

Harrington Cooper UCITS Funds ICAV – HC Cadira Sustainable Japan Equity Fund Sustainability Related Disclosures

Summary

This disclosure is made by the Harrington Cooper UCITS Funds ICAV – HC Cadira Sustainable Japan Equity Fund (the ‘Fund’) and Cadira Capital Management Co. Ltd., the investment manager of the Fund, (the ‘Investment Manager’) pursuant to Article 10 of the Sustainable Finance Disclosure Regulation (EU) 2019/2088 (‘SFDR’).

The Fund is a fund which has a sustainable investment objective, under Article 9 SFDR, by acquiring a selection of equity securities based on the companies issuing these equity securities compliance with environmental, social and/or governance criteria.

The Fund seeks the Fund’s sustainable investment objective which is to achieve sustainable capital growth by establishing a portfolio of companies participating in the transition to a more sustainable economy, and by extension those capable of capturing sustainability-related value.

Description of the Sustainable Investment Objective

The Fund has sustainable investment as its objective and aims to achieve long term capital appreciation.

The Fund’s sustainable investment objective is to achieve sustainable capital growth by establishing a portfolio of companies participating in the transition to a more sustainable economy, and by extension those capable of capturing sustainability-related value.

The Fund sees sustainability as a long-term driver for structural change and research shows that companies with sustainable business practices are more successful. The Fund therefore adheres to the approach of building a portfolio by selecting individual stocks through bottom-up research. The Investment Manager emphasizes companies with high stakeholder value and economic value when selecting portfolio companies. These companies are able to generate stable profits by utilizing a solid business foundation built by rewarding not only shareholders but also customers, employees, business partners, local communities, the global environment, and other stakeholders. To identify such companies, the Investment Manager incorporates non-financial information, such as ESG, in addition to financial information, into their research and analysis.

No reference benchmark has been designated for the purpose of attaining the sustainable objectives followed by the Fund.

Description of the Investment Strategy

In order to achieve its objective of sustainable investments, a minimum of 80% of the net asset value of the Fund will be used to make sustainable investments in equity securities issued by companies which are domiciled or exercise the predominant part of their economic activity in Japan, the investment universe of the Fund.

The Investment Manager puts emphasis on bottom-up fundamental analysis of individual companies in order to look for the possibility of a value gap narrowing between the market price and the intrinsic value of a stock. Bottom-up fundamental analysis is defined as the focus on a specific company, rather than on the industry in which that company operates or on the economy as a whole. The Investment

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Manager's investment process involves creating an investment hypothesis based on an individual business irrespective of the sector or overall macroeconomic factors. The investment hypothesis is then verified through face-to-face meetings with individual companies' management. The intrinsic value of a business is estimated using a long-term earnings forecast which is discounted by an estimated risk rate. Both the earnings forecast as well as the estimated risk rate depend on the assessed "sustainability" of the business, or how the environmental and social aspects of the company strengthen its business model and as a result enhances its corporate value.

As an actively managed fund, the Fund's holdings are not selected by reference to a specific index or other benchmark. The number of holdings held by the Fund will vary, but the Fund will at most times hold more than 30 holdings. Although the Fund will be considered a diversified portfolio, the Fund may employ a relatively focused investment strategy and may hold securities of fewer issuers than other diversified funds.

The Fund typically sells an investment when the reasons for buying it no longer apply, such as when the Investment Manager determines that a company's prospects have changed or believes that a company's stock is fully valued by the market, or when the company begins to show deteriorating fundamentals.

Explanation of No Significant Harm to the Sustainable Investment Objective

The Investment Manager applies the following in implementing the "Do Not Significantly Harm (DNSH)" principle:

- (i) "Avoid" guidelines on product/services revenues that when used as intended cause harm.
- (ii) "Avoid" guidelines on specific company practices as detailed in the Investment Manager's comprehensive investment guidelines.
- (iii) Engagement with companies across the portfolio to reduce harmful outcomes, for example:
 - a. Reduction of emissions-intensive business lines while increasing capital expenditure towards technologies that reduce emissions.
 - b. Reporting and improving corporate governance of sustainability to ensure continued focus on reducing harm.

The Investment Manager's DNSH process described above incorporates the Principal Adverse Impacts (PAIs) set out in Part 1 of Annex 1 of the SFDR RTS and such other PAIs as the Investment Manager deems appropriate given the nature of the underlying investment.

