



## Statement on principal adverse impacts of investment decisions on sustainability factors

29 June 2023

### Financial market participant:

iM Global Partner Asset Management S.A.

LEI: 549300ZMLIWSWKORN073

### Summary

iM Global Partner Asset Management S.A. (“iMGPAM” or the “Management Company”) considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of iMGPAM in relation to the Sub-funds under its management that have been classified as article 8 or 9 under the Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (“SFDR”). For the period under review, this represents 14 article 8 SFDR and 1 article 9 SFDR Sub-funds.

Reference to Sub-funds in this statement means each relevant compartment of iMGP, the umbrella company (“iMGP” or the “SICAV”). iMGP is a *societe d’investissement a capital variable* that qualifies as a UCITS and operates under the supervision of the *Commission de Surveillance du Secteur Financier* in Luxembourg.

iMGPAM has delegated the investment management decisions on the different Sub-funds to external Sub-Managers so as to benefit from the expertise of some of the world’s leading investment managers across asset classes. As such, the principal adverse impact of investment decisions made by the Sub-Managers on behalf of these Sub-funds is included in the consideration of principal adverse impact at the level of iMGPAM.

This statement on principal adverse impacts on sustainability factors covers the reference period from 14 June to 31 December 2022.

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



Principal adverse impact (“PAI”) indicators are a way of measuring how our investment decisions negatively impact sustainability factors. iMGPAM manages a series of Sub-funds which are classified as article 8 or article 9 SFDR for which several PAI indicators are used as indicated in the relevant pre-contractual information. The data included in this document has been aggregated across the investments managed by iMGPAM for the year 2022, unless stated otherwise. In total, this represents information on a wide range of PAI indicators relating to greenhouse gas emissions, biodiversity, water, waste, social and employee matters, human rights, anti-corruption and anti-bribery matters.

These indicators vary depending on the investment strategy of each relevant Sub-fund and strongly depend on data quality and availability. In whole, they offer an overview of the relevant aggregate adverse impact profile of Sub-funds for which iMGPAM acts as management company.

iMGPAM works alongside the Sub-Managers to measure, analyse, monitor and report on the potential adverse impacts of the investment decisions that the latter make when managing each Sub-fund.

## Description of the principal adverse impacts on sustainability factors

Indicators applicable to investments in investee companies					
Adverse sustainability indicator	Metric	Impact 2022	Impact 2021 <sup>1</sup>	Explanation <sup>2</sup>	Actions taken, and actions planned and targets set for the next reference period

CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS					
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	2,730 tons CO2e	N/A	Source: Impact Cubed The figure relates to iMGP - Sustainable Europe, the only article 9 SFDR Sub-fund managed by iMGPAAM. The largest contributors to the Sub-fund's financed scope 1 emissions were Smurfit Kappa and Lenzing. This figure represents a coverage ratio of 91%. The majority of the portfolio companies report their scope 1 emissions and are likely to continue to do so. In 2022, the Sub-Manager engaged with Lenzing to improve their sustainability targets. The Sub-Manager required them to include targets as part of management KPIs. This was a successful engagement.

<sup>1</sup> Impact figures for the year ended on 31 December 2021 are not required to be calculated and published by iM Global Partner Asset Management S.A.

<sup>2</sup> Explanation of difference in impact reported will be published by 30 June 2024 for the first time, and continuously on an annual basis.



						<p>The Sub-Manager requires the portfolio companies to reduce their emissions by 50% by 2030 and be net zero by 2050 in line with the Net Zero Asset Manager’s Initiative. The Sub-Manager is engaging with companies to ensure this is implemented. At the end of the reference period, 82.74% of the portfolio had set a net-zero carbon target of 2050 or earlier. This remains a topic for engagement in 2023.</p>
		Scope 2 GHG emissions	1,460 tons CO2e	N/A	Source: Impact Cubed	<p>The figure relates to iMGP - Sustainable Europe.</p> <p>The largest contributors to the Sub-fund’s financed scope 2 emissions were again Smurfit Kappa and Lenzing, both of which utilize significant energy in their manufacturing processes.</p> <p>The figure represents a coverage ratio of 84%.</p> <p>In 2022 the Sub-Manager engaged with Infineon regarding their renewable energy consumption. The company has now achieved 100% reliance on renewable power in Europe.</p>
		Scope 3 GHG emissions	36,490 tons CO2e	N/A	Source: Impact Cubed	<p>The figure relates to iMGP - Sustainable Europe.</p> <p>The largest contributors are Hexagon,</p>

