HAWTHORN LIFE DAC
SUSTAINABLE FINANCE DISCLOSURES
REGULATION (EU) 2019/2088
ON SUSTAINABILITY-RELATED DISCLOSURES IN THE FINANCIAL SERVICES SECTOR

Sustainability Risk

Under Regulation (EU) 2019/2088 of the European Parliament and of the Council (the "**Disclosure Regulation**") Hawthorn Life DAC (the "**Company**") is required to make certain disclosures on the integration of sustainability risks associated with its investment decision making process. Sustainability risk is defined as:

> *". . . an environmental, social or governance event that, if it occurs, could cause an actual or potential negative material impact on the value of the investment*".

Fund Proposition

The Company commenced selling unit-linked investment products with optional guarantees in the UK in April 2005. Subsequently, the Company closed to all new unit-linked business, including top-ups, in May 2009.

The Company offers its policyholders a range of actively and passively managed funds and portfolios, including a suite of ready-made portfolios (funds of funds), to meet a range of risk profiles providing the policyholders with the ability to achieve market and sector based returns. Policyholders also have the option to choose from a list of self-select funds where each policyholder can construct a portfolio that meets their own risk profile within set product rules. Each of the Company's 'mirror' funds invests 100% into an externally managed fund and each external fund manager carries out the selection of investments.

The Company works with Morningstar Investment Management ("**Morningstar**"), an independent third party advisor, to select the funds on its investment proposition. As part of the Company's governance and oversight arrangements, the Company regularly reviews the latest Morningstar ratings of each fund along with its risk-adjusted performance against stated benchmarks and investment sectors. The Company's proposition management activities include, *inter alia*, the monitoring of the performance of all funds appearing on its proposition and the replacement of underperforming funds where this is warranted. In selecting replacement funds, the Company relies on the recommendations and ratings provided by Morningstar, including each fund's ESG Sustainability rating (reflecting the ESG risk of the fund's investments relative to its peers) and ESG Commitment Level (a qualitative assessment of how the fund takes ESG considerations into account in making its investment decisions). This rating process does not automatically exclude funds based on ESG scores.

Remuneration Policy

The Company's Remuneration Policy complies with the requirements of Article 275 of Regulation 2015/35/EU (the "**Solvency II Delegated Regulation**"). Sustainability risks are integrated within the Company's risk management system and there is no direct link between sustainability factors and the Company's remuneration practices.