

Harrington Cooper UCITS Funds ICAV – HC Global Equity Fund Sustainability Related Disclosures

Summary

This disclosure is made by the Harrington Cooper UCITS Funds ICAV – HC Global Equity Fund (the 'Fund') and Thornbridge Investment Management LLP, 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 undertakes to invest in companies whose businesses are focused on commercial solutions promoting progress toward a low carbon economy.

Under Article 9 of SFDR, the Fund has sustainable investment as its objective and seeks to achieve long term capital appreciation by investing primarily in global equity securities issued by companies participating in the transition to a low carbon and more sustainable economy.

The Fund considers three groups of companies who are best positioned to meet its criteria of demonstrating strong climate credentials, and all of its Target List companies fit into one of these groups. The Investment Manager believes companies who meet the below criteria should actively benefit from the rising global efforts to decarbonisation and to manage the climate transition.

Companies which meet the criteria for inclusion in the Fund's portfolio must demonstrate that they help to reduce or avoid GHG emissions, to help align with the Paris Agreement, and/or who enable adaptation to and mitigation of negative consequences of climate change.

In seeking to fulfil its sustainable investment objective the Fund follows a four-step exclusionary screening process, and then a bottoms-up inclusionary analysis process.

The four step exclusionary screening process aims to:

- Remove companies with significant negative climate or societal externalities;
- Screen for positive climate alignment – any non-high performers are screened out;
- A quality screen for industry health, customer value proposition, and management execution – low performers are removed; and
- Remove companies with lower trading liquidity (typically less than \$2 million trading volume per day) and small cap companies (typically sub \$2 billion market capitalisation).

This is complemented by a bottoms-up inclusionary analytical process which evaluates each company to identify strong climate credentials. These credentials are broadly assessed within five key areas of 'Business Quality' characteristics and 'People & Leadership Quality' characteristics.

This leads the Investment Manager to define three groups of companies which are eligible for investment in the Fund: **Transition Leaders**, **Carbon Reduction Solutions** and **Adaptation Solutions companies**.

Explanation of No Significant harm to the sustainable investment objective

Principal adverse impacts (PAIs): The negative impact of investments on sustainability factors is taken into consideration as an integrated part of the Investment Manager's investment process. Where reliable data is available, the Investment Manager's investment process seeks to incorporate all mandatory indicators for adverse impacts on sustainability factors as described in the Joint Committee Regulatory Technical Standards (RTS) on ESG disclosures. Depending on determinations of materiality to the individual investments and

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availability of reliable data, the Investment Manager may also seek to incorporate one or more additional indicators as described in the RTS into the ESG data evaluated.

Screening: All sustainable investments need to meet minimum sustainability criteria, as determined by the investment due diligence process, completed during the investment process and reviewed on an ongoing basis. This process includes the four step exclusionary screening process detailed below which removes companies with significant negative externalities, either climate or societal, from the list of companies the Fund may invest in. The Investment Manager takes guidance from third-party data providers and its own work to ensure that the sustainable investment meet the do no significant harm test. This process also includes a good governance screen and controversies screen, in order to provide minimum safeguards for investments.

Firm-level Exclusions: Exclusion filters are applied in the construction process to restrict investments in companies that may be involved in the production of fossil fuels, tobacco and weapons.

The investment due diligence process reviews investments for violations of UN Global Compact and OECD Guidelines, policies related to monitoring compliance with UN Global Compact and OECD Guidelines, and exposure to controversial weapons.

Description of the Sustainable Investment Objective

The Fund has sustainable investment as its objective and seeks to achieve long term capital appreciation by investing primarily in global equity securities issued by companies participating in the transition to a low carbon and more sustainable economy.

The Fund undertakes to invest in companies whose businesses are focused on commercial solutions promoting progress toward a low carbon economy.

Description of the Investment Strategy and Due Diligence on Underlying Assets

In order to achieve its objective of sustainable investment (as further outlined above), the Fund applies the following investment process:

Target List Creation

The investment process starts with the Investment Manager curating its Target List which comprises of a diversified group of 90-100 high-quality and strongly climate aligned companies. The strategy will invest in approximately 30 companies from the Target List at any time.

To identify the Target List, the Investment Manager follows a four-step exclusionary screening process, and then a bottoms-up inclusionary analysis process as further described below.

Exclusionary Process

The Investment Manager applies exclusions to the Fund's universe, based on a consideration of environmental and social factors, on an initial business quality screening, and on trading liquidity.

The following four exclusion steps are applied.