						<p>Belimo and Tomra.</p> <p>The figure represents a coverage ratio of 49%. Many companies are still yet to report a complete figure for scope 3 emissions that includes all material categories. The Sub-Manager expect this figure to be the most volatile as companies begin to measure and report more categories of scope 3.</p> <p>In 2023 the Sub-Manager aims to engage with the highest emitters to ensure they have a credible decarbonization plan.</p>
		Total GHG emissions	40,680 tons CO2e	N/A	Source: Impact Cubed	The Sub-Manager of iMGP - Sustainable Europe will continue to monitor GHG emissions across the portfolio and engage where necessary with companies.
	2. Carbon footprint	Carbon footprint	For the year 2022, the impact corresponding to Article 8 Sub-funds related to Carbon Footprint is 52.72 Tons of CO2 Emission per milion of sales. The	N/A	<p>Source (iMGP - Sustainable Europe): ClarityAI</p> <p>Source Article 8 Sub-funds: Sustainalytics and Sub-managers data</p>	<p>Almost all of the Sub-funds that iMGPAM manages that are classified as article 8 under SFDR calculate the carbon footprint of their respective portfolios. Carbon footprint has been identified as the most relevant adverse indicator to measure the alignment of the portfolios with the ESG characteristics promoted by each relevant Sub-fund.</p> <p>For the next reference period, it is expected that the carbon footprint of the relevant portfolios will continue to be calculated and monitored. In certain</p>

			<p>impact corresponding to the Article 9 Sub-fund related to Carbon Footprint is 87.81 Tons of CO2 Emission per milion of sales.</p>			<p>cases, where a Sub-Fund seeks to achieve a target carbon score, the Sub-Manager will assess whether the target has been met and how it evolves with respect to previous periods observations.</p> <p>In relation to iMGP - Sustainable Europe, the largest contributors are Lenzing and Vestas. In 2022, the Sub-Manager engaged with Lenzing to clarify its understanding of their net zero carbon (NZC) targets.</p> <p>As at 31<sup>st</sup> December 2022, Article 8 Sub-funds amount to 66.27% of the SICAV's assets under management ("AUM"). As at 31<sup>st</sup> December 2022, the Article 9 Sub-fund amounts to 10.71% of the SICAV's AUM.</p>
	3. GHG intensity of investee companies	GHG intensity of investee companies	344.71 tons CO2e / €1m revenue	N/A	Source: ClarityAI	<p>The figure relates to iMGP - Sustainable Europe where the largest contributors are Lenzing, DSM and Belimo. In 2022 the Sub-Manager engaged with DSM regarding their emissions and emissions targets, as well as clarifying aspects of their NZC strategy. The Sub-Manager also engaged with Lenzing, specifically on their product impact. One future area for engagement would be Lenzing's absolute and relative emissions.</p>

						<p>In 2023, the Sub-Manager will be part of the Institutional Investors Group on Climate Change (IIGCC) Net Zero Engagement Initiative with a focus on DSM and Croda. The aim is to encourage companies to set credible transition plans.</p>
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	For the year 2022, Fossil Fuel exposure represents 1.87% of Article 8 Sub-funds' assets on average. No portfolio companies are active in the fossil fuel sector in our Article 9 Sub-fund.	N/A	<p>Source (iMGP - Sustainable Europe): ClarityAI</p> <p>Source Article 8 Sub-funds: Sustainalytics and Sub-managers data</p>	<p>The majority of the Sub-funds that iMGPAM manages that are classified as article 8 under SFDR calculate the exposure of their portfolios to companies which are active in the fossil fuel sector.</p> <p>Some Sub-funds have exclusions policies in place that prevent the investment in companies involved in specific fossil fuel segments above a defined threshold. For instance, companies deriving more than 5% of revenues from coal, unconventional oil &amp; gas and artic oil &amp; gas are excluded from the investable universe of certain Sub-funds.</p> <p>For the next reference period, it is expected that the exposure to companies active in the fossil fuel sector of the relevant portfolios will continue to be calculated and monitored. In addition, it is expected that the abovementioned restrictions will continue to apply.</p>

