Goodbody Stockbrokers UC – SFDR Disclosures

September 2023

This document explains Goodbody Stockbrokers UC's approach to obligations under the **Sustainable Finance Disclosure Regulation (EU) 2019/288**, specifically Articles 3 (information on sustainability risk policies), 4 (information on principal adverse impacts and policies) and 5 (information on integration of sustainability risk with remuneration policies).

Information on Goodbody's Sustainability Risk policies

Introduction

Article 3 of the Sustainable Finance Disclosure Regulation ('SFDR') requires certain firms, including private banks, wealth managers and advisers, to comply with rules on disclosure in relation to sustainability risks. A sustainability risk is an environmental, social or governance ("ESG") event or condition that, if it occurs, could cause an actual or potential material negative impact on the value of an investment.

Goodbody Wealth Management (including our Property Team) and Goodbody Asset Management are separate business divisions of Goodbody Stockbrokers UC. Information on GAM's sustainability risk policy is provided separately.

Our Approach

Goodbody's Wealth Management division adopts a responsible investment approach in our role as a **financial market participant** and a **financial adviser**. This means that, to the extent data is available, sustainability risk factors are used as an additional risk mitigation tool that should not impact the delivery of financial returns.

As a **Financial Market Participant**, the integration of sustainability risks into the investment decision making process is incorporated both at the initial due diligence stage and on an ongoing basis. The integration of sustainability risks is incorporated into our asset allocation and security selection decisions, which includes our Vantage UCITS products.

As a **Financial Adviser**, sustainability risks are integrated into the investment advice provided to relevant clients. In our capacity as a financial advisor, we utilise the information obtained in our capacity as a financial market participant, and more specifically as part of the asset allocation and security selection.

How we Integrate Sustainability Risks into our Investment Decision making Process

Integration is the explicit and systematic inclusion of sustainability risk factors ('ESG factors') in investment analysis and investment decisions. It has three components: 1) research; 2) analysis; and 3) decision-making. Within research, we gather qualitative and quantitative ESG information using third party data providers. This ESG information is analysed to identify material ESG factors affecting the relevant security, which can be a direct, passive or actively managed instrument. Within analysis, we assess the likely impact of these ESG factors on the performance of the security and/or portfolio. This may or may not lead to adjustments to financial forecasts, valuations and/or portfolio weightings. In this way, the ESG factors can influence a decision to buy, hold, sell or not invest in a security.

Goodbody's *Wealth Management – Property* team, in its role as investment manager and in its commitment to long-term value creation and sustainable growth, generally considers sustainability factors and risks in its overall investment decision making and advice with respect to the following Funds under management. Where possible, we will seek to pursue initiatives to integrate sustainability and to address environmental, social and governance factors, bearing in mind the nature of the assets.

- Chandos Investments plc
- Embassy Group Holdings
- HPEIF ICAV
- HPREF ICAV
- KW Investment Funds ICAV
- KW PRS ICAV
- KW Real Estate ICAV
- Progressive Capital Investments ICAV
- RBH
- Urbeo Residential Fund ICAV

- Goodbody Platform ICAV – Irish Residential Sub-Fund 1

For other funds in which our *Wealth Management – Property* team is investment manager, sustainability risks are deemed not to be relevant in the investment strategy and process. We have determined that the impact of sustainability risks is not materially relevant to the returns of the funds. We will expressly prioritise the economic aim of these funds over unrelated objectives, including sustainability factors. Sustainability factors may, however, be considered should they impact upon the achievement of the funds' economic aims.

Monitoring

Goodbody's Wealth Management division monitors ESG data published by issuers on an ongoing basis by updating the ESG information provided by third party providers. We are also continually improving the breadth of ESG data as global standards and data availability improves, which enables a deeper assessment of sustainability risks.

Based on our ongoing monitoring of sustainability risks, we can consider if sustainability factors represent an appropriate level of risk for potential inclusion of an investment.

