

ANNEX IV

‘ANNEX V

**Periodic disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852**

**Product name:** CB European Quality Fund

**Legal entity identifier:** 549300G6TK5TFMDMOC83

## Sustainable investment objective

**Did this financial product have a sustainable investment objective?**

**Yes**

**No**

It made **sustainable investments with an environmental objective**: 97 %

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 made **sustainable investments with a social objective**: \_\_\_%

It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a 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 promoted E/S characteristics, but **did 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 include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**To what extent was the sustainable investment objective of this financial product met?**



The sustainable investment objective of the Sub-Fund is to achieve a sustainable long-term capital growth mainly through investment in equities dealt in the European financial markets, of the countries represented in the MSCI Europe Net Index (code Bloomberg: NDDUE15 Index) that:

- 1) Contribute to the climate change mitigation and/or adaptation goal(s) outlined in the EU taxonomy (at least 1%), and/or
- 2) Contribute to one or more of the UN's global goals for sustainable development, and/or
- 3) Have a verified goal of carbon neutrality or emission targets according to the Science-Based Target initiative (SBTi).

The companies should also promote human rights and not pose a risk of:

- Harmful forms of child labor and forced labor or unfair working conditions (defined in the UN Convention on the Rights of the Child and ILO conventions No. 29, 87, 98, 105, 138, and 182);
- Deliberate discrimination of employees based on gender, race, or religion (defined in the UN Declaration of Human Rights and ILO conventions No. 100 and 111);
- Deliberate violations of key international agreements in the environmental field (defined in the UN Climate Convention and the Kyoto Protocol);
- Corruption, extortion, and/or bribery (defined in the UN Convention against Corruption).

No reference benchmark has been designated for the purpose of attaining the sustainable investment objective.

During Q2 2024, all companies in the portfolio adhered to the sustainable investment objective by meeting one or more of the three inclusion criteria listed above, as well as not posing a risk of breaching subsequent conventions.

### ● ***How did the sustainability indicators perform?***

Just as in previous quarters, the Sub-Fund held investments in companies with a stable profit growth and a long-term sustainable business model during Q2 2024.

The sustainability indicators that were used to measure the attainment of the sustainable investment objective of this financial product was:

- Portfolio level of taxonomy alignment;
- Portfolio alignment with the UN Sustainable Development Goals (SDGs);
- Portfolio carbon footprint against MSCI Europe Net;
- Portfolio alignment with the Science Based Target initiative (SBTi);
- Portfolio ESG-rating against MSCI Europe Net;
- Alignment with the exclusion policy.

In relation to the exclusion policy, the Sub-Fund did 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;

**Sustainability indicators** measure how the sustainable objectives of this financial product are attained.

- Pornography;
- Mining, pumping or refining of coal, natural gas, crude oil or uranium for fuel;
- Companies that extract energy from coal, natural gas, crude oil or uranium;
- 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 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 Sub-Fund did 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 applied to companies that provided 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 Sub-Fund 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:
  - The UN Convention on Biological Diversity,
  - The Paris Agreement;
- Countries whose ranking in the Transparency International's Corruption Perception Index falls outside of the top 70.

In Q2 2024, no investments were made in government bonds.

The Sub-Fund aims to invest in companies which promote human rights and did therefore show diligence in the management of funds with investments that posed 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), the Sub-Fund does not invest in companies sanctioned by the European Union, United Nations, or the United States (OFAC).

The Sub-Fund aims to invest in companies supporting the conservation of biodiversity and to refrain from investing in companies active within deforestation. CB Fonder 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 Fonder is not an official signatory of the Paris Agreement but supported it during Q2 2024 (just as in previous quarters) by analyzing the Sub-Funds' portfolio temperature, the proportion of companies that had set SBTs and various other GHG emission metrics. Further, CB Fonder evaluated and worked towards minimizing sustainability risks in accordance with the TCFD framework. CB Fonder provided a quarterly update on all holdings in the Sub-Fund managed by the company. This was done to ensure access to data and information that investors needed to ensure that all investments made by the Sub-Fund were within the limits of this document.