						<p>In relation to iMGP - Sustainable Europe, no portfolio companies are active in the fossil fuel sector. The Sub-Manager's investment process excludes those companies active in the fossil fuel sector. This is monitored in the investment process.</p> <p>As at 31<sup>st</sup> December 2022, Article 8 Sub-funds amount to 66.27% of the SICAV's AUM.</p> <p>As at 31<sup>st</sup> December 2022, the Article 9 Sub-fund amounts to 10.71% of the SICAV's AUM.</p>
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	Consumption: 64.7 %	N/A	Source: Impact Cubed	<p>The figure relates to iMGP - Sustainable Europe where the largest contributors are Croda and Belimo.</p> <p>In 2022, the Sub-Manager engaged with Infineon regarding their renewable energy consumption. The company has now achieved 100% reliance on renewable power in Europe.</p> <p>In 2023, the Sub-Manager will be part of the IIGCC Net Zero Engagement Initiative with a focus on DSM and Croda. The aim is to encourage companies to set credible transition plans.</p>
	6. Energy consumption intensity	Energy consumption in GWh per million EUR of revenue of	Total: 0.24 GWh / €1m revenue	N/A	Source: ClarityAI	<p>The figures relate to iMGP - Sustainable Europe, as follows: Sector C: Manufacturing (Lenzing, DSM, Croda)</p>



	per high impact climate sector	investee companies, per high impact climate sector	<p>Sector C: 0.27 GWh / €1m revenue</p> <p>Sector E: 0.09 GWh / €1m revenue</p> <p>Sector G: 0.02 GWh / €1m revenue</p>			<p>Sector E: Water Supply, sewage, waste management (Tomra)</p> <p>Sector G: Wholesale and retail trade; repair of motor vehicles (HelloFresh).</p> <p>The Sub-Manager will continue to monitor energy consumption over the next reference period.</p>
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	0%	N/A	Source: ClarityAI	<p>The figure relates to iMGP - Sustainable Europe which is not expected to be exposed to biodiversity-sensitive areas due to the nature of the Sub-fund's investments.</p> <p>Biodiversity risks were monitored within the investment process during the reference period, and this will continue over the next reference period.</p>
Water	8. Emissions to water	Tons of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0.04 tons / €1m invested	N/A	Source: ClarityAI	<p>The figure relates to iMGP - Sustainable Europe. Smurfit Kappa is the only portfolio company disclosing emissions to water currently. Therefore, the Sub-Manager would expect this figure to change significantly as more companies begin measuring and reporting emissions to water.</p>

						Emissions to water is not material for most portfolio companies. For those where it is material it will be included as a potential engagement focus for 2023.
Waste	9. Hazardous waste and radioactive waste ratio	Tons of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	0.55 tons / €1m invested	N/A	Source: ClarityAI	The figure relates to iMGP - Sustainable Europe where the largest contributors are Lenzing and DSM. The Sub-Manager is leading a group of investors to engage with management to encourage fuller disclosure and commitments to phase-out hazardous chemicals including with DSM.
<b>INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS</b>						
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	For the year 2022, no violation of UN Global Compact principles and OECD Guidelines is to declare, or 0% at the level of the Management Company for Article 8 and Article 9 Sub-funds.	N/A	Source Article 8 Sub-funds: Sustainalytics and Sub-managers data  Source (iMGP - Sustainable Europe): ISS	A majority of Sub-funds that have been classified under article 8 SFDR monitor and calculate the share of the portfolio that is exposed to companies which are in violation of the UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises. Some of these Sub-funds have put exclusions lists in place whereby companies which are non-compliant or which act in severe violation of such principles and guidelines are excluded from the portfolios.