Exclusion Step 1: The Investment Manager excludes companies who generate material negative externalities, either climate or societal. The Investment Manager assesses the impact of the company's products and/or services which leads to exclusions of companies involved in tobacco, weapons and fossil fuels. It also assesses a company's internal operations and entire supply chain together with its governance practices. This leads to exclusions of companies whose operations violate certain norms, for example, human rights issues related to such companies' own operations or that of its suppliers as it relates to the treatment of employment arrangements, violations of the UN Global Compact, and contributions to hazardous or radioactive waste.

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Exclusion Step 2: The Investment Manager conducts an initial ‘Climate-Alignment screen’. For companies whose products or services do not directly mitigate carbon emissions or mitigate the adverse impacts of climate change, the Investment Manager screens out those companies together with those who do not publish disclosures or carbon reduction ambitions.

Exclusion Step 3: The Investment Manager conducts an initial ‘Quality’ screen, analysing profits and returns on capital employed, current year and trend over time, in addition to historic growth. These are proxies for industry health, customer value proposition, and management execution.

Exclusion Step 4: The Investment Manager also excludes stocks with low trading liquidity (typically any company with less than \$2 million trading volume per day) and small cap companies (which are typically sub \$2 billion market capitalisation). Inclusionary Analysis

Identifying Higher Quality Companies

The Investment Manager then evaluates five areas within ‘Business Quality’ and also five areas within ‘People & Leadership Quality’ (together “Company Quality”) as outlined in the table below.

BUSINESS QUALITY	PEOPLE & LEADERSHIP QUALITY
Customer Value Proposition	Culture and Staff Engagement
Competitive Advantage	Alignment and Incentives
Economics and Growth Potential	Execution Track Record
Industry and Ecosystem Health	Capital Allocation
Sensitivity to external factors	Governance and Protections

For each individual area, a series of questions are posed by the Investment Manager, with the answers based on an assessment of various quantitative and qualitative factors, as well as conversations with company management, competitors, industry experts, and former employees.

For example, questions to assess ‘Customer Value Proposition’ include but are not limited to the following:

- Return on Investment (“ROI”) for customers – What absolute ROI percentage do the company’s customers derive from purchasing its products/services? How does this compare to other relevant providers?
- Loyalty – How high and how consistent are customer retention rates?
- Integration – How well does the company’s products/services align with the customers’ other products/systems and the customer’s needs?
- Gross Margin – Is the product/service provider’s gross margin deemed egregious or fair (absolute and relative)?
- Pricing – Is the company’s pricing consistent or inconsistent with healthy customer demand and value provision? Are there signs of the company ‘price gouging’?

Based on its evaluation of each of these areas, the Investment Manager ascribes an overall ‘Business Quality’ and an overall ‘People & Leadership Quality’ score for each of the Target List companies. The scores range from 1 to 4, with 1 representing the Investment Manager’s judgement of top 1-10 percentile of all companies, 2 represents 11-20 percentile, 3 represents 21-30 percentile, 4 represents 31-40 percentile.

The Investment Manager uses these scores to normalise its comparisons across all Target List companies, sectors and industries. The Investment Manager continually tracks and assesses whether companies are improving, declining, or holding stable against its initial Quality assessments.

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Based on the Investment Manager's evaluation of 'Business Quality' and a 'People & Leadership Quality' score and proprietary scoring system as outlined above, a score of 4 would result in a company being excluded from the Target List. The Investment Manager excludes companies that are either initially assessed as a score of 4, or have deteriorated from its initial assessment score of 1, 2 or 3 to a score of 4.

Identifying Strong Climate Credentials

The Investment Manager considers three groups of companies who are best positioned to meet its criteria of demonstrating strong climate credentials, and all of its Target List companies fit into one of these groups. The Investment Manager believes companies who meet the below criteria should actively benefit from the rising global efforts to decarbonisation and to manage the climate transition. The Investment Manager considers three groups of companies who are best positioned to meet these criteria, and all of its Target List companies fit into one of these groups:

o TRANSITION LEADERS:

Transition Leaders are companies that lead their sectors in carbon emissions efficiency, and who have material carbon reduction plans, ultimately aligning with global net zero emissions. The Investment Manager is of the view that the Transition Leaders will benefit relative to their lagging peers in multiple regards including lower cost inflation, easier access to capital, and relative market share gains. This is a diversified group of companies, with potential representation from almost all 51 sub-industries.

To ensure true alignment, the Investment Manager set a high minimum threshold for inclusion in its investable universe. It requires Transition Leaders companies to have their reduction plans formally verified by the Science Based Targets initiative (SBTi), the most authoritative external body in this area. There are very few exceptions to this requirement. Where, for example, a company is domiciled in a country where SBTi is still in its infancy in terms of adoption or operates in an industry not yet covered by SBTi, an exception may be made.

The Investment Manager's 'Climate-Alignment screen' is used to identify whether companies can be categorised as Transition Leaders who comprise of industry leaders within their respective sectors.