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

● ***...and compared to previous periods?***

The Sub-Fund was up until June 14<sup>th</sup> classified as an Article 8 fund under SFDR, which consequently means that there are no comparable previous periods with the same strategy. The first comparison will be possible during Q4 2024.

● ***How did the sustainable investments not cause significant harm to any sustainable investment objective?***

The Investment Manager integrated the sustainability risks in its investment decision process based on its proprietary fundamental analysis of the companies the Sub-Fund was invested in during Q2 2024. The Investment Manager selected companies that have demonstrated ESG good practices. The Investment Manager's methodology is documented and is available on the following website [www.cbfounder.se](http://www.cbfounder.se). The Investment Manager's ability to analyse and integrate the sustainability risks in its investment decisions is made on a best effort basis and is dependent on the availability of ESG information/disclosures. As a result, the Sub-Fund may be exposed to companies leading to adverse effects on sustainability issues.

— ***How were the indicators for adverse impacts on sustainability factors taken into account?***

All holdings were 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, which did not happen in Q2 2024 or in earlier periods, 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 the Sub-Fund. 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.

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

Yes. The investment approach adheres strictly to international norms and conventions governing environmental protection, human rights, labor rights, and anti-corruption efforts, including guidelines set forth by the OECD for multinational enterprises and the UN's Guiding Principles on business and human rights. During the investment process, analysis and evaluation are conducted to ensure compliance with these standards, and companies found to violate them are excluded from the investment universe. The Investment Manager also utilizes exclusionary screens to make sure that the Sub-Fund 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, pumping or refining of coal, natural gas, crude oil, or uranium for fuel;
- Companies that extract energy from coal, natural gas, crude oil or uranium;
- Production of genetically modified seeds used by others in agriculture.

These restrictions are valid also for companies who supply services/products to/in the abovementioned 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 Sub-Fund 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.

Additionally, the Sub-Fund excludes companies deemed non-compliant with global standards by the external research provider. These global standards encompass the UN Global Compact, UN Guiding Principles for Business and Human Rights, and the OECD Guidelines for Multinational Enterprises.



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

CB Fonder held investments in companies with strong ESG practices in Q2 2024.

CB Fonder regarded the 18 mandatory indicators during Q2 2024:

- GHG emissions (Scope 1, 2, 3 and total)
- Carbon footprint
- GHG intensity of investee companies
- Exposure to companies active in the fossil fuel sector
- Share of non-renewable energy consumption and production
- Energy consumption intensity per high impact climate sector
- Activities negatively affecting biodiversity sensitive areas
- Emissions to water
- Hazardous waste ratio
- Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises
- Unadjusted gender pay gap
- Board gender diversity
- Exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons)

**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.

- GHG Intensity
- Social violations for sovereigns
- Deforestation
- Supplier Codes of Conduct

CB Fonder also followed global norms including:

- United Nations Global Compact
- ILO Conventions on labour standards
- UN Declaration of Human Rights
- UN Rights of the Child Convention
- UN Climate Convention
- The Kyoto Protocol
- UN Convention against Corruption



