ESG Disclosures under Investment Firms Regulations (IFR)

DATE: December 2022

Contents

ESG Risks

1. Disclosure requirements

In line with the requirements of IFD/IFR the firm is required to disclose information on environmental, social and governance ("ESG") risks, as defined in the EBA report on the management and supervision of ESG risks for credit institutions and investment firms issued on 23 June 2021.

2. Types of ESG Risks

ESG factors are environmental, social or governance matters that may have a positive or negative impact on the financial performance or solvency of an entity, sovereign or individual.

- Environmental risks are the risks of any negative financial impact on the institution stemming from the current or prospective impacts of environmental factors on its counterparties or invested assets.
- Social risks are the risks of any negative financial impact on the institution stemming from the current or prospective impacts of social factors on its counterparties or invested assets.
- Governance risks are the risks of any negative financial impact on the institution stemming from the current or prospective impacts of governance factors on its counterparties or invested assets.
- Physical risks are the risks of any negative financial impact on the institution stemming from the current or prospective impacts of the physical effects of environmental factors on its counterparties or invested assets.
- Transition risks are the risks of any negative financial impact on the institution stemming from the current or prospective impacts of the transition to an environmentally sustainable economy on its counterparties or invested assets.

3. Integration of ESG within Goodbody

The EBA Report, which is a key component of the EBA's broader ESG work, provides a comprehensive proposal on how ESG factors and ESG risks should be included in the regulatory and supervisory framework for credit institutions and investment firms.

ESG risks are embedded within Goodbody:

- Within the risk appetite and risk management framework
- As a key part of strategic formulation and key performance monitoring
- As part of the Sustainable Finance disclosure
- Underpinned by a robust corporate governance framework within the firm.

3.1 Risk Management Framework

Risk Appetite and ESG

Goodbody acknowledges ESG risks as key risks which may have significant impacts on the economy and the execution of the firm's strategy and has begun embedding these risks into the firm's risk appetite framework.

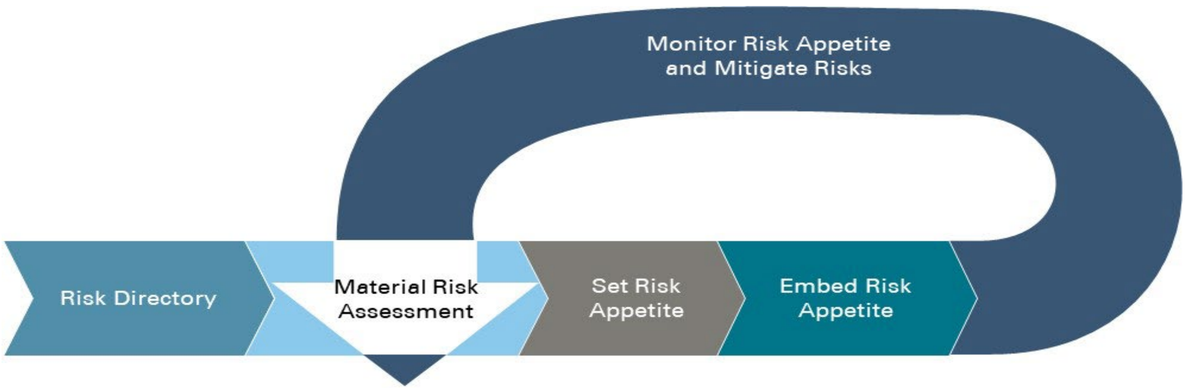
A mature Risk Appetite Framework ("RAF"), articulated through the Risk Appetite Statement ("RAS"), is a key component of the Risk Management Framework ("RMF"). Risk Appetite is the amount of risk that Goodbody Stockbrokers UC is willing to accept or tolerate in its pursuit of its strategic objectives.

The RAF sets out how Risk Appetite is managed in the firm. The purpose of the RAF is to set out:

- The principles under which the firm develops its RAS;
- The process by which the RAS is developed, reviewed and monitored; and,
- The roles and responsibilities across the Three Lines of Defence ("3LoD") in relation to Risk Appetite.

