

## Principal Adverse Sustainability Impacts Statement (Article 4)

### EU SUSTAINABLE FINANCE DISCLOSURE REGULATION

The Sustainable Finance Disclosure Regulation (“SFDR” or the “Regulation”) applied from 10 March 2021. The Regulation requires financial advisers such as Beutel Goodman (the “firm”) to provide information to investors with regards to the integration of sustainability risks, the consideration of adverse sustainability impacts, the promotion of environmental or social characteristics, and sustainable investment.

The firm considers principal adverse impacts of its investment advice on sustainability factors in relation to specific products. Therefore, this Principal Adverse Sustainability Impacts Statement specifically addresses the obligation in Article 4(5)(a) of the Regulation:

*“Financial advisers shall publish and maintain on their websites:*

*(a) information as to whether, taking due account of their size, the nature and scale of their activities and the types of financial products they advise on, they consider in their investment advice or insurance advice the principal adverse impacts on sustainability factors”*

Beutel Goodman notes that pursuant to the Regulation, the EBA, EIOPA and ESMA (the “ESAs”) are mandated to develop regulatory technical standards (the “RTS”) with respect to climate and other environment-related adverse impacts, and with respect to social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

Beutel Goodman notes further that as of the date of this Policy, the ESAs have published a final draft of the RTS, but the RTS remain subject to adoption by the European Commission. Notwithstanding this, where adverse impacts are considered in respect of one of the products the firm advises on, the firm will apply the standards as set out in the draft RTS as of the date of this Policy and will take ongoing advice to monitor and update its policies where necessary due to any change in the RTS upon adoption by the European Commission.

Beutel Goodman will also monitor the development and adoption of any further RTS and consider, where appropriate on a product-by-product basis, the adoption of those standards to be set out in such RTS.

More information related to the firm’s responsibilities under the SFDR, and the firm’s approach to ESG (Environmental, Social, and Governance factors) and responsible investment in general, can be found on the firm’s website at <https://www.beutelgoodman.com/about-us/responsible-investing/>.

## **SUSTAINABILITY FACTORS**

Beutel Goodman uses the definition of principal adverse sustainability impacts as described in Recital 20 of the Regulation: *“Those impacts of investment decisions that result in negative effects on sustainability factors.”*

*“Sustainability factors”* are defined in Article 2(24) of the Regulation as: *“environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters”*.

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## **ADVERSE SUSTAINABILITY IMPACTS STATEMENT**

Beutel Goodman has published here, in accordance with its obligations under Article 10 of the RTS, an adverse sustainability impacts statement in the format prescribed by the RTS.

Beutel Goodman notes that the European Commission, in its 25 November 2021 letter to the European Parliament and European Council, has indicated that the reporting of adverse sustainability impacts should be completed by 30 June 2023 with respect to the first full “reference period” under the RTS, such period being 1 January 2022 to 31 December 2022.

Beutel Goodman notes that the ESAs, in a joint supervisory statement dated 25 February 2021 (the “Joint Statement”), propose that a short form adverse sustainability impacts statement, using the draft RTS *“as a reference for applying the provisions of Articles 2a, 4, 8, 9, and 10 of the SFDR”* should be made until the first reference period. Beutel Goodman has therefore adopted an adverse sustainability impacts statement in the format proposed by the Joint Statement.

## **INFORMATION REFERRED TO IN SFDR ARTICLE 4(5)(A)**

Beutel Goodman considers the principal adverse impacts of its investment advice on sustainability factors in a manner appropriate to its size and the nature and scale of its activities, and the types of financial product it is advising on. Depending on the characteristics of the product on which it is advising, and in particular the product’s designation as promoting “environmental or social characteristics” (SFDR Article 8) or having “sustainable investment” as its objective (SFDR Article 9), the firm will determine and disclose whether, and the extent to which, it considers the principal adverse impacts of its investment advice.

In relation to products that do not expressly claim to promote environmental or social characteristics or have a sustainable investment objective, Beutel Goodman does not consider the principal adverse impacts of its investment advice.

In relation to products that promote environmental or social characteristics, or have sustainable investment as their objective, the firm considers principal adverse impacts to the extent described in that product’s pre-contractual documents.

In all cases, please refer to a product’s pre-contractual information for the specific policies applicable to that product.

## **USE OF PUBLISHED SFDR INFORMATION**

The firm uses the information referred to in the Regulation published by financial market participants, along with information from other sources, to inform its investment advice, to engage with investment assets, and to produce the reporting required by the Regulation. Specifically, to the extent that principal adverse impact and taxonomy alignment information relevant to current or potential investment targets is published by financial market participants, the firm uses that information:

- to inform the assessment of the philosophies and objectives of the management team of the target asset;
- to identify the most productive avenues for engaging in active ownership; and
- relying on the accuracy of that information as it is permitted to do under the Regulation, to prepare its own required reporting under the Regulation.

## **RANKING AND SELECTION METHODOLOGY**

The firm's investment advice, in relation to a given asset, is based on its assessment of the value of the asset relative to the current market price for that asset. Information about the principal adverse impacts of that asset's direct and indirect economic activities feeds into the valuation assessment, in line with the firm's Responsible Investment Policy. More information about how the firm considers strong ESG policies aligned with value-promoting management practices are available in the firm's [Responsible Investment Policy](#).

The firm does not directly rank or select financial products on the indicators used in Table 1 of Annex I of the Regulatory Technical Standards. The firm considers that these indicators, in isolation, are not adequate to produce a useful assessment of a potential investment asset's intrinsic value relative to its market price.

## **CRITERIA OR THRESHOLDS FOR SELECTION OF FINANCIAL PRODUCTS**

The firm does not directly operate any principal adverse impact criteria or thresholds in selecting financial products or advising for or against investment in those products.

## **REVIEW OF THE POLICY**

The Management Committee of Beutel Goodman has approved this policy statement. This Principal Adverse Sustainability Impacts Statement (Version 1) is effective as of April 1, 2022.

This policy statement will be reviewed annually by the Management Committee.