## What were the top investments of this financial product?

Largest investments	Sector	% Assets	Country
<i><b>Novo Nordisk</b></i>	<i><b>Health Care</b></i>	<i><b>6.28</b></i>	<i><b>Denmark</b></i>
<i><b>Wolters Kluwer</b></i>	<i><b>Industrials</b></i>	<i><b>5.92</b></i>	<i><b>Netherlands</b></i>
<i><b>ASML</b></i>	<i><b>IT</b></i>	<i><b>5.82</b></i>	<i><b>Netherlands</b></i>
<i><b>Schneider Electric</b></i>	<i><b>Industrials</b></i>	<i><b>5.48</b></i>	<i><b>France</b></i>
<i><b>Diploma</b></i>	<i><b>Industrials</b></i>	<i><b>5.37</b></i>	<i><b>UK</b></i>
<i><b>Air Liquide</b></i>	<i><b>Materials</b></i>	<i><b>5.27</b></i>	<i><b>France</b></i>
<i><b>Atlas Copco</b></i>	<i><b>Industrials</b></i>	<i><b>4.86</b></i>	<i><b>Sweden</b></i>
<i><b>Trelleborg</b></i>	<i><b>Industrials</b></i>	<i><b>4.56</b></i>	<i><b>Sweden</b></i>
<i><b>AstraZeneca</b></i>	<i><b>Health Care</b></i>	<i><b>4.18</b></i>	<i><b>UK</b></i>
<i><b>Investor</b></i>	<i><b>Finacials</b></i>	<i><b>4.11</b></i>	<i><b>Sweden</b></i>
<i><b>Ashtead</b></i>	<i><b>Industrials</b></i>	<i><b>4.07</b></i>	<i><b>UK</b></i>
<i><b>London Stock Ex</b></i>	<i><b>Finacials</b></i>	<i><b>3.43</b></i>	<i><b>UK</b></i>
<i><b>Zurich Insurance</b></i>	<i><b>Finacials</b></i>	<i><b>3.27</b></i>	<i><b>Switzerland</b></i>
<i><b>Hermes</b></i>	<i><b>Consumer Discr.</b></i>	<i><b>3.23</b></i>	<i><b>France</b></i>
<i><b>ABB</b></i>	<i><b>Industrials</b></i>	<i><b>3.19</b></i>	<i><b>Switzerland</b></i>

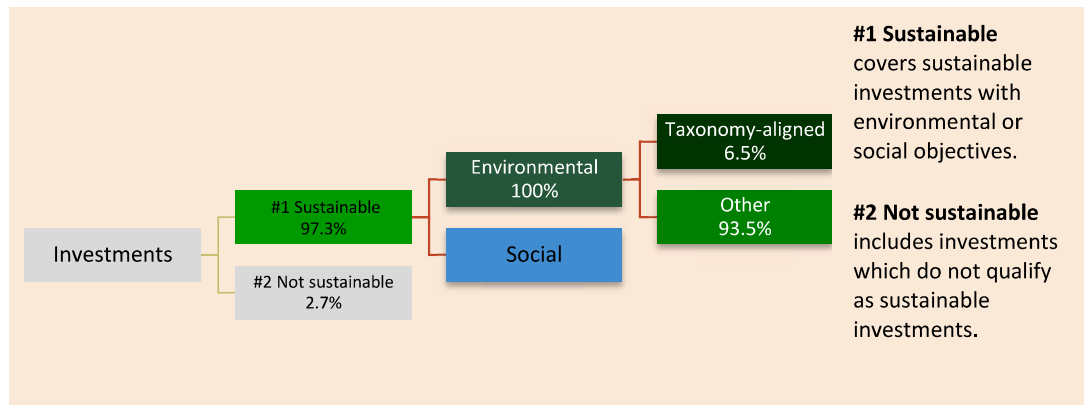
The list includes the investments constituting the **greatest proportion of investments** of the financial product during the reference period which is: Q2 2024



## What was the proportion of sustainability-related investments?

### What was the asset allocation?

97.3% (monthly average) of the Sub-Fund were sustainable investments (#1 Sustainable) in Q2 2024. The remaining (2.7%) such as cash positions were not be aligned with the sustainable objective (#2 Not sustainable).



### In which economic sectors were the investments made?

Sub-Fund exposure to sectors and cash position as of 2024-06-30:

Cash	3%
Industrials	47%
Financials	14%
Health Care	11%
IT	9%
Consumer Staples	7%
Materials	6%
Consumer Discretionary	3%
Communication Services	0%
Energy	0%
Real Estate	0%
Utilities	0%



### To what extent were sustainable investments with an environmental objective aligned with the EU Taxonomy?

6.5% of investments with an environmental objective were aligned with the EU Taxonomy during 2023, calculated as a quarterly average.



