

## Responsible Investment Framework

**IAM has become a signatory of the United Nations Principles of Responsible Investing in October 2018.**

UN PRI's mission statement: "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 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, environmental impact, social impact and governance.
- 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
- 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.