The Investment Manager's ESG guidelines and principles are informed by the principles underlying the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights and the Investment Manager seeks to ensure that the Fund's sustainable investments are aligned with the same through the application of such guidelines and principles in its investment management decision making process.

As part of the Investment Manager's fundamental analysis and going beyond the pre-checks of the DNSH principles as outlined within both the SFDR and the Taxonomy Regulation, the Investment Manager will analyse how well an investee company manages its material ESG issues, and integrate this in the Fund's holistic company assessment. ESG factors are important, can have a fundamental influence on a given company's operations and its ability to generate value for shareholders and will vary between industries. Factors that may be assessed include, for example, a company's supply chain management, human capital management, its capacity for innovation, its environmental and

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social impact, including any ESG controversies and its corporate governance structure.

The Investment Manager bases its ESG analysis for the Fund on its own proprietary approach and may from time to time use a mix of independent inputs to the ESG data from third party sources. The Investment Manager believes that it has better insights into some of the variables than some of the data providers given the experience and expertise of the investment team on sustainability research, as well as their constant interaction and engagement with management teams and thorough research process.

Description of the Portion of Sustainable Investments in the Article 9 Fund

The Fund invests at least 80% of its net asset value in assets that have been determined as “eligible” as per the sustainable investment process in place, hence in investments that are defined as sustainable. The remaining 20% of the investments are bank deposits at sight, including cash.

While 90% of the net asset value will be invested in sustainable investments, at any given time the allocation between socially sustainable and environmentally sustainable investments may vary. At all times the minimum net asset value of the Fund comprising socially sustainable investments will be 20% and the minimum net asset value comprising environmentally sustainable investments will be 20%.

Investments with environmental objectives are made in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy meaning that 0% of the investments of the Fund will be Taxonomy-aligned investments.

Description of how the Sustainable Investment Objective and the Sustainability Indicators are Monitored

The analysis of certain sustainability indicators is systematically integrated into the investment decision-making process. The attainment of the sustainable investment objectives is assessed by investing in securities financing economic activities that substantially contribute to the environmental and/or social objectives mentioned above. The sustainability indicators used to measure the attainment of the sustainable investment objectives of this Fund are systematically integrated into the investment decision-making process for the Fund and include:

- (i) Environment
- (ii) Social Order
- (iii) Quality of Life

Description of Measurement Methodology

The Investment Manager utilises a proprietary methodology to determine company alignment with the sustainability themes. The exposure to the themes will be assessed and reported on a quarterly basis.

Description of Data Sources and Data Processing

Research Process

The Investment Manager has built a proprietary research process to evaluate the sustainable characteristics of companies. The research process entails proprietary in-house research, which is supported and complemented by third-party research, to assess company Products, Policies and

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Processes and to determine compliance with the ESG criteria.

Data Use

External service providers utilized for ESG data include Sustainalytics and Bloomberg. When evaluating and selecting data providers, the Investment Manager assesses and considers coverage, methodology and data quality. Estimated data may be utilized when reported data are unavailable or unreliable.

Engagement

Active engagement is an important and integrated part of the investment process. Several engagement tools are used to further understand, expose and improve disclosures, policies and practices of investee companies.

Description of Limitations to Methodologies and Data

The Investment Manager's approach to evaluating the companies within its investment universe may be constrained by the availability, quality and relevance of thematic and sustainability related data available to the Investment Manager.

The availability, quality and relevance of data relating to sustainability and thematic exposure within the investment universe may be limited, due to a lack of sustainability related regulations and reporting standards, changes in sustainability related regulations and reporting standards, a lack of historic information available on sustainability for companies, low coverage on, or inconsistencies with respect to the evaluation of, particular companies by third party research and data providers or material inaccuracies in the sustainability related information reported by companies.

Limitations in the availability, quality and relevance of the sustainability related data outlined above may make it difficult for the Investment Manager to ascertain the exposure of a company to the Fund's sustainable investment objective, to assess the progress of a company in the context of the sustainable investment objective over a certain time frame, to carry out consistent analysis on companies from the perspective of the sustainable investment or to verify the Investment Manager's assumptions and calculations concerning a particular company.