The RAS has been developed to outline the level of risk that Goodbody is willing to assume across each Material Risk. This is articulated through qualitative statements about the nature and type of risk that the firm will assume and quantitative metrics and limits that define the range of acceptable risk.

RAS Development Lifecycle



- The Risk Directory is a catalogue of the current and potential risk categories likely to impact the firm. It provides a taxonomy of risk categories and definitions.
- The Material Risk Assessment identifies the Material Risks to the firm and is approved by the BRC and Board.
- The Risk Appetite is developed by Risk Owners, working with the Risk Team, and is approved by the ERC and BRC.
- The Risk Appetite is embedded into how risk is managed across the firm and supported strategic decision making.

- Risk Appetite Qualitative Statements and Quantitative Metrics are monitored by the 2LOD and reported to ERC and BRC.
- On at least an annual basis, the Material Risks and Risk Appetite Statement are reassessed and reapproved.

Risk Directory

In recognition of their potential impact on Goodbody's strategic ambitions, Goodbody currently defines both ESG and Governance Risk as sub-risks of Business Model Risk on its Risk Directory.

Material Risk Assessment and ESG

Goodbody's Material Risk Assessment ("MRA") process is a 'Top-Down' Assessment performed on at least an annual basis and identifies the key material risks to the firm taking into account its strategic objectives, in addition to internal and external risk information. This 'Top-Down' risk identification and assessment process is overseen by the Group's CRO and supported by the wider Risk function.

The risk assessment process aims to include identification of emerging and evolving risks for the firm, including ESG risks, based on a review of the changing circumstances and conditions facing the firm by reference to our experience and a review of current and expected market trends, regulatory and industry commentary. A risk from any of these areas may be deemed as material; it is not the level or area of the risk but the business impact vis-á-vis the firm's strategic goals and risk appetite which is relevant to this materiality assessment. Risks are identified by monitoring the actual risk profile, as well as through Management input gathered through a consultation process across the firm and the tracking of key external information sources.

This process also identifies and helps to understand the key emerging risk drivers being future internal or external events which could have an adverse impact on the material risks or on the firm's strategy, operations and on our customers. Consideration of the velocity is taken into account in terms of how quickly the risk driver could emerge and the impact on the material risks. The probability, timescale and/or materiality of emerging risks can be particularly difficult and may lead to scenario testing and expert judgement being applied in its identification and assessment.

ESG as part of the MRA process

- In the firm's risk taxonomy, Governance Risk is defined as the risk that the firm's organizational infrastructure fails to provide robust oversight of decision making and the control mechanisms to ensure strategies, management instructions and the management of risks are implemented effectively. In recognition of its potential impact on the firm's ability to execute successfully on its strategic objectives, Governance Risk is recognised as a material sub-risk of Business Model Risk by the firm's MRA process. All material risks are monitored and reported on to the Executive and Board Risk committees through the CRO report.

- The suite of Risk Drivers assessed in the Goodbody MRA process includes Climate Risk, both the Physical and Transition risks, to consider the potential impact on the material risk categories of the firm.

Financial Risk and ESG

ESG risks are key drivers of financial risk and are built into the Firms Internal Capital Adequacy Assessment Process (ICAAP). The ICAAP is an assessment of the level and nature of risks to which Goodbody Stockbrokers UC (Goodbody) is or might be exposed and the determination of the level of capital that it considers adequate to cover those risks.

The key objectives of the ICAAP are to:

- Satisfy the Board and senior management of the robustness of the on-going assessment of Goodbody's Risk Management Framework.
- Detail how Goodbody intends to manage and mitigate material risks.
- Assess current and future projected capital requirements to support its strategic and financial objectives.
- Demonstrate Goodbody's internal capital adequacy to its supervisory authority and stakeholders.

