

Responsible Investment Framework

IAM's Responsible Investment Framework comprises three main components:

- **IAM has become a signatory of the United Nations Principles of Responsible Investing in October 2018.**
- **Support for the Paris Agreement**

Core Values

- IAM Responsible Investment Framework is based upon the values and principles of the partners' and the firm as a group. IAM is determined to contribute to society on a socially, economically and environmentally sustainable basis for the long term. In making business decisions, we take into consideration the needs and requirements of both the present and future generations. High moral and business ethics are the key pillars throughout the firm's decision-making processes and activities.
- IAM is striving to be the leading liquid alternative investment manager in Europe and be regarded as a role model for investment performance, transparency, risk management and working for a more sustainable, ethical environment. We have a deep commitment to our team-based approach, detailed processes, innovative spirit, high standards for quality and transparency, social responsibility and environmental awareness. These values make up the foundation of our day-to-day endeavours and define our attitude, internally and externally. We are careful to ensure our decisions are rigorous, thoughtful and considerate from a societal and business perspective, as well as sustainable from a long-term perspective.
- Our long-term goal is to deliver superior returns for clients while promoting sustainable growth, circular economy and fair society. In line with this goal, IAM supports the Paris Agreement and is actively looking into ways to lower greenhouse emissions and improve climate resilience within its assets under management and advice.

Background

The mission statement of United Nations Principles for Responsible Investments ("UN PRI"): "We believe that an economically efficient, sustainable global financial system is a necessity for long-term value creation. Such a system will reward long-term, responsible investment and benefit the environment and society as a whole. The PRI will work to achieve this sustainable global financial system by encouraging adoption of the Principles and collaboration on their implementation; by fostering good governance, integrity and accountability; and by addressing obstacles to a sustainable financial system that lie within market practices, structures and regulation."

The six Principles for Responsible Investment are a voluntary set of investment principles that offer a menu of possible actions for incorporating environmental, social and governance (ESG) issues into investment practice. The Principles were developed by investors, under the leadership of the United

Nations (UN). They have attracted a global signatory base representing a majority of the world's professionally managed investments.

As UN PRI signatory, IAM committed to the following six Principles for Responsible Investment:

- To incorporate Environmental, Social and Corporate Governance (ESG) issues into investment analysis and decision-making processes
- To be an active owner and to incorporate ESG issues into our ownership policies and practices
- To seek appropriate disclosure on ESG issues by the entities in which we invest
- To promote acceptance and implementation of the Principles within the investment industry
- To work with the PRI Secretariat and other signatories to enhance their effectiveness in implementing the Principles
- To report on our activities and progress towards implementing the Principles

The framework established by UN PRI provided the basis for IAM's Responsible Investment Framework.

The Paris Agreement has been adopted on 12 December 2015 in order to tackle climate change and its negative impacts. The Paris Agreement sets out the goal of limiting global warming to well below 2 degrees Celsius, preferably to 1.5 degrees Celsius, compared to the pre-industrial levels. Additionally, the Paris Agreement aims to increase the ability of countries to deal with the impacts of climate change, and at making finance flows consistent with a low greenhouse emissions and climate resiliency.

In line with IAM's support got the Paris Agreement, we will tailor the Responsible Investment Framework to address the impact of the portfolios under management as well as the sub-funds on IAM Investments ICAV platform on climate change.

Definition

The responsible investment targets our core values of sustainable growth, circular economy and fair society. We believe that it is our fiduciary duty to deliver superior results while promoting responsible investment policies.

Implementation

The Responsible Investment Framework has been implemented on three levels:

- Review of internal policies and procedures at IAM in order to incorporate ESG issues into our investment analysis and decision-making process.
- Review of all managers across the portfolio of funds and the ICAV platform for any ESG issues.

- Screening of underlying portfolios of ICAV funds against a pre-determined set of ESG issues and product involvement.

We continuously review how we address ESG issues in our daily activities including:

- Social policies in place
- Diverse and non-discriminatory environment
- Adherence to best practices in corporate governance
- Recycling in the office
- We will review our carbon footprint and investigate potential ways to offset it

Review of underlying managers for any ESG issues has been incorporated into the ODD Review of new investments and on-going monitoring of portfolio managers:

- The review covers ESG policies:
 - Social policies: health and safety approach, employee relations including flexible working and fair parental leave, gender and ethnic diversity, policies against discrimination
 - Environmental impact: policies on estimating and reducing carbon footprint, recycling, water and energy efficiency
 - Good governance: policies against bribery, corruption, political lobbying and donations, policies on gifts and entertainment as well as reimbursable expenses. Board diversity and functions, tax strategy, stewardship policies
- For all managers, we make an assessment of them as a firm along these parameters.
- ESG is now a separate area under ODD ratings so all managers will be rated going forward.
- All ODD reports will be updated based on the review as part of the on-going monitoring programme.

