Disclosure

As of: June 2024

Statement on principle adverse impacts of investment decisions on sustainability factors

HAL Fund Services Ireland Limited, LEI: 254900ROW1QLQU8PSK57

1. Summary

HAL Fund Services Ireland Limited considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of HAL Fund Services Ireland Limited.

This statement on principal adverse impacts on sustainability factors covers the period from 1 January 2023 to 31 December 2023.

In its capacity as a third party management company, HAL Fund Services Ireland Limited ("**HALFSI**"), in consultation with any third party delegate, where appointed, takes into account principal adverse impacts of investment decisions on sustainability factors (hereinafter "**PAI**") in line with the investment strategy attached to each of its funds under management ("**FuM**"). It should be noted that for each of the FuM, and reflective of their respective investment strategy and underlying asset class type, PAI can generally be (i) taken into account in investment decisions, (ii) not considered at all or (iii) implemented to varying degrees subject to the factors outlined above. It is noted that the PAI consideration is subject to the availability of related data from the underlying issuers (asset class). Where this data is available, HALFSI aims to manage risks related to potential adverse sustainability impacts particularly for the range of funds disclosing under article 8 and article 9 of the regulation (EU) 2019/2088 of the European Parliament and of the Council (hereinafter "**SFDR**") as well as for those FuM investing in sustainable investments[1] within the meaning of article 2 (17) SFDR.

Currently, HALFSI implements a screening mechanism on PAI mitigation measures, e.g. by monitoring exclusion criteria for FuM disclosing under article 8 SFDR, where the underlying data is available. Identified exceptions are escalated to the relevant fund parties for further action.

[1] As per Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (OJ L 317, 9.12.2019, p. 8)

2. Description of the principal adverse impacts of investment Decisions on sustainability factors

Indicators applicable to investments in investee companies						
Adverse sustainability indicator		Metric	Impact [year n]	Impact [year n-1]	Expla-nation[2]	Actions taken, and actions planned and targets set for the next reference period
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	54,392.63 *[tCO2/yr]*	NA	29.85%	NA
		Scope 2 GHG emissions	5,300.85 *[tCO2/yr]*	NA	29.85%	NA
		Scope 3 GHG emissions	500,310.86 *[tCO2/yr]*	NA	29.85%	NA
		Total GHG emissions	560,192.41 *[tCO2/yr]*	NA	29.85%	NA
	2. Carbon footprint	Carbon footprint	2,052.46 *[tCO2/EUR Million]*	NA	33.31%	NA
	3. GHG intensity of investee companies	GHG intensity of investee companies	1,027.41 *[tCO2/EUR Million]*	NA	33.31%	NA
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	16.21%	NA	29.64%	NA
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	69.55%	NA	33.31%	NA
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector				
		Agriculture, forestry and fishing	0.00 *[GWh/EU*	NA	33.31%	NA

[2] This column refers to the share of investments covered in relation to all investments in order to express availability, comprehensiveness and quality of data on investments including in companies, states or real estate.

			R Million]			
		Mining and quarrying	0.06 *[GWh/EUR Million]*	NA	33.31%	NA
		Manufacturing	0.41 *[GWh/EUR Million]*	NA	33.31%	NA
		Electricity, gas, steam and air conditioning supply	0.00 *[GWh/EUR Million]*	NA	33.31%	NA
		Water supply; sewerage; waste managment and remediation activities	0.00 *[GWh/EUR Million]*	NA	33.31%	NA
		Construction	0.01 *[GWh/EUR Million]*	NA	33.31%	NA
		Wholesale and retail trade; repair of motor vehicles and motorcycles	9.91 *[GWh/EUR Million]*	NA	33.31%	NA
		Transporting and storage	0.62 *[GWh/EUR Million]*	NA	33.31%	NA
		Real estate activities	0.13 *[GWh/EUR Million]*	NA	33.31%	NA
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	6.44%	NA	30.71%	NA
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0.00 *[t/EUR Million]*	NA	33.31%	NA
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	0.32 *[t/EUR Million]*	NA	33.31%	NA
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS						
Adverse sustainability indicator		Metric	Impact [year n]	Impact [year n-1]	Expla-nation[2]	Actions taken, and actions