As noted above, the Investment Manager generally requires that such company has Science Based Targets initiative (SBTi) validated carbon reduction goals, or that they are confident they will receive such validation in the near-term (12 months).

The Investment Manager sets out various carbon reduction criteria, which may include the reduction of GHG emissions, thresholds relating to the various categories of GHG emissions and restrictions on reliance of offsets to meet certain reductions targets, for the Fund's investments.

The Investment Manager requires that companies must disclose emissions and progress annually.

o CARBON REDUCTION SOLUTIONS:

The Investment Manager includes companies whose products and/or services help others to avoid or reduce their GHG emissions in this category. In assessing these companies the Investment Manager analyses the cost of avoided emissions and the emissions each company generates in their own operations. For carbon reduction solutions companies Scope 1-3 GHG emissions are calculated on a company-by-company basis. The emissions data for a particular company will come from a variety of sources including but not limited to, company reporting, industry trade bodies, government and regulatory bodies, external consultants and NGOs. The Investment Manager's aim in each case is to clearly quantify the total emissions created in the manufacturing process of the individual company's product range. This is then deducted from the emissions which are saved through using the companies' products and/or services product when compared against a business as usual case. This calculation therefore looks to capture the net effect of the use of the particular product and/or service in preventing emissions which would have occurred were it not for the use of that product (also known as "the counterfactual"). It is a requirement that there is a demonstrable net benefit in terms of emissions avoided versus emissions produced over the life-cycle of their products. The Fund will report annually to its investors on the avoided emissions of the reduction solutions companies held in its portfolio.

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o ADAPTATION SOLUTIONS:

The Investment Manager includes companies who mitigate negative consequences of climate change in this category. These businesses operate in a number of areas, including water management, temperature control, agriculture, health, pest control, and others.

As with its assessment of Company Quality, the Investment Manager continually tracks individual company progress over time versus their own plans and versus the Investment Manager's assessment of their climate credentials.

ESG Evaluation

Furthermore, and in accordance with the Investment Manager's ESG guidelines, once a company has been vetted and approved by the Investment Manager for inclusion in the Fund's universe based on criteria relating to climate leadership, reduction solutions and/or adaptation solutions, the Investment Manager subsequently consider ESG issues as a gating factor for inclusion in the Fund's final investable universe.

This ESG evaluation considers the operational footprint of the company and the environmental and social externalities generated by the company's operations. Each of the factors considered is used to assess the company's outcomes relative to sector peers. Companies which demonstrate an egregious negative performance relative to peers may be excluded from the investable universe of the Fund. Specifically, the Investment Manager's focus within ESG criteria is on company conduct as opposed to product exclusion (the Investment Manager already excludes companies which manufacture certain products as described in Exclusion Step 1 above). The Investment Manager monitors a non-exhaustive list of company behaviours. These include amongst others mistreatment of minority shareholders, systematic involvement in corruption, abuse of human rights, environmental damage or other serious ethical violations. Behaviours such as these might lead the Investment Manager to exclude a company from the investment universe of the Fund.

Further information in respect of the Investment Manager's ESG guidelines will be available to Shareholders and potential investors on request from the Investment Manager.

The Fund considers good governance as part of the investment decision making process.

Failure to meet the specific criteria described may result in the decision not to include a company as a possible investment in the Fund's portfolio. If over time any investments no longer meet the requirements of the investment process detailed above, the Fund will take appropriate remedial steps which may include but are not limited to: engaging with companies, enhanced monitoring, identifying alternative or additional investments, and/or selling out of the relevant company.

Description of the Proportion of Sustainable Investments in the 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 mostly cash and money market instruments.

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.

The Fund does not commit to invest a minimum proportion of sustainable investments with an environmental objective aligned with the EU Taxonomy. Therefore, the minimum percentage of environmentally sustainable investments aligned with the EU Taxonomy is 0% of the Fund's net assets.

Description of monitoring the Sustainable Investment Objective & Methodologies applied

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The Investment Manager will monitor one or more of the following indicators for each portfolio company:

- Greenhouse Gas Emissions (GHG) levels and intensity relative to revenue, profits, capital base and other financial indicators; both as an absolute level and relative to the relevant sector/industry groupings.
- Science Based Targets (SBT) for GHG emissions disclosed by the company.
- Annual and longer-term percentage progress in GHG intensity reduction and compared to the company's targets.
- Annual avoided GHG emissions enabled by the company's products or services.
- Disclosure quality and frequency related to climate impact.