	Multinational Enterprises					<p>For the next reference period, it is expected that the exposure to companies which are in violation of the UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises will continue to be calculated and monitored. In addition, it is expected that the abovementioned restrictions will continue to apply.</p> <p>In relation to iMGP - Sustainable Europe fund, no portfolio companies are in violation of the abovementioned guidelines and principles and this is monitored within the investment process.</p>
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to	0%	N/A	Source: ISS	<p>This figure is relevant to iMGP - Sustainable Europe, where no portfolio companies are in violation of the abovementioned guidelines and principles and this is monitored within the investment process.</p>

	Guidelines for Multinational Enterprises	address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises				
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	7.49 %	N/A	Source: ClarityAI	This figure is relevant to iMGP - Sustainable Europe where coverage is only 40% currently. The largest contributor is Arcadis. In 2023 an engagement focus for Arcadis will be Living Wage.
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	31.56 %	N/A	Source: Impact Cubed	This figure is relevant to iMGP - Sustainable Europe where coverage is 96% currently. The largest contributors are Arcadis and Lenzing. In 2022, the Sub-Manager voted against all companies where the percentage of women on the board was less than 33%. Following a vote against management, the Sub-Manager writes to all companies to explain its reasoning. The Sub-Manager will continue to vote and engage in this way in 2023.
	14. Exposure to controversial weapons (anti-personnel mines, cluster	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	For the year 2022, no exposure to controversial weapons is to declare, or 0% at the level of the Management	N/A	Source: iMGPAM	As a firm, iMGPAM has decided to exclude a few sectors that have a clear negative impact on sustainable development. In this sense, it has implemented a policy of exclusion of investments in companies actively engaged in producing cluster munitions, biological and chemical weapons, anti-personnel

	munitions , chemical weapons and biological weapons)		Company for Article 8 and Article 9 Sub-funds.			mines (all considered “controversial weapons”). This policy applies across the fund range managed by iMGPAM, regardless of the relevant SFDR classification of the Sub-fund. According to this policy, a regular exclusion list is built in line with the spirit and framework put in place by the main international agreements in the subject, including the Ottawa Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction dated 1999, the Oslo Convention on cluster munitions dated 2008 and the Luxembourg Law of 4 June 2009. Therefore, no Sub-fund is currently exposed to controversial weapons. It is not expected that this will change in the next reporting period.
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Indicators applicable to investments in sovereigns and supnationals						
Adverse sustainability indicator	Metric	Impact 2022	Impact 2021 <sup>1</sup>	Explanation <sup>2</sup>	Actions taken, and actions planned and targets set for the next reference period	
Environmental	15. GHG intensity	GHG intensity of investee countries	N/A	N/A	N/A	iMGPAM manages various Sub-funds which may have an exposure to debt

Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	N/A	N/A	N/A	issued by sovereign or public supranational bodies. For the reporting period, none of this Sub-funds has decided to monitor and calculate the GHG intensity of the portfolios nor the number of investee countries subject to social violations as referred to in international treaties and conventions, United Nations principles and, where applicable, national law given the lack of reliable data. For the next reporting period, the position will be reassessed depending on data accuracy and availability.
<b>Indicators applicable to investments in real estate assets</b>						
<b>Adverse sustainability indicator</b>	<b>Metric</b>	<b>Impact 2022</b>	<b>Impact 2021<sup>1</sup></b>	<b>Explanation<sup>2</sup></b>	<b>Actions taken, and actions planned and targets set for the next reference period</b>	
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	N/A	N/A	N/A	None of the Sub-funds managed by iMGPAM is invested in real assets.
Energy efficiency	18. Exposure to energy-	Share of investments in	N/A	N/A	N/A	



	inefficient real estate assets	energy-inefficient real estate assets				
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**Other indicators for principal adverse impacts on sustainability factors**

Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metric	Impact 2022	Impact 2021 <sup>1</sup>	Explanation <sup>2</sup>	Actions taken, and actions planned and targets set for the next reference period
<b>Indicators applicable to investments in investee companies</b>						
<b>CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS</b>						
Water, waste and material	1. Exposure to areas of	Share of investments in investee	0%	N/A	Source: ClarityAI	This figure is relevant to iMGP - Sustainable Europe.

emissions	high water stress	companies with sites located in areas of high water stress without a water management policy.				The Sub-Manager’s investment process means that it is unlikely to invest in companies with material ESG risks such as those active in high water stress areas.
	2. Investments in companies producing chemicals	Share of investments in investee companies the activities of which fall under Division 20.2 of Annex I to Regulation (EC) No 1893/2006	0%	N/A	Source: ClarityAI	This figure is relevant to iMGP - Sustainable Europe. The Sub-Manager’s investment process means that it is unlikely to invest in companies with material ESG risks such as those active in high water stress areas.

INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS						
Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metric	Impact 2022	Impact 2021 <sup>1</sup>	Explanation <sup>2</sup>	Actions taken, and actions planned and targets set for the next reference period
<b>Indicators applicable to investments in investee companies</b>						
Human Rights	1. Number of identified cases of severe human rights	Number of cases of severe human rights issues and incidents connected to investee	0	N/A	Source: ClarityAI	This figure is relevant to iMGP - Sustainable Europe. This indicator is monitored within the Sub-Manager’s investment process.



	issues and incidents	companies on a weighted average basis				
Anti-corruption and anti-bribery	2. Number of convictions and amount of fines for violation of anti-corruption and anti-bribery laws	Numbers of convictions and amount of fines for violations of anti-corruption and anti-bribery laws by investee companies	1: 0 2: 0 million EUR	N/A	Source: ClarityAI	This figure is relevant to iMGP - Sustainable Europe. This indicator is monitored within the Sub-Manager's investment process.

## Description of policies to identify and prioritise principal adverse impacts on sustainability factors

### Governance

iMGPAM has put in place an ESG Policy which sets out the guiding principles around sustainability and ESG integration in relation to the different Sub-funds it manages. The current version of the ESG Policy was approved by the Board of Directors of iMGPAM (the “Board”) in November 2022 and is reviewed on an annual basis.

From an organisational perspective, the Asset Management team of the Management Company leads the process of collaboration and communication with the various Sub-Managers. This includes the review and assessment of the PAI indicators provided by the latter on an ongoing basis. Additionally, the Risk Management Team will monitor and control that investment restrictions relevant to a particular Sub-fund are complied with (e.g. no investment in companies involved in the production of controversial weapons). Finally, the Legal and Compliance team will own regulatory oversight to ensure that iMGPAM fulfils its regulatory obligations (including on sustainability related disclosures) at all times.

iM Global Partner SAS (the parent company of iMGPAM) has established an ESG Committee which is responsible for approving and defining the implementation of the ESG policy of the iM Global Partner group, including that of iMGPAM. The ESG Committee generally meets on a bi-



monthly basis and reports to the Board, who is ultimately responsible for ensuring that iMGPAAM complies with its legal and regulatory obligations, including the production of this statement.

As described in the ESG Policy, iMGPAAM defines, with the support of and in collaboration with each Sub-Manager how and when ESG criteria will be incorporated into the investment process of each relevant Sub-Fund, including definition of relevant PAI on sustainability factors. The sustainability approach should be relevant for a particular asset class and consistent with the investment philosophy of a particular Sub-Manager.

On an annual basis (or at a lower frequency if and when needed), the Management Company will perform a due diligence on the Sub-Managers, which will include a review of their procedures, policies, processes and controls with regards to ESG and sustainability. Specific reporting requirements are agreed in writing between iMGPAAM and each Sub-Manager and included in the relevant investment management agreement.

#### Methodology

The Sub-Funds generally integrate material ESG factors as part of an evaluation of a company's financial risks and the level of integration will depend on the asset class and the Sub-Manager. Some Sub-funds may include criteria that exclude investments in issuers with negative social or environmental impact or which do not follow good governance practices, as well as positive eligibility criteria, including a target on their ESG quality score. Investments in companies actively engaged in producing controversial weapons are prohibited across the range, as further developed below.