Description of Due Diligence on Underlying Assets

Prior to initiating a new position, the Investment Manager's produces a detailed research report on each company under consideration for inclusion in the portfolio and approves it for purchase.

On a continual basis, the Investment Manager reviews all holdings to confirm continued compliance with the ESG criteria. The Investment Manager utilizes third-party data from Sustainalytics and Bloomberg and performs customized research during the review. The Investment Manager additionally utilizes Sustainalytics to continuously monitor holdings involvement in any controversial events. A stock will be sold if it is determined to no longer meet the qualifying criteria or have a severe risk.

Engagement

On-site research plays a crucial role in raising conviction over the quality of management, because it is among the most effective ways to do so. On-site research includes different types of activities, such as those to understand the corporate vision and strategy from the management's message or those to check actual business activities to verify the penetration of the vision. The team meets with investor

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relations and other stakeholders to assess how the management's vision is penetrating throughout various parts of the business. Through these activities, the team raises conviction and can gradually accumulate weight in the portfolio.

The Investment Manager uses a coaching technique during on-site research/engagement. Coaching follows a procedure that requires, as a crucial first step, the willingness of management to be open to engage in dialogue on ESG improvements. Next, management is presented with a dialogue policy at the beginning of the meeting and that explains the following:

1. The aim of the discussion is to conduct "constructive dialogue" to gain mutual awareness.
2. Consider transparency by reporting the content of the dialogue to asset owners and general investors.
3. Focus on feedback to make dialogue meaningful.
4. With the aim to contribute to the formation of a better investment chain.

The opportunities to engage with companies are disparate and the agenda focuses on either value creation and/or re-evaluation. Under value creation, the Investment Manager will help coach a company with the aim of improving fundamentals. The main topics include, but are not limited to, the company's sustainability strategy, business model, capital allocation policy and impact management. Within a re-evaluation framework, the Investment Manager will engage with the aim of increasing a company's valuation. Topics include sustainability disclosure, IR strategy and/or corporate branding.

A key to assessing the effectiveness of the coaching method is receiving feedback from companies. The final step to coaching is asking for feedback and both large and small companies across a wide range of industries found the approach helpful in various ways. This feedback enables the Investment Manager to make their process more efficient and effective by learning what has worked in the past.

Description of Engagement Policies

Active Stewardship, consisting of proxy voting and engagement, is an important part of the Investment Manager's approach to the management of the Fund and is aimed at improving the risk/return profile of investee companies while positively impacting and contributing to society. The Investment Manager believes that sustainable corporate behaviour can be enhanced by actively exercising shareholder rights.

The Investment Manager's approach is not only designed to encourage robust corporate governance structures for the Fund's investee companies, but also to ensure that the rights of shareholders are protected as well as advocating for good environmental and social practices.

The Investment Manager has direct dialogue with portfolio companies and engages with them to discuss material ESG issues relevant to the specific business case, how they manage and respond to ESG risks and seize business opportunities related to certain sustainability challenges (for example

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on environmental-related engagement topics). The Investment Manager also receives operational support from a third-party solution provider that is used to implement voting decisions.

The Investment Manager views significant sustainability related controversies that may have material impact on a company's performance as potential topics for engagement with companies. Once the Investment Manager identifies a significant ESG controversy or risk, it may reach out to the company and engage with management, track and monitor the company's progress in addressing the controversy and report on the outcome. In case of unsatisfactory performance in addressing the controversy, the Investment Manager may divest from the company. When a controversy is considered severe, the Investment Manager will immediately divest from the company.

The Investment Manager's stewardship policy is available at <https://cadiracm.com/policy01-1/>.

Description of the Attainment of the Objective

The reference index, the TOPIX Total Return Index, is a general market index, and does not take into account environmental, social and governance factors. The index is used for performance objectives and performance measurement. Its methodology can be found by the index provider: <https://www.jpx.co.jp/english/markets/indices/topix/>

The construction of the eligible investment universe takes place through the selection of companies that comply with the Investment Manager's sustainability criteria (i.e. by deriving a significant portion of their current or future revenue from activities that are in line with the Fund's sustainable investment objective) and with the Investment Manager's exclusion list for the Fund. The Investment Manager monitors the attainment of the sustainable investment objective on a quantitative and qualitative basis.