The Investment Manager will also monitor specific indicators relevant to an individual company or group of companies, including but not limited to:

- The amount of carbon emissions avoided for those companies that produce products and services designed to reduce carbon emissions and the proportion of those companies' revenues related to that activity (Reduction Solution companies). Reduction Solutions companies comprises businesses whose products and/or services actively reduce emissions through their life-cycle. The Investment Manager applies the following criteria:
 - The company must have at least 50% of revenues relating to products which reduce emissions for their customers.
 - The Investment Manager attempts to quantify the emissions avoided by the use of their products, compared with current alternatives and industry standards. For this, the Investment Manager uses company provided data, data verified by independent third parties and/or its own calculations.
 - The net emissions of the company (scope 1, scope 2 and where possible/relevant scope 3 GHG emissions) and the avoided emissions from the use of their products and/or services must be negative or have a clear trajectory to being negative in the short-term (the latter is more relevant with new technologies undergoing adoption).
- The degree to which companies' products or services help mitigate the impacts of climate change and the proportion of those companies' revenues related to that activity (Adaptation Solutions companies). Adaptation Solutions companies comprises businesses whose products and/or services help mitigate the effects of climate change. The Investment Manager applies the following criteria:
 - The company must have at least 50% of revenues relating to products which mitigate the effects of climate change.
 - There are links, quantifiable where reliable data is available, to the impact of climate change on the use of the company's products.

The Investment Manager undertakes to monitor and report on an annual progress on the relevant metrics for each company held within the Fund. In cases where the Investment Manager finds that companies have failed to show sufficient improvement or have abandoned specifically previously stated targets, the Investment Manager undertakes to engage within a set timeframe of 3 months with the relevant company management teams to understand the reasons for this. The outcome following this engagement may include the Fund divesting from the company and removing the company from the Investment Manager's Target List.

The Fund's annual report lists the relevant metrics that the Investment Manager follows for each of the investee companies.

Description of data sources and processing

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The Investment Manager has built a proprietary research process to evaluate companies. The research process includes the analysis of proprietary in-house research, which is supported and complemented by third-party research in order to assess Company Quality and ensure companies meet the threshold for inclusion in the Target List universe.

External service providers utilized for ESG data includes MorningStar. 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. The Investment Manager also uses company provided data, data verified by independent third parties and/or its own calculations.

Description of Limitations to Methodologies and Data

The Investment Manager's process in evaluating companies may be constrained by the availability and quality of accurate sustainability related data available to the Investment Manager.

The availability and reliability of accurate and complete data may be affected by a number of factors, included but not limited to:

- a lack of sustainability related regulations and reporting standards,
- changes in sustainability related regulations and reporting standards,
- a lack of historic data available,
- the timeliness of dissemination of information
- inconsistencies with respect to historic data disclosed by companies or third party research providers or
- material inaccuracies in the sustainability related information reported by companies.
- the size and maturity of companies disclosing data

These and other limitations may make it difficult for the Investment Manager to:

- ascertain the exposure of a company to the Fund's sustainable investment objective,
- assess the progress of a company in the context of the sustainable investment objective over differing time frames,
- carry out consistent analysis on companies from the perspective of the sustainable investment objective or
- verify the Investment Manager's assumptions and calculations for a particular company
- make direct comparisons on an absolute basis

Description of Engagement Policies

The Investment Manager's primary approach to Stewardship and Engagement is bottoms-up, led by its Investment Analysts. As part of their analysis of identifying companies and assessing Business and Climate Quality, as previously described, they assess the quality of stewardship within the company in general, and particularly as it relates to climate. They actively engage with the companies and management on these aspects through the form of recurring meetings or specific engagement on a single issue

Governance factors are assessed systematically for every company in which the Fund invests, based primarily on proprietary research including, but not limited to, interactions with management, as well as externally sourced inputs including third-party governance ratings and data, controversies research and/or proxy voting research as deemed relevant.

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The Investment Manager's secondary approach to Stewardship and Engagement is top-down and takes the form of the Investment Manager's Stewardship and Climate Committee (comprised of a Portfolio Manager, its COO, and Head of Climate) which has several responsibilities:

- Monitoring the key climate and governance drivers across the Fund's portfolio and ensuring that progress is being made in line with the Investment Manager's expectations and collaborating with investment analysts to engage companies where appropriate.
- Coordinating portfolio wide or target universe wide initiatives where the Investment Manager is of the view that it is important to engage.
- Driving external industry collaborations as well as collaborations with like-minded investors on specific issues that the Investment Manager is of the view that engagement is beneficial on.
- Ensuring compliance on regulatory and client requirements on standards and reporting.

Description of the Attainment of the sustainable investment objective

No specific index has been designated as a reference benchmark to meet the sustainable investment objective. The reference index is the MSCI World, which 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.

The Investment Manager monitors the attainment of the sustainable investment objective on a quantitative and qualitative basis. The construction of the Target List which is built up using the Investment Managers investment process, described further above, is designed to ensure companies within the Fund meet the sustainable investment criteria and enable the Fund to meet the sustainable investment objective.