						planned and targets set for the next reference period
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0.00%	NA	29.72%	NA
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/ complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0.72%	NA	29.72%	NA
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	15.50%	NA	33.31%	NA
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	24.68%	NA	33.31%	NA
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0.00%	NA	29.72%	NA
Indicators applicable to investments in sovereigns and supranationals						
Adverse sustainability indicator		Metric	Impact [year n]	Impact [year n-1]	Expla-nation[2]	Actions taken, and actions planned

						and targets set for the next reference period
Environmental	15. GHG intensity	GHG intensity of investee countries	152.06 *[GWh/ EUR Million Revenue]*	NA	0.36%	NA
Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	0.00	NA	0.36%	NA
Indicators applicable to investments in real estate assets						
Adverse sustainability indicator		Metric	Impact [year n]	Impact [year n-1]	Expla-nation[2]	Actions taken, and actions planned and targets set for the next reference period
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	NA	NA	0.00%	NA
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	NA	NA	0.00%	NA
Other indicators for principal adverse impacts on sustainability factors						
Indicators applicable to investments in investee companies						
Adverse sustainability indicator		Metric	Impact [year n]	Impact [year n-1]	Expla-nation[2]	Actions taken, and actions planned and targets set for the next reference period

CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Emissions	4. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	49.54%	NA	29.72%	NA
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS						
Social and employee matters	1. Investments in companies without workplace accident prevention policies	Share of investments in investee companies without a workplace accident prevention policy	0.00%	NA	29.72%	NA

3. Description of policies to identify and prioritise principal adverse impacts of investment decisions on sustainability factors

HALFSI is subject to authorisation and supervision by the Central Bank of Ireland (hereinafter “**CBI**”) under reference number C136189 as a UCTS management company under the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (S.I. No 352 of 2011), as amended, and as an Alternative Investment Fund Manager authorised under the European Union (Alternative Investment Fund Managers) Regulations 2013. HALFSI further acts as a service provider to funds, which can be either an administrator, trustee or management company, as authorised under the Investment Intermediaries Act, 1995 (as amended) and/or approved under the relevant collective investment scheme legislation, as appropriate.

Within the scope of its regulatory permissions, HALFSI manages funds that qualify as Undertakings for Collective Investment in Transferable Securities ("**UCITS**") or Alternative Investment Funds ("**AIF**"). Regulatory obligations of HALFSI include, amongst others, due diligence obligations also relating to the consideration of principal adverse impacts, including ex-ante controls before investing or divesting and ex-post controls that are ongoing throughout the investment phase.

In this regard, principal adverse impacts should be understood as those impacts of investment decisions and advice that result in negative effects on sustainability factors[3], whereas in accordance with article 2 (24) SFDR[4], ‘sustainability factors’ mean environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

The ability to identify and consider the principal adverse impacts depends largely on the investment strategy and the geographical and sectoral focus of the FuM. The availability and quality of relevant data and information for the systematic assessment of sustainability indicators and the consideration of PAIs is currently not guaranteed for all invested asset classes of the FuM.

HALFSI has implemented procedures and processes to take PAI into account and focuses its strategy particularly on the FuM that pursue ESG-/sustainable-investment strategies disclosing under article 8 or article 9 SFDR and/or take into account the most important adverse impacts on sustainability factors according to pre-contractual disclosures.

For the identification and priorisation of relevant sustainability indicators, external sources such as third party data providers are used depending on the respective financial or real asset investment area of the Investment Fund, where available. Based on this assessment, the relevant sustainability indicators identified as material for the implementation of the sustainability strategy are further prioritized and taken into account in accordance with the requirements of SFDR in accordance with the pre-contractual and website disclosures pursuant to articles 8/9 SFDR and article 10 SFDR and disclosed in subsequent reporting in accordance with article 11 SFDR.

Relevant sustainability indicators that can be taken into account include, among others, GHG emission intensity of the investee companies, exposure to companies active in the fossil fuel sector or exposure to investments related to controversial weapons (anti-personnel mines, cluster munitions, chemical and biological weapons).

