ESG.

HARVEST
FINANCIAL SERVICES

There have been significant EU regulatory developments in sustainable finance, one of which affects both the manufacturer and the advisor of financial products. Some terms used in the EU regulations are:

1. Sustainable finance, which refers to the process of taking due account of environmental, social and governance (ESG) considerations where:

    - environmental considerations are climate change mitigation, pollution prevention, etc.;
    - social considerations are human rights issues, diversity, etc.; and
    - governance considerations are inclusion of environmental and social considerations in decision making, etc.

2. Sustainability factors, which mean environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

3. Sustainability risk, which is an ESG event or condition that, if it occurs, could have a negative material impact on the value of the financial product i.e. a financial impact.

4. Principal adverse impacts, which are impacts following investment decisions / advice that result in negative effects on sustainability factors i.e. non financial impact.

Harvest Financial Services Limited's (Harvest) Investment Committee compiles our list of recommended funds from Irish and international manufacturers of financial products. The Investment Committee review the manufacturers:

a. websites to understand:
    a. their policies on the integration of sustainability risks in their investment decision making process;
    b. whether or not they consider principal adverse impacts of investment decisions on sustainability factors and applicable statements on due diligence;
    c. their remuneration policies;
b. pre contractual disclosures to understand:
    a. the manner in which sustainability risks are integrated into their investment decisions; and
    b. the results of their assessments of the likely impacts of sustainability risks on the returns of the financial products.

Harvest as an advisor considers and factors in sustainability risks into our advisory processes by:

a. reviewing the manufacturers' websites and pre contractual disclosures;
b. having financial products on our list of recommended funds that promote ESG characteristics or have an ESG objective e.g. the Harvest ESG strategy;
c. obtaining ESG preferences when fact finding clients;
d. providing a letter of suitability for all investment / insurance advice, which ensures clients' ESG preferences are matched with suitable financial products;
e. providing the manufacturers key information documentation, which includes ESG pre contractual disclosures, to clients with the letters of suitability.

Harvest do not advise on shares / equities except where the structure of a financial product is itself a company. In this circumstance, Harvest considers the principal adverse impacts on sustainability factors.

Harvest has a remuneration policy which is consistent with the integration of sustainability risks into our advisory processes i.e. Harvest will advise clients to invest in suitable financial products, taking account of our clients ESG preferences.

The legislative information contained herein is based on our understanding of current practice as at March 2021 and may be subject to change in the future.

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