Other Sub-Funds may rely on a full ESG integration approach where each invested security will be subject to a thorough assessment based on a variety of ESG factors provided by external sources complemented by the relevant Sub-Manager internal research. While the Sub-Manager may on a case-by-case basis retain instruments for the portfolio showing lower ESG characteristics, an important part of the portfolio shall be invested in financial instruments considered by the Sub-Manager as showing high ESG characteristics according to its own ESG policy.

When applicable, the exclusion lists and the positive eligibility criteria will be supplemented by consideration of one or more PAI in the investment decision process.

In relation to our article 9 SFDR Sub-Fund, namely iMGP Sustainable Europe, and as further described in the table above, the Sub-Manager has considered all mandatory and four optional PAI in the application of its investment process. The Sub-fund's thematic structure means that it is largely absent from sectors with major social and environmental impacts, with materiality defined by the International Sustainability Standards Board (SASB guidance). Nonetheless, the Sub-Manager systematically integrates analysis of material ESG issues into its fundamental



stock level analysis, and investment monitoring process. Where the Sub-Manager feels a portfolio company is not performing to the appropriate standards, it uses a number of engagement methods to encourage improvement.

More specifically, the investment process analyses and assesses potential negative impacts at the product level (significant social and environmental impact). The Sub-Manager also integrates analysis of material ESG issues into its assessment of a company's operations using a SASB-derived framework and utilises third party screening to ensure portfolio holdings are in compliance with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. SASB standards highlight key sustainability information that is reasonably likely to affect the financial performance of a company within an industry.

The Sub-Manager does not invest in companies that would offend the Do No Significant Harm (DNSH) material criteria for the business as a whole. The DNSH criteria ensures that no portfolio company would significantly harm any of the six environmental objectives within the EU Taxonomy Regulation<sup>3</sup>. These six objectives are: climate change mitigation; climate change adaptation; sustainable use and protection of water and marine resources; circular economy; pollution prevention and control and; protection and restoration of biodiversity and ecosystems.

#### Data sources

Sustainalytics is iMGPA's main data source. Sub-Managers may compile and provide data from various other sources (whether internal or external, such as ISS, Clarity AI and Impact Cubed) to supplement the Management Company's analysis.

Some PAI such as the carbon footprint and the fossil fuel exposures require straightforward calculations based on Sustainalytics reports run by the Management Company and the Sub-Managers. For 2022, we used quarterly data points and we averaged the results to obtain the reported figures. UN Global Compact Principles infringement and Controversial weapons exposure data are monitored by our Risk Management team with the assistance of the relevant Sub-Managers.

The PAIs relevant to our article 8 SFDR Sub-Funds fall within the full discretion of the Sub-Managers, i.e. any mathematical concept such as "probability of occurrence" and/or "severity of PAI" does not correspond to a probability continuum but rather to a "include or exclude" decision of the relevant Sub-Manager.

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<sup>3</sup> Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088.



The Management Company, as an ongoing concern and with the assistance of the relevant Sub-Manager, will monitor closely the regulatory evolution and the progress made in terms of data accuracy and availability and may adapt its approach accordingly in line with the investment objective and policy of each Sub-fund.

### **Engagement policies**

iMGpAM actively uses its ownership rights to engage with investee companies of relevant Sub-funds on various asset classes, namely within the equities space.

For this purpose, it has put in place a Proxy Voting Policy whose guiding principles when taking decisions in relation to proxy voting should (i) favour proposals that in the view of the Management Company tend to maximize the value of the shareholder's investment, (ii) not be influenced by conflicts of interest and (iii) factor the ESG aspects if relevant for a concerned Sub-fund. This is an overarching policy which applies across the fund range of iMGpAM and therefore may capture any PAI indicator in line with the relevant Sub-fund's investment objective and policy. The current policy was approved by the Board in March 2023 and is reviewed on an annual basis.

iMGpAM delegates its voting rights to the relevant Sub-Manager who, in turn, has adopted its own engagement and proxy voting policies. Some of the Sub-Managers rely on the services of an external proxy service provider and iMGpAM has access to the relevant reporting tool.