In order to guarantee the data quality of data deliveries by external data service providers, and thus prevent margins of error, HALFSI has integrated the monitoring of relevant sustainability indicators of the FuM concerned in its due diligence processes, which enables HALFSI and the FuM concerned to gain a better and more in-depth understanding of the identification of (potential) sustainability risks and (potential) adverse impacts of investment decisions.

For transparency reasons, HALFSI does not estimate data on reasonable assumptions in case such data cannot be obtained on a best-effort basis from external data providers, but discloses the coverage of investments in order to express data availability, comprehensiveness and quality.

HALFSI’s strategy for considering principal adverse impacts of investment decisions on sustainability factors was approved by the HALFSI Board of Directors on 25.06.2024

Subject to events of relevant changes, such as changes in the organizational structure or in the regulatory framework, or if otherwise deemed necessary, the strategy will be updated and adjusted accordingly.

[3] As per recital 20 of Regulation (EU) 20019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (OJ L 317, 9.12.2019, p. 5)

[4] As per Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (OJ L 317, 9.12.2019, p. 9)

4. Engagement policies

Article 3 (g) of Directive (EC) 2007/36 of the European Parliament and of the Council of 11 July 2007 on the exercise of certain rights of shareholders in listed companies amended by Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 as regards the encouragement of long-term shareholder engagement ("**SRD II**") requires institutional investors and asset managers to develop and publicly disclose an engagement policy that describes how they integrate shareholder engagement into their investment strategy.

In compliance with the requirements of SRD II (as transposed in Ireland), HALFSI has put in place and made publicly accessible its shareholder engagement policy which describes how it integrates shareholder engagement into the HALFSI investment strategy and that of its FuM.

HALFSI may either act on behalf of certain FuM as an active investment manager and engage as well as exercise voting right, or delegate its portfolio management services, as well as other services, to suitably experienced, licensed, and regulated third parties, subject to HALFSI's oversight on shareholder engagement policies. As regards the former, HALFSI may consistently with the investment strategies of the FuM review a wide range of materials, possibly including: Third party ESG research, company stainability disclosures, research from responsible investment network partners and relevant NGOs, etc..

HALFSI may further consider engagement with listed companies where their ESG rating is significantly downgraded or a company's activity results in it being assigned a red flag (severe controversy), decide against buying a security based on ESG-related reasons or have direct or indirect contact with the companies' officials for seeking change.

Each engagement shall have a defined objective and may include a plan for follow up, with HALFSI monitoring progress and milestones if appropriate.

As regards collaborative engagements, HALFSI seeks to ensure to follow the United Nation's Principles for Responsible Investment's for success namely, commonality, coordination, clarity and clout.

The engagement policy of HALFSI will annually be refreshed and, where relevant, take into account in the review process the possibility that no reduction of principal adverse impacts over time has been achieved.

5. References to international standards

Subject to data availability, HALFSI integrates in the investment processes for sustainable investments, the consideration of principal adverse impacts as regards internationally recognised standards and the objectives of the Paris Agreement of 12 December 2015 on the framework convention on climate change.

Respective indicators for PAI are taken into account indirectly or directly, for example, by excluding investments with regard to the exposure to companies active in the fossil fuel sector, greenhouse gas emission intensity, or violations of UN Global Compact principles or the Organisation for Economic Cooperation and Development ("**OECD**") Guidelines for Multinational Enterprises, etc..

Relevant sustainability indicators are identified and prioritized and based on data provided by various external sources such as third party providers, where available.

HALFSI does not currently have its own climate scenario model. However, climate impacts can indirectly be taken into account by excluding investments exposed to the fossil fuel sector, potentially mitigating both the carbon footprint as well as the underlying greenhouse gas intensity of the portfolio.

However, as part of ESG- fund launches, HALFSI is committed to ensure that funds commit to complying with environmental and/or social standards in accordance with article 8 SFDR and article 9 SFDR and take into account the principal adverse impacts.

6. Historical comparison

No historical comparison with previous reference periods is available at the time of this report, as the period from 1 January 2023 to 31 December 2023 is the first reporting period for which HALFSI has decided to comply with article 4 (1) (a) SFDR rather than following the "explain" principle laid down by article 4 (1) (b) SFDR[5].

[5] As per Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (OJ L 317, 9.12.2019, p. 9)