The Responsible Investment Framework also comprises the review of the underlying portfolios of the ICAV funds:

- We have implemented the quarterly screening of the ICAV portfolios against certain ESG issues and product involvement.
- The list includes screens against:
 - Breaches of UN's Global Compact Principles, including human rights, environmental standards and labour rights
 - Controversial weapons, including cluster munitions
 - Adult entertainment

- Arctic oil & gas
 - Oil & Gas
 - Oil Sands
 - Shale energy
 - Thermal Coal
- The screening takes place as of the end of each calendar quarter
 - Controversial weapons exclusion list is in place
 - Flags identified during the quarterly screens are discussed and documented, some exclusions are possible based on the outcome of the discussions, see for further details below
 - Quarterly reports are available, with the detailed assessment of any flagged ESG issues and exposure to the industries listed above

Review of underlying portfolios of the invested hedge funds within the Responsible Investment Framework:

- Hedge fund managers are starting to discuss ways to address ESG issues in their investment process.
- We will continue to raise ESG screening with the portfolio managers in order to promote the UN PRI.
- We are looking into ways to join or organise a working group of asset allocators that will focus on ESG screening implementation within alternative asset management industry.

Exclusions

All managers including hedge funds and sub-funds on ICAV are expected to follow any legally required exclusions (i.e., those required by domestic/international law, bans, treaties or embargoes). The ODD team will check with the manager prior to the investments that relevant restriction lists are in place. The ODD team will also monitor such compliance on an ongoing basis.

The portfolios of the sub-funds on the ICAV are screened for holdings in companies that violate minimum standards of business practice based on international norms, including OECD guidelines, the UN Human Rights Declaration, Security Council sanctions or the UN Global Compact. Companies that are flagged by Sustainalytics as “Non-Compliant” will be discussed with the sub-manager and will be excluded from the portfolio going forward if no remedial action is evident.

The portfolios of the sub-funds on the ICAV are also screened for the exposure to certain industries and the following exclusions are applied based on our organisation's values and beliefs:

Controversial weapons:

- Anti-personnel mines – divest
- Cluster weapons – divest
- Depleted uranium – divest if revenue exceed 5%
- Nuclear weapons – divest if revenue exceed 5%
- White phosphorus – divest if revenue exceed 5%
- Biological and chemical weapons – divest if revenue exceed 5%

Fossil fuels:

- Oil sands extraction - divest
- Arctic oil and gas exploration and extraction - divest
- Shale energy extraction - divest
- Thermal coal extraction and power generation – divest if revenue exceeds 5%
- Oil and gas production, supporting products, power generation – divest if revenue exceeds 25%

Adult entertainment:

- Production – divest
- Distribution – if revenue exceeds 5% - discuss with the sub-manager and add to action list if necessary

Stewardship

UN PRI defines stewardship as “the use of influence by institutional investors to maximise overall long-term value, including the value of common economic, social and environmental assets, on which returns and client and beneficiary interests depend.”

Stewardship activities include:

- engagement with issuers (in all asset classes and for both current and potential investees);
- voting at shareholder meetings;
- filing of shareholder resolutions/proposals;
- direct roles on investee boards and board committees;
- negotiation with and monitoring of the stewardship actions of suppliers in the investment chain;
- engagement with policymakers;
- engagement with standard setters;

- contributions to public goods (such as research) and public discourse (such as media) that support stewardship goals; and, where necessary, litigation.

The ODD team aims to expand its involvement in stewardship activities. The ODD program will be expanded to deepen our understanding of the policies and procedures in relation to stewardship as used by the managers of hedge funds and sub-managers on the ICAV. Considering the investable universe, the focus will be on proxy voting and shareholder engagement with the emphasis on promoting our cover values of sustainable growth, circular economy and fair society.

Implementation and Oversight

The Board of directors of IAM is charged with the oversight over the development and implementation of the Responsible Investment Framework. The Board will discuss IAM's approach at least quarterly and will review all reporting, including UN PRI report, prior to submission.

The CEO provides oversight and input into the development and implementation of the Responsible Investment Framework. The CEO is involved in the development of all initiatives and will have a regular dialogue with the Head of ODD and Sustainability to provide feedback on core values and priorities.

Considering the fact that a conflict of interest may arise in allocating investment opportunities while also considering the implementation of the Responsible Investment Framework, the Head of ODD and Sustainability has been designated as a person who is responsible for the development and incorporation of the Responsible Investment Framework on a daily basis, including the following:

- Maintaining and expanding as required the Responsible Investment Framework
- Implementation of SFDR and re-designation of the sub-funds on the ICAV as Article 8
- Carrying out reviews of the ESG reviews of the hedge fund managers and the sub-managers on the ICAV
- Quarterly screening procedures for the sub-funds on the ICAV
- Maintenance of client-specific ESG mandates and related reporting
- Development and implementation of the stewardship activities that will form a part of the ODD program
- ESG research including regular presentations to the wider team and delivery of any training programs, as deemed necessary

The portion of the variable remuneration of the Head of ODD and Sustainability is linked to meeting the objectives listed above and will be assessed by the Board of IAM on an annual basis. The Head of ODD and Sustainability reports jointly to the CEO and the Board of IAM.