Information on Goodbody Asset Management's Sustainability Risk Policy

Goodbody Asset Management believes that outperformance comes from adhering to a structured and transparent investment process. We undertake deep and detailed fundamental research to identify attractive investments that we believe can deliver superior risk-adjusted returns over the long term.

Classification pursuant to the Sustainable Finance Disclosure Regulation

The following funds are classified as Article 8 Funds pursuant to the Sustainable Finance Disclosure Regulation (EU) 2019/2088 (the SFDR):

- Goodbody Dividend Income Cautious Fund
- Goodbody Dividend Income Balanced Fund
- Goodbody Global Smaller Companies Fund, and
- Goodbody Global Leaders Fund

While the Funds promote environmental and social characteristics, they does not currently commit to investing in any "sustainable investments" with an environmental objective within the meaning of SFDR, nor do the Funds commit to invest in taxonomy aligned investments, which are a sub-set of "sustainable investments". Accordingly, the investments underlying the Funds do not take into account the EU criteria for environmentally sustainable economic activities.

Sustainability Risks, as defined by the Sustainable Finance Disclosure Regulation (SFDR) refer to 'an environmental, social, or governance event or condition, that if it occurs, could cause an actual or potential material negative impact on the value of the investments.'

Sustainability Risks are integrated into the Goodbody Asset Management investment decision making process which, in our assessment, is likely to be beneficial to the risk adjusted returns profile of the Funds we manage.

We view a company's ability to manage environmental, social and governance (ESG) factors as a proxy for prudent risk management. It is our view that failure to address ESG issues properly could expose a company to potentially significant legal, regulatory, product, and reputational risks which could have a material impact on our investment in that company.

By evaluating and understanding the ESG characteristics of underlying Fund holdings both in absolute terms and relative to appropriate sector peers, and monitoring trends in these characteristics over time, the Team integrates sustainability risks into the investment decision making process.

Our broader approach to ESG integration is disclosed separately in our 'Environmental, Social, and Governance (ESG) Policy Statement'.

Goodbody Asset Management Environmental, Social, and Governance (ESG) Policy Statement

Goodbody Asset Management is a boutique asset manager specialising in active global investment funds. We believe outperformance comes from adhering to a structured and transparent investment process. We undertake deep and detailed fundamental research to identify attractive investments that we believe can deliver superior risk-adjusted returns over the long term.

We subscribe to the view that 'ultimately, successful investment depends on a vibrant economy, which depends on a healthy civil society, which is ultimately dependent on a sustainable planet'*.

Therefore - Environmental, Social and Governance (ESG) analysis is explicitly incorporated into our investment research process. We view a company's ability to manage ESG factors as a proxy for prudent risk management. It is our view that failure to address ESG issues properly could expose a company to potentially significant legal, regulatory, product, and reputational risks.

We are an '**ESG Engaged**' Investment Manager and recognise that integrating ESG analysis into our investment process has the potential to improve risk adjusted returns. We seek to invest in companies that can generate sustainable long term returns from well-governed and sustainable assets.

Our investment approach (Quality/Growth) favours companies that tend to display high overall ESG rating scores which tend to have a positive correlation with investment quality and profitability factors.

We define **ESG integration** as explicitly incorporating select, relevant ESG information into our investment research process alongside traditional financial analysis to help enhance the risk adjusted returns of the Funds we manage.

Research and decision-making are based on a team approach, which extends to ESG analysis and the integration of these factors into the team's overall investment process.

Our Approach

1. ESG analysis is defined as an explicit pillar within the overall investment process.
2. ESG data screening of investment candidates as part of our due diligence process.
3. Detailed qualitative governance appraisal of all investment candidates.
4. Ongoing monitoring and review of relevant ESG characteristics of all Fund holdings.

Data used in the review of ESG factors is sourced from third parties including Bloomberg, MSCI and directly from company reports.

Quantitative inputs include:

Environmental

1. Emissions - Total Greenhouse Gas (GHG) Emissions of a company, in thousands of metric tons.
2. Energy Consumption - Total Energy Consumption in thousands of megawatt hours (MWh).
3. Water Usage - Total amount of water used to support a company's operational processes, in thousands of cubic meters.