Sensitivity-based scenario analysis considers the expected losses from the potential impact of a specific single risk factor, affecting capital, to Goodbody as a whole. The analysis includes macroeconomic and micro financial variables, statistical aspects of risk parameters and idiosyncratic factors.

- Within the Goodbody ICAAP, Climate Risk is considered. Climate risk refers to risk assessments of the consequences, likelihoods and responses to the impacts of climate changes to Goodbody's clients, stakeholders and the firm's investment, giving rise to financial risks. Further development is required in this area and working in partnership with its parent Goodbody is working towards assessing climate-related stress parameters in stress testing scenarios.

- In the firm's risk taxonomy, Governance Risk is defined as the risk that the firm's organisational infrastructure fails to provide robust oversight of decision making and the control mechanisms to ensure strategies, management instructions and the management of risks are implemented effectively. In recognition of its potential impact on the firm's ability to execute successfully on its strategic objectives, Governance Risk is recognised as a material risk by the firm's MRA process and is assessed through the ICAAP process.

Risk Management Function and ESG

The Second Line of Defence ("2LOD") comprises Risk and Compliance and oversees the 1LOD, setting the Risk frameworks, policies and limits consistent with the Risk Appetite of the firm. The functions are put in place by senior management to help ensure risk management processes and controls implemented by 1LOD are adequately designed and operate effectively. 2LOD is responsible for providing independent oversight and challenge to business line managers with regard to risk management, in a supportive and collaborative manner. Oversight involves regular monitoring of Business Units risk management activities and reporting. Challenge requires proactive engagement with business line managers to test and confirm the integrity and effectiveness of first line risk management.

As part of AIB Group (the Group), Goodbody's policy & governance architecture is aligned to that of the Group. Goodbody operates under the Subsidiary Governance Framework of the Group. Incorporating ESG risks into the relevant Policies and Frameworks is an ongoing activity and a maturing process within the firm. Areas for consideration include policies governing the firm's approach to Business Model & Capital Adequacy Risk, sub-risks of Operational Risk such as Third-Party Management and Credit Risk policies associated with counterparty exposure.

To ensure that the firm's 2LOD control functions are equipped to discharge their role, the Risk and Compliance functions undertake capabilities assessments on at least an annual basis. This facilitates the ongoing assessment of the capabilities required to manage all risks faced by the firm, including emerging risks and new regulatory obligations, and informs training and workforce planning. ESG risks and the associated regulatory landscape are considered as part of this process.

Internal Audit and ESG

The Group Internal Audit (GIA) function is an independent evaluation and appraisal function whose purpose is to assist the Board in the discharge of their governance responsibilities and to support Management in the achievement of approved strategic and operational objectives

As part of the 2023 Plan and 3-year cycle GIA will cover as relevant ESG in each Audit scope and this will be formalised during the planning meetings at the start of each audit.

Risk Culture

Goodbody defines Risk Culture as the values, behaviours, beliefs, knowledge, attitudes, awareness and understanding of and towards risk shared by individuals and groups within the firm. The awareness of an individual's own responsibilities within the defined Risk Management Framework is essential to this definition. Risk Culture is an integral part of the firm's overall Culture.

A sound Risk Culture is the basis for effective risk management and part of the 'how' of the Risk Management Framework – how our day-to-day behaviours and activities support and embed robust risk management practices. This applies to all categories of risk and will mature as the firm's approach to ESG risks matures.

Conduct Risk

Goodbody understands that it is exposed to Conduct Risk and that it exposes its clients to Consumer Protection Risks through its market and client activities. Goodbody is committed to the protection of its clients, its clients' assets and to providing a high-quality service to its clients across all business areas.

The firm's objective is to ensure that it can provide a high-quality service to its clients while abiding by its regulatory obligations and it will proactively seek to address any poor practices that present a risk to this objective.

