

Template 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

Product name: Raft Capital Baltic Equity Fund KÜB (the “Fund”)

Legal entity identifier:306701655

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective? *[tick and fill in as relevant, the percentage figure represents the minimum commitment to sustainable investments]*

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**

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.

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



The Fund will invest in small and medium enterprises and small mid-cap entities (i.e. portfolio companies) as described in the Partners’ Agreement of the Fund. Albeit the particular sector in which the potential portfolio companies of the Fund operate is not exhaustively defined, the Fund will not make investments in companies in certain sectors, which have potential negative effects on the environment and society. Those sectors are excluded on the basis of the Funds’ investment restrictions list provided in the Partners’ Agreement of the Fund.

By investing in the portfolio companies, the Fund will target to promote social characteristics. The Fund will, in whole or in part, invest in companies that through their operations contribute to solving problems. The Fund anticipates to promote the following particular social characteristics in the portfolio companies (the **Particular Social Characteristics**):

- To reduce the gender pay gap;
- To improve working conditions by reducing the number of injuries at the workplace.

The Fund will advocate for the above-chosen Particular Social Characteristics by:

- (i) establishing the initial benchmark for the Particular Social Characteristics through analysis of the target portfolio companies during the due diligence stage of the investment process and establishing the average pay amount by gender for similar positions/functions as well as the number of injuries at the workplace prior to the investment of the Fund (the **Initial Benchmark**);
- (ii) requesting the portfolio companies in the investment/shareholders' agreements of the Fund to make the best efforts in reducing the gender pay gap and improving the working conditions by taking measures pre-agreed with the Fund;
- (iii) actively engaging in the boards of portfolio companies with the aim to propose the implementation or adoption of policies that promote Particular Social Characteristics and monitoring how the portfolio companies adhere to the same;
- (iv) by respective provisions in the investment/shareholders' agreements of the Fund requesting the portfolio companies to annually report to the Fund on the progress of improving the Particular Social Characteristics by providing year-on-year data in comparison to the Initial Benchmark;
- (v) reporting the progress of promoting the Particular Social Characteristics to its investors and authorities as required by law.



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

The sustainability indicators to demonstrate the attainment of the promoted Particular Social Characteristics are:

- Change in average gender pay gap for similar functions/positions with the aim to equalize women's salaries to the salaries of men; and
- Change in workplace injury rate by reducing the number of injuries per annum.

● ***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?***

The Fund promotes Particular Social Characteristics and does not aim to have sustainable investments as its objective.

● ***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?***

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.

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

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

N/A

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

N/A



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

- Yes, _____
- No

What investment strategy does this financial product follow?

The strategy of the Fund is to acquire, hold, manage and divest a diversified portfolio of equity and equity-related investments into small and medium sized companies and small mid-caps established in Lithuania, Latvia and Estonia and having their principal operations in these countries. The Fund aims to increase the value of the companies by making a meaningful positive impact in their development, including improvement of the Particular Social Characteristics. The Fund will not make investments in companies in certain sectors, which have potential negative effects on the environment and society. Those sectors are excluded on the basis of the Funds' investment restrictions list provided in the Partners' Agreement of the Fund.

- ***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 Fund will assess the Initial Benchmark for each Particular Social Characteristic of each prospective portfolio company during the due diligence stage prior to making the investment. When discussing the potential investment into each prospective portfolio company, the investment committee of the Fund will also discuss and evaluate the potential for improvement of each Particular Social Characteristic from the Initial Benchmark during

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

the investment holding period. The findings of the due diligence and potential for improvement will be taken into account by the investment committee of the Fund when making investment decisions, and potential investments may be disregarded if significant social concerns are identified, such as a high workplace injury rate or drastic inequality of the pay by gender.

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

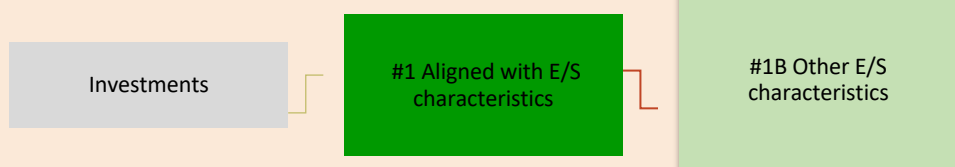
The Fund does not commit to the minimum rate to reduce the scope of the investments considered prior to the application of the investment strategy.

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

The Fund will engage third-party advisers to perform legal due diligence for each potential portfolio company prior to the investment of the Fund. The scope of such due diligence among other areas will include the analysis of the management structure, employment issues, regulatory matters and the company's corporate governance. All the findings of the legal due diligence will be assessed by the investment committee of the Fund when making the investment decision. The Fund will not invest in companies that demonstrate poor corporate governance practices.

Under the Partners' Agreement of the Fund, the Fund manager will use reasonable efforts to ensure that market-practice standards of corporate governance used in the jurisdiction where the portfolio company is incorporated are in place or will be implemented within a reasonable time period in all portfolio companies, including regular board meetings (if appropriate), an audit committee (if appropriate), compliance with the Invest Europe Corporate Governance Guidelines (if appropriate) and the relevant code of practice for corporate governance (if any) in the country of incorporation or operation (as applicable). The Fund will seek such goals by requesting appropriate undertakings of the portfolio companies in the investment/shareholders' agreement with the Fund.

Asset allocation describes the share of investments in specific assets.



#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.

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




What is the asset allocation planned for this financial product?

The Fund does not commit to invest in any sustainable investment within the meaning of the SFDR.

The Fund plans to allocate close to 100% of its investments to portfolio companies that promote the Particular Social Characteristics. The Fund may invest in companies that does not fully match the Fund’s social criteria at the investment stage. In such cases, the Fund will commit to make relevant changes during the holding period in order to qualify investments as “#1 Aligned with E/S characteristics”.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an

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

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

The Fund does not intend to make use of derivatives for investment purposes or promotion of the environmental or social characteristics promoted by the Fund.

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

0%

The Fund does not commit to making sustainable investments with an environmental objective. However, the Fund might invest in economic activities with an environmental objective aligned with EU Taxonomy.



● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy¹?**

Yes:

In fossil gas

In nuclear energy

No



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

0%

¹ 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 not significantly harm 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.



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

0%



What is the minimum share of socially sustainable investments?

0%



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

N/A

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.

- ***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.raftcapital.eu/responsible-investing/>