

AS Cresco Väärtpaperid

Principal Adverse Impact (PAI) Statement

The explanation for the decision to opt-out on Principal Adverse Impact (PAI)

This document outlines the approach AS Cresco Väärtpaperid (from here onwards CVP) has taken with regards to the disclosure of considering adverse sustainability impacts in its investment decision-making, investment advice and portfolio management services within the scope of the Sustainable Finance Disclosure Regulation (SFDR).

The SFDR, (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019, requires CVP to determine to either comply or explain its decision to not consider the PAI regime when taking its investment decisions on sustainability factors.

PAI is defined as impacts that (may potentially) result, in negative effects on sustainability factors. These factors include among others green initiatives, social and employee matters, human rights issues, anti-corruption or anti-bribery topics.

CVP supports the objectives of regulations, which encourage financial market participants to consider sustainability risk within their investment decision-making. However, after carefully evaluating the PAI regime requirements, CVP has opted not to comply with the said regime both in general and in relation to its activities providing investment advice, portfolio management and offering investment products.

CVP clearly sees the values of the policy goals of the PAI regime as a tool to improve transparency to clients. At the same time considering the nature, size and scale of CVP's activities and the types of products made available for its clients, CVP has reached the conclusion, that it would at this point in time be challenging to comply with the specific regime of the SFDR in a systematic, consistent and cost-effective manner.

CVP also believes that its investment strategies cannot currently support the adoption of the PAI regime, as these strategies involve underlying securities or products where it is impossible to conduct a detailed due diligence on the adverse sustainability impact.

CVP will at least on an annual basis review its decision not to comply with the PAI regime and thus may change its position in the future.

Integration of sustainability risks in the investment decision-making process

The products and services offered by CVP currently do not promote environmental or social characteristics and do not have sustainable investment as their objective within the meaning of SFDR. Also, CVP is not able to apply comprehensive due diligence measures to assess sustainability factors for its investment strategies. As a result and in accordance with SFDR Article 3 (1), CVP declares that it deems sustainability risks not to be relevant in its investment process, but CVP identifies and understands sustainability risks and assesses their impact on its operations as well as the provision of products and services.

Principles of remuneration

CVP does not apply a separate remuneration policy for activities related to the integration of sustainability risks.