The material Conduct sub-risks the firm actively manages include:

- Customer outcomes risk - The risk that inappropriate actions or inactions on a systemic scale cause poor or unfair customer outcomes or negatively impact market integrity, including mis-selling of products & services and market abuse.
- Governance and Regulatory - the risk that ineffective governance structures are put in place which do not effectively manage regulatory impacts to customers or do not mitigate the Goodbody's consumer protection risks.
- Conflicts of interest (e.g. through corporate activity in the area of merger & acquisitions (M&A), disposals, restructurings, Initial Public Offerings (IPOs), fundraisings and strategic advice to Irish public, private and semi-state/government clients)
- Insider trading - an intentional misuse of inside information for personal gain or an inadvertent transfer of inside information to 'public siders' where it is used in the ordinary course of that employee carrying out their activities.

Goodbody has in place a Conduct Risk Framework and Policies to manage the Conduct Risk profile of Goodbody. The Board Compliance Committee and Board Risk Committee oversee the firm's conduct risk profile and review conduct risk trends, internal and external stakeholder impacts and adherence to risk appetite.

Goodbody's remuneration policy promotes sound and effective risk management with respect to sustainability risks, ensuring that the structure of remuneration does not encourage excessive risk-taking with respect to sustainability risks. This includes an assessment of the performance of our employees based on:

- how employees integrate sustainability risk into investment decisions and
- the extent to which employees promote the principles of sustainability thus reducing sustainability risks.

The firm has also incorporated sustainability as one of the pillars of the firm's business strategy and now measures and assesses the performance of each business unit against defined targets linked to this pillar.

An assessment of performance against these targets will have an impact on the variable pay opportunity for each business area.

Goodbody has also met its obligations around Gender Pay Gap reporting and have a strategic programme of work developed to enhance Inclusion and Diversity practices in the future.

3.2 ESG and Strategy

Sustainability is a key strategic pillar of the firm with ESG related firm and business line key performance indicators defined during 2022 as a key enabler of strategy execution across the business.

The suite of Risk Drivers assessed in the Goodbody MRA process includes Climate Risk, both the Physical and Transition risks, to consider the potential impact on the material risk categories of the firm, including the ability of the firm to execute on its strategy.

A key purpose and value of the firm is to make a difference by contributing to long-term prosperity for our clients and for the firm by anticipating and responding to the risks and opportunities linked to the defining challenges of our time, including climate change..

Climate change, in particular, we believe will transform industries and therefore our customer base. It is our responsibility, as trusted advisors to our clients, to have a deep understanding of the risks and opportunities linked to climate change and other environmental and social issues. Understanding these issues so that we can future proof our clients' investments and their corporate strategies is paramount.

Within our Investment Banking business, the firm advises Corporates on both Green and Social funding programmes. The firm has in-house expertise in this area and have an ambition to assist our clients in lowering their funding costs by adopting best practices around green and social issues. Within our Capital Markets business, our research analysts, incorporate ESG factors in evaluating the investment case on all companies under our coverage. This is an evolving process as we regard strong ESG credentials as a competitive advantage for businesses.

While the business has always had sustainability themed programmes in place, the firm recognised a need to adopt a more strategic approach as to how those activities align to our corporate strategy. In 2022, the company undertook its first materiality assessment, led by an internal working group and has developed a sustainability framework, that articulates our ambition and identifies what ESG areas are most important to our firm. The company intends to launch this framework in Q1 2023.

As well as linking our sustainability ambitions to the strategy, the framework will include clear implementation plans for the business to pursue as well as a training and upskilling agenda for our people to support the key objective of deepening our sustainability expertise.

3.3 ESG and Sustainable Finance

As a leading financial services firm, we are acutely aware of the role we can potentially play in the growth of sustainable finance as we advise clients seeking to respond to sustainability challenges and integrate sustainability risks into our investment decision making processes, in both our Wealth and Asset Management business lines.

Pursuant to the Sustainable Finance Disclosure Regulation (SFDR), the following funds as part of our Asset Management suite of 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 do 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 factor in 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'.

Our Wealth Management business 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 Advisor**, sustainability risks are integrated into the investment and insurance 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.