Social

1. Gender Diversity - % of females in the company workforce.
2. Employee Turnover %.
3. Health and Safety Policy.
4. Human Rights Policy.

Governance

1. Duality of CEO and Chairperson.
2. Size of the board.
3. % of Independent board members.
4. % of female board members.
5. Average age of board members.
6. Attendance at board meetings.
7. Business Ethics policy.
8. Tenure of the CEO.

Principles for Responsible Investment

Goodbody Asset Management is a signatory to the UN Principles for Responsible Investment (UN PRI), a network of investors committed to investing responsibly and supporting a sustainable global financial system.

Our status as a PRI signatory underscores our commitment to incorporating ESG factors into the investment decision-making process.

Goodbody Asset Management has agreed to the six Principles of Responsible Investment, as set out, by the PRI which are to:

1. Incorporate ESG issues into our investment analysis and decision-making processes.
2. Be active owners and incorporate ESG issues into our ownership policies and practices.
3. Seek appropriate disclosure on ESG issues by the entities in which we invest.
4. Promote acceptance and implementation of the Principles within the investment industry.
5. Work together to enhance our effectiveness in implementing the Principles.
6. Report on our activities and progress towards implementing the Principles.

Engagement

The investment team targets communication directly with the company management of both existing Fund holdings and prospective investment candidates. Interaction with management can be very useful for gaining a better understanding of the company, it's industry position, management's strategy and importantly how management perceives and addresses risks, including ESG considerations.

Separately, Goodbody Asset Management publishes its Engagement Policy which sets out how we undertake shareholder engagement for our Funds. This policy has been written in accordance with the requirements of Directive (EU) 2017/828 and its implementing measures (together, the "Shareholder Rights Directive II").

This Policy outlines the general guidelines for proxy voting. We recognise our responsibility to make considered use of voting rights. Our objective is to act in line with our fiduciary responsibilities in what we deem to be the best interests of investors in our Funds.
Proxy Voting: Please click here for Voting Statistics for the Goodbody Asset Management Fund range.

*"Who cares wins - The Global Compact Report 2004".

No Consideration of Principal Adverse Impacts Statement

In accordance with the discretion granted pursuant to Article 4(1)(b) of SFDR, **Goodbody Stockbrokers UC** does not currently consider the principal adverse impacts ("PAI") of investment decisions on sustainability factors or issue a statement on its website, in relation to the due diligence policies with respect to those impacts at a product or company level, at entity level. Goodbody Asset Management, a division of Goodbody Stockbrokers UC, may consider PAI at product level.

Goodbody is supportive of the policy aims of the PAI regime, to improve transparency to clients, investors and the market, as to how financial market participants integrate consideration of the adverse impacts of their investment decisions on sustainability factors. Although sustainability is a core pillar of our business strategy and is implicit in our company values, Goodbody has determined that to comply at this time with this specific regime in SFDR would be disproportionate to the nature and scale of our activities and the types of products we make available to our clients. Goodbody will continue to review its position in relation to the consideration and publication of adverse impacts.

Remuneration Policy

Goodbody Stockbrokers UC (including Goodbody Asset Management) has a remuneration policy in place, which includes the relevant principles governing how the Company remunerates its members of staff and "Identified Staff". The remuneration policy and the remuneration arrangements of the Company have been designed in a manner that (i) is consistent with and promotes sound and effective risk management, (ii) does not encourage risk-taking that is inconsistent with the risk profile of the Company, and (iii) acts in the long-term interest of clients and shareholders.

Risk-Based Approach

Our approach to remuneration is designed to support the long-term business interests of both clients and company shareholders, to reflect the risk model and to deliver long term sustainability.

Our Policy is:

- Consistent, underpinned by a common philosophy and guiding principles which is overseen and supervised by the Remuneration Committee.
- Consistent with and promotes effective risk management, including sustainability risks in its decision-making models.
- Consistent with the interests of both our clients and our shareholders.