only in the index funds that track indices based on environmental or social characteristics promoted by it. Investment decisions are made to conform with the environmental and social characteristics stipulated in the strategy of the Pension fund.



**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?**

No reference benchmark is designated.



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

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

<https://www.luminor.lv/en/private/sustainable-future-index>