3.4 Corporate Governance

Corporate Governance is defined as the procedures, processes and attitudes according to which an organisation is directed and controlled. The corporate governance structure specifies the distribution of rights and responsibilities among the different participants in the organisation such as the board, managers, shareholders and other stakeholders and lays down the rules and procedures for decision-making.

ESG is integrated into the governance structures through the embedding of ESG into the:

- Goodbody strategic pillars
- 3-year strategic plans,
- Risk management framework,
- Risk appetite and material risk assessment
- ESG key performance indicators,

all of which are approved and overseen by the Goodbody Board or Board committees.

BOARD AND BOARD COMMITTEES

The Board retains primary responsibility for corporate governance within the Company at all times. The Goodbody ExCo plays an important part in ensuring effective governance through delivery of the Board-approved strategy and the management and resolution of issues arising from the operations of Goodbody, consistent with Board approved policy.

Goodbody’s governance arrangements are based on the following principles:

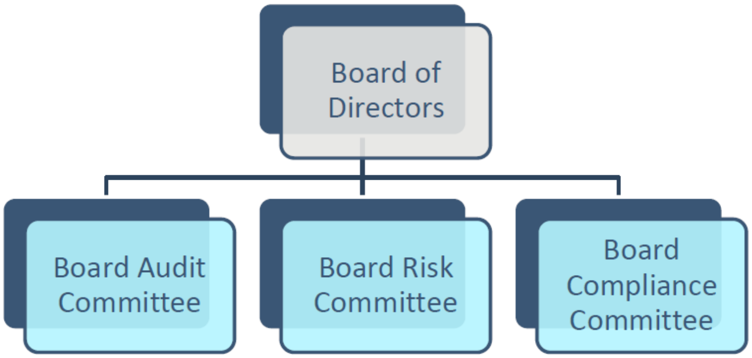
1. The Company is headed by an effective Board which is collectively responsible for the long-term, sustainable success of the Company.
2. The Board retains primary responsibility for corporate governance within the Company at all times.

3. There is a clear division of roles and responsibilities between the Chair of the Board and the Chief Executive Officer.
4. The ExCo supports the CEO in the effective day-to-day running of Goodbody's business and in the delivery of the Board-approved strategy.
5. The governance framework and organisational structure is sufficient to ensure that there is:
    a. effective oversight of the activities of the Company taking into consideration the nature, scale and complexity of, and risks inherent in, the business, and
    b. no one individual has unfettered powers of decision.
6. The Company's governance arrangements include:
    a. a Board of Directors of sufficient size and expertise to oversee the operations of the Company, led by a Chair who has the relevant qualifications, expertise and background to effectively conduct that role;
    b. a CEO to whom the Board has delegated responsibility for the day-to-day management of the Company, ensuring an effective organisational structure, the selection, motivation and direction of the ExCo, and for the operational management, compliance and performance of all the Company's businesses;
    c. a clear organisational structure with well defined, transparent and consistent lines of responsibility;
    d. a framework and policy architecture which comprises a comprehensive and coherent suite of frameworks, policies, procedures and standards covering business and financial planning, corporate governance and risk management;
    e. effective structures and processes to identify, assess, manage, monitor and report the risks to which Goodbody is, or might be exposed, including a three line of defence risk governance model; and
    f. adequate internal control mechanisms, including sound administrative and accounting procedures, IT systems and controls, people policies and practices, including remuneration, that are consistent with and promote sound and effective risk management.
7. The corporate governance structure, roles and responsibilities are articulated clearly and communicated to all appropriate staff within the Company.
8. The Company's governance and organisational arrangements comply with relevant statutory requirements and reflect relevant best practice standards and guidelines.

The Role of the Board

The Board has full responsibility for all of the operations and business of the Company in accordance with its legal and fiduciary duties and has responsibility for ensuring compliance with the regulatory and legal obligations of the Company. The business of the Company shall be managed by its Directors, who collectively may exercise all powers of the Company which are not required (under the Act or the Constitution of the Company) to be exercised by the Company in General Meeting.

