

# How KBIGI Assesses the ESG Profile of Issuers

## Article 8 Funds



The impact of Sustainability Risks on the following funds is covered below:

- ▶ Water Fund
- ▶ Alternative Energy Fund
- ▶ Innovator Fund

## Water Fund

### Sustainable Finance

The Water Fund (the Fund) promotes environmental and social characteristics by investing in companies which, in the opinion of the Investment Manager (KBI Global Investors), generate a substantial proportion of their turnover and operate on a sustainable basis in the water sector, including but not limited to water and wastewater treatment, water testing, infrastructure, filtration, engineering/ consulting services and pumps/ valves (but excluding the consumer bottled water sector). The provision of clean, safe water and sanitation services is, in the opinion of the Investment Manager, a benefit to the environment and to society.

In identifying investments which allow the Fund to promote environmental or social characteristics, the Investment Manager adopts the following strategies:

- ▶ The Investment Manager identifies companies which operate in the water sector and integrates an analysis of such companies' Environmental, Social and Governance ("ESG") performance into its investment analysis and investment decisions.
- ▶ The Investment Manager carries out its own assessment of the environmental and social performance of companies in which it invests, based on its own research and knowledge of the companies, public information and information (including specialised ESG information) and ratings from external data providers ("Data Providers").
- ▶ The portfolio construction process employed by the Investment Manager excludes holdings deemed inconsistent with its Responsible Investment Guidelines or that are involved with certain controversial sectors, as determined by the Investment Manager's Responsible Investment Committee. The Fund does not invest in any company which is not involved in the water sector, including but not limited to water and wastewater treatment, water testing, infrastructure, filtration, engineering/ consulting services and pumps/valves. Further, the Fund can not invest in companies which are involved in certain activities including tobacco manufacturing, coal extraction and coal-fired electricity generation, in excess of certain thresholds. Full details of the exclusions and thresholds are available in the Responsible Investing Policy of the Investment Manager which can be viewed on its website at [www.kbiglobalinvestors.com](http://www.kbiglobalinvestors.com).

The Investment Manager also assesses the governance practices and governance performance of companies in which it invests. This assessment is based on the Investment Manager's own research and knowledge of the company based on its direct interactions with companies, its analysis of the financial statements and related materials of companies and information including specialised governance information and ratings from at least one Data Provider in order to satisfy itself that the relevant issuers follow good governance practices, in particular, with respect to sound management structures, employee relations, remuneration of staff and tax compliance.

## Water Fund

### Sustainable Finance (cont'd)

The Investment Manager monitors compliance with the social and/or environmental characteristics outlined above on a regular basis through both its own ongoing research and monitoring of portfolio companies as well as through the use of research and ratings from Data Providers.

The Investment Manager monitors a range of sustainability indicators to measure the environmental and social characteristics outlined above, including:

- ▶ The percentage of revenues earned on an estimated basis by portfolio companies which are from the water sector.
- ▶ The weighted average ESG rating of the portfolio, as determined by the use of ESG ratings of companies supplied by Data Providers.
- ▶ The carbon intensity of the portfolio, measured by an external provider of carbon footprint measurement services.
- ▶ The percentage of board members of companies in which the fund invests which are female.

The Fund does not have a designated reference benchmark.

## Alternative Energy Fund

### Sustainable Finance

The Alternative Energy Fund (the Fund) promotes environmental characteristics by investing in companies which in the opinion of the Investment Manager (KBI Global Investors) generate a substantial proportion of their turnover and operate on a sustainable basis in the energy solutions sector, including but not limited to solar, wind, biomass, hydro, fuel cells and geothermal energy. The provision of clean energy products and services is, in the opinion of the Investment Manager, a benefit to the environment.

In identifying investments which allow the Fund to promote environmental characteristics, the Investment Manager adopts the following strategies:

- ▶ The Investment Manager identifies companies which operate in the energy solutions sector and integrates an analysis of such companies' Environmental, Social and Governance ("ESG") performance into its investment analysis and investment decisions.
- ▶ The Investment Manager carries out its own assessment of the environmental performance of companies in which it invests, based on its own research and knowledge of the companies, public information and information (including specialised ESG information) and ratings from external data providers ("Data Providers").
- ▶ The portfolio construction process employed by the Investment Manager excludes holdings deemed inconsistent with its Responsible Investment Guidelines or that are involved with certain controversial sectors, as determined by the Investment Manager's Responsible Investment Committee. The Fund does not invest in any company which is not involved in the energy solutions sector, including but not limited to solar, wind, biomass, hydro, fuel cells and geothermal energy. Further, the Fund cannot invest in companies which are involved in certain activities including tobacco manufacturing, coal extraction and coal-fired electricity generation, in excess of certain thresholds. Full details of the exclusions and thresholds are available in the Responsible Investing Policy of the Investment Manager which can be viewed on its website at [www.kbiglobalinvestors.com](http://www.kbiglobalinvestors.com).

## Alternative Energy Fund

### Sustainable Finance (cont'd)

The Investment Manager also assesses the governance practices and governance performance of companies in which it invests. This assessment is based on the Investment Manager's own research and knowledge of the company based on its direct interactions with companies, its analysis of the financial statements and related materials of companies, and information including specialised governance information and ratings from at least one Data Provider in order to satisfy itself that the relevant issuers follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance.

The Investment Manager monitors compliance with the environmental characteristics outlined above on a regular basis through both its own ongoing research and monitoring of portfolio companies as well as through the use of research and ratings from Data Providers.

The Investment Manager monitors a range of sustainability indicators to measure the environmental characteristics outlined above, including:

- ▶ The percentage of revenues earned on an estimated basis by portfolio companies which are from the energy solutions sector.
- ▶ The weighted average ESG rating of the portfolio, as determined by the use of ESG ratings of companies, supplied by Data Providers.
- ▶ The carbon intensity of the portfolio, measured by an external provider of carbon footprint measurement services.