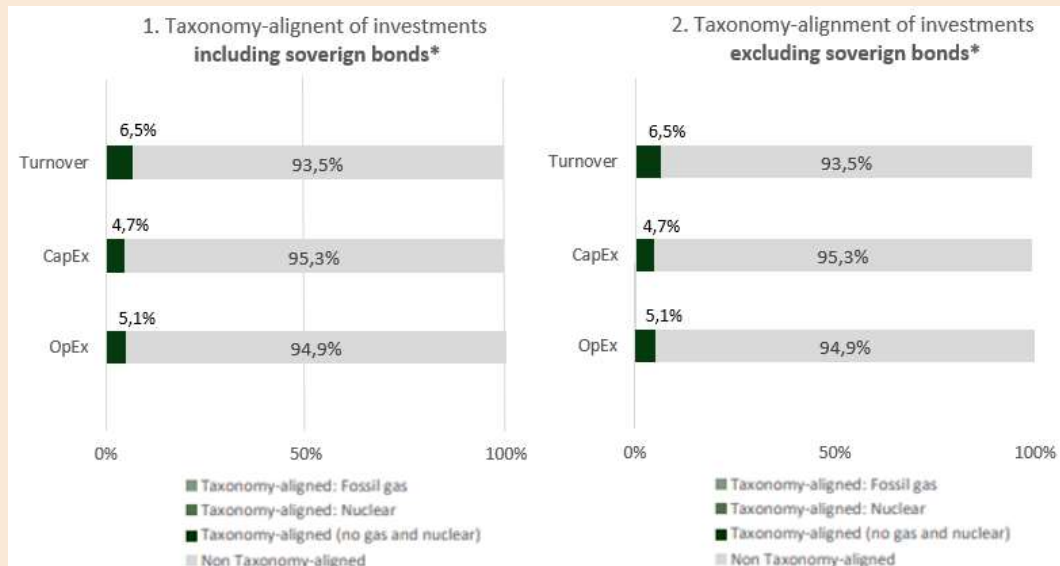
● **Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy<sup>1</sup>?**

- Yes:
  - In fossil gas
  - In nuclear energy
- No

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.

*The graphs below show in green the percentage of investments that were 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 was the share of investments made in transitional and enabling activities?**

The share of investments in transitional and enabling activities in the Sub-Fund were 0% in 2023.

● **How did the percentage of investments aligned with the EU Taxonomy compare with previous reference periods?**

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do no significant harm to any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.



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

The Sub-Fund was classified as an Article 8 fund in previous periods and did not consider the EU Taxonomy at that time. In the future, the Sub-Fund will compare the EU Taxonomy across periods.



### **What was the share of sustainable investments with an environmental objective that were not aligned with the EU Taxonomy?**

The share of sustainable investments with an environmental objective that were not aligned with the EU Taxonomy were 93.5% in 2023, on a quarterly average.



### **What was the share of socially sustainable investments?**

The Sub-Fund does not have socially sustainable investments as its objective hence 0% of investments were socially sustainable in Q2 2024.



### **What investments were included under “not sustainable”, what was their purpose and were there any minimum environmental or social safeguards?**

Investments in the “Other” category were only cash. Cash was used to meet liquidity requirements as well as protecting assets in bad market conditions.



### **What actions have been taken to attain the sustainable investment objective during the reference period?**

CB Fonder participated in 30 and 50 company dialogues during 2022 and 2023, respectively, through collaborations with other companies. One of these companies is a holding and one were divested in 2023.



### **How did this financial product perform compared to the reference sustainable benchmark?**

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 Sub-Fund. The benchmark has not been designated for the purpose of attaining the sustainable objective and as a consequence is not aligned with the sustainable objective by the Sub-Fund.

- **How did the reference benchmark differ from a broad market index?**

**Reference benchmarks** are indexes to measure whether the financial product attains the sustainable objective.

It does not differ, it is a broad market index.

- ***How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the sustainable investment objective?***

N/A

- ***How did this financial product perform compared with the reference benchmark?***

N/A

- ***How did this financial product perform compared with the broad market index?***

N/A