The Board is assisted in carrying out its duties and obligations by a number of Board Committees. The following Board Committees are currently in operation:



Board Audit Committee

The Board Audit Committee is appointed by the Board to assist in fulfilling its independent oversight, statutory and fiduciary responsibilities. The Board Audit Committee will monitor and review (amongst other matters) the formal arrangements established by the Board in respect of:

- The quality and integrity of the Company's accounting policies, financial and narrative reports, and disclosure practices.
- The effectiveness of the Company's internal financial controls and accounting and financial reporting systems.
- The independence and performance of the Internal and External auditors.

The Board Audit Committee operates under its own Terms of Reference and shall comprise at least three Members all of whom shall be Non-Executive Directors, the majority of which shall be Independent Non-Executive Directors. The Chair of the Audit committee shall be an independent non-executive director.

The Audit Committee as a whole shall have relevant financial experience and at least one member shall have an appropriate qualification. Neither the Chair nor the CEO shall be a member of the Audit Committee.

Board Risk Committee

The Board Risk Committee is appointed by the Board to:

- Assist and advise the Board in fulfilling its oversight responsibilities in relation to the current risk exposures of the Company and future risk strategy, including
- Ensuring that risks within the Company are appropriately identified, reported, assessed, managed and controlled to include commission, receipt and consideration of reports on key risk issues;

- Ensuring that the Company's overall actual and future risk appetite and strategy, taking into account all types of risks, are aligned with the business strategy, objectives, corporate culture and values of the Company;
- Review and approval of risk methodologies, including risk reporting thresholds and risk classification.
- Monitoring current risk exposures against Board approved limits on exposures and concentrations.
- Promoting a culture for supporting risk management across the Company.

The Board Risk Committee operates under its own Terms of Reference and is composed of a majority of non-executive directors or independent non-executive directors or a combination of both.

Board Compliance Committee

The Committee's prime responsibility is

- To ensure that Compliance oversight is working effectively within the business and that resources are sufficient to support the objectives of the Compliance function. Specific responsibilities of the Committee include:
- Ensuring reasonable care has been taken to establish and maintain systems and controls (appropriate to the scale, nature and complexity of the business) to meet its regulatory requirements.
- Review the alignment of compliance and business objectives and the completeness of the Compliance Annual Plan and Monitoring Programmes.
- Assess the risks of money laundering and review the quality of current controls.
- Review and discuss monitoring findings, trends in errors and breaches and complaints
- Considering regulatory change and its impact on the business.

The Board Compliance Committee operates under its own Terms of Reference and is composed of a majority of non-executive directors or independent non-executive directors or a combination of both.

EXECUTIVE GOVERNANCE STRUCTURES

Goodbody Executive Committee (ExCo)

Accountable to the CEO, the ExCo is the most senior management committee of the Company. The ExCo comprises the group of senior executives selected by the CEO to support and assist in the effective day to day management of the Goodbody business and in the delivery of the Board approved strategy.

The ExCo works with and advises the CEO, ensuring a collaborative approach to decision making and collective ownership of strategy development and implementation, including promoting action to address performance issues as required.

The core overarching areas of oversight and decision making for the ExCo are:

- Strategy
- Business Performance Management
- Risk Management, Control, Governance & Assurance
- Third Party Management (including any Managed Services Agreement with AIB Group)
- People and Culture

The CEO chairs the Goodbody Executive Committee.

Executive Risk Committee (ERC)

The Goodbody Executive Risk Committee was established by and is accountable to the Goodbody ExCo. Its responsibility is to set policy and monitor all risk types across the firm to enable delivery of the firm's Risk Strategy. It is the primary Second Line Risk Management Committee of the Company.

The ERC supports the ExCo and the Board's Risk Committee in carrying out its responsibilities of fostering sound risk governance within the firm, ensuring that risks are properly identified, assessed, controlled and reported and that the firm's strategy is consistent with the Board-approved Risk Appetite. The Chairperson of the Committee is the Chief Risk Officer of the Company.