The Fund does not have a designated reference benchmark.

## Innovator Fund

### Sustainable Finance

The Innovator Fund (the Sub-Fund) promotes environmental and social characteristics by primarily investing, both directly and indirectly through collective investment schemes, in companies which, in the opinion of the Investment Manager (KBI Global Investors), generate a substantial proportion of their turnover from and operate on a sustainable basis in the environmental sector by providing solutions to environmental challenges. The provision of solutions to environmental challenges is, in the opinion of the Investment Manager, a benefit to the environment and to society.

In the case of investments in passively managed collective investment schemes and in collective investment schemes which invest in commodities, the Investment Manager may invest in such schemes even if the investment manager of the underlying scheme does not promote environmental and social characteristics in that fund.

In identifying investments which allow the Sub-Fund to promote environmental and social characteristics, the Investment Manager adopts the following strategies:

#### Collective Investment Schemes

When making investments in active collective investment schemes, excluding commodity-related schemes, the Investment Manager will only invest in schemes where the investment manager of the underlying scheme assesses the Environmental, Social and Governance ("ESG") performance of companies in which it invests, and integrates the results of that assessment into its investment decisions.

# Innovator Fund

## Sustainable Finance (cont'd)

### Direct Investments

- ▶ The Investment Manager excludes holdings deemed inconsistent with its Responsible Investment Guidelines or that are involved with certain controversial sectors, as determined by the Investment Manager's Responsible Investment Committee. The Sub-Fund cannot invest in any companies which are involved in certain activities including tobacco manufacturing, coal extraction and coal-fired electricity generation, in excess of certain thresholds. Full details of the exclusions and thresholds are available in the Responsible Investing Policy of the Investment Manager which can be viewed on its website at [www.kbiglobalinvestors.com](http://www.kbiglobalinvestors.com).
- ▶ The Investment Manager carries out its own assessment of the environmental and social performance of companies, based on its own research and knowledge of the companies, public information and information (including specialised ESG information) and ratings from external data providers ("Data Providers").

The Investment Manager also assesses the governance practices and governance performance of both the active collective investment schemes and companies in which it invests:

### Collective Investment Schemes

The Investment Manager ensures that the investment managers of the underlying active collective investment schemes in which the Sub-Fund invests, excluding commodity-related schemes, assess the governance practices and governance performance of companies in which those collective investment schemes invest.

### Direct Investments

In the case of direct investment in companies, this assessment of governance practices and performance is based on the Investment Manager's knowledge of the companies based on its direct interactions with companies, its analysis of the financial statements and related materials of companies, and information including specialised governance information and ratings from at least one Data Provider in order to satisfy itself that the relevant issuers follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance.

The Investment Manager monitors compliance with the social and/or environmental characteristics outlined above as follows:

### Collective Investment Schemes

The Investment Manager employs a thorough due diligence process, both before initial investment as well as on an ongoing basis, to assess the approach of the investment manager of the underlying scheme in integrating ESG factors into its decision-making process.

### Direct Investments

The Investment Manager on a regular basis carries out its own ongoing research and monitoring of portfolio companies and also uses the research and ratings from Data Providers.

The Investment Manager monitors a range of sustainability indicators to measure the environmental and social characteristics outlined above, including:

- ▶ The percentage of revenues earned on an estimated basis by portfolio companies which are generated from the provision of solutions to environmental challenges.
- ▶ The weighted average ESG rating of the portfolio, as determined by the use of ESG ratings of companies, supplied by an external Data Provider.
- ▶ The carbon intensity of the portfolio, measured by an external provider of carbon footprint measurement services.
- ▶ The percentage of board members of companies in which the Sub-Fund invests which are female.

The Fund does not have a designated reference benchmark.

## Next steps

To find out more about the Water Fund, the Alternative Energy Fund or the Innovator Fund, talk to the Advisor in your local Bank of Ireland branch:

**Fund Centre** 

**Sustainable Investing Hub** 

**Warning: The value of your investment may go down as well as up.**  
**Warning: These funds may be affected by changes in currency exchange rates.**  
**Warning: Past performance is not a reliable guide to future performance.**  
**Warning: If you invest in these funds you may lose some or all of the money you invest.**

The information set out is of a general nature, may have been condensed or be incomplete and should not be relied upon without seeking professional advice. We believe the information to be reliable but we cannot guarantee its accuracy. The information set out does not constitute an offer or recommendation to buy or sell any investments or to subscribe to any investment services.

Details are as at the date of this document unless otherwise stated and may change over time. For further details please refer to the fund brochure. Terms and conditions as set out in your policy conditions apply.

These funds have been developed solely by Bank of Ireland Life. While the underlying funds aim to track as closely as reasonably possible the performance of the stated indices, there is no trade connection between Bank of Ireland Life and these indices. Index providers do not sponsor, advise, recommend, endorse or promote these funds and has no liability whatsoever to any person arising out of their investment in these funds.

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Life assurance and pension products are provided by New Ireland Assurance Company plc trading as Bank of Ireland Life. New Ireland Assurance Company plc as Bank of Ireland Life is regulated by the Central Bank of Ireland. Member of Bank of Ireland Group. The Company may hold units in the funds mentioned on its own account from time to time.

Advice on Bank of Ireland Life products is provided by Bank of Ireland. Bank of Ireland trading as Bank of Ireland Insurance & Investments (Insurance & Investments) is regulated by the Central Bank of Ireland. Bank of Ireland is a tied agent of New Ireland Assurance Company plc for life assurance and pensions business. Member of Bank of Ireland Group.