To ensure proper supervision and follow-up, each Sub-Manager maintains a register of the votes exercised and iMGpAM ensures that the Board is informed regularly about the voting undertaken in respect of the relevant Sub-funds.

In relation to iMGP - Sustainable Europe, the Sub-Manager's Stewardship & Engagement Policy is based on the UK's Financial Reporting Council's Stewardship Code which sets out 12 principles covering purpose and governance of the policy, how good practice is integrated into its investment approach, how it engages with investee businesses and how it exercises its rights and responsibilities. Assessment of governance practices at investee companies is a core element of the Sub-Manager's fundamental quality analysis, representing 20% of the fundamental quality score.

The Sub-Manager of our article 9 SFDR Sub-fund thinks long term and so its investment time horizon is well-above industry averages<sup>4.1</sup>. As a result, the Sub-Manager behaves as owner of the Sub-fund's investee companies, rather than as short-term market traders. This directly enables the team to effectively support behavioural change at investee companies through long-term, often multi-year stewardship work.

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<sup>4</sup> The average holding period for a company is between five and seven years.



In 2022, the Sub-Manager introduced a time-bound escalation process to encourage a review and re-appraisal of the engagement approach. Additionally, it moved from reporting “engagement outcomes” to “objective milestones”, allowing for better monitoring and reporting of progress against long-term objectives that may take years for a company to achieve.

As part of the monitoring of the engagement actions undertaken by the Sub-Managers on behalf of any relevant Sub-fund, the Management Company will monitor and evaluate whether there has been a reduction of any relevant principal adverse impact on sustainability factors. Where there is insufficient progress, the Management Company and the Sub-Manager may agree on an action plan which may include the adaptation of the relevant policies of the Sub-Manager to reflect updated engagement themes or targeted companies with which there is an engagement as well as to potentially include tangible objectives in line with a specific Sub-fund strategy.

### **References to international standards**

iM Global Partner SAS adhered to the United Nations Principles for Responsible Investment (PRI) in February 2022. In parallel, iM Global Partner started working to support some of the Sub-Managers in becoming PRI signatories themselves. As of the date of this report, eight Sub-Managers (WHEB Asset Management, Polen Capital, Scharf Investments, Dolan McEniry Capital Management, Zadig Asset Management, Dynamic Beta investments, Eurizon Capital SGR and Decalia S.A.) have adhered to the PRI principles whereas the remaining are actively exploring this possibility.

To date, the PRI is considered to be the world’s leading proponent of responsible investment. It works to understand the investment implications of environmental, social and governance (ESG) factors, but also to support its international network of investor signatories in incorporating these factors into their investment and ownership decisions. The six principles have a broad reach across ESG factors and sustainable investment applied across asset classes and as a result all PAI may be potentially captured by the UN PRI system.

iM Global Partner has also decided to study global frameworks on climate and biodiversity and nature-related disclosure, through an evaluation of the requirements of the Task Force for Climate-related Financial Disclosure (TCFD) and the Taskforce for Nature-related Financial Disclosure (TNFD) frameworks. Climate change and biodiversity loss represent two essential planetary boundaries, and understanding how such international frameworks address these complex themes will allow iM Global Partner and its subsidiaries (including iMGPAM) to appreciate better how we can participate in improving the current situation as a company and as an investor.



On a related note, WHEB Asset Management, the Sub-Manager of iMGP - Sustainable Europe meets the full recommendations of the European SRI Transparency Code<sup>5</sup> and the Sub-fund has been awarded the French ISR label, which is granted to investment funds with measurable and concrete results, thanks to a proven socially responsible investment methodology. This label also has a global vocation across ESG factors and as a result may be relevant to any PAI.

To assess alignment with the 2015 Paris Agreement, WHEB Asset Management monitors each portfolio company's commitment to limiting global warming to 1.5 °C. The Sub-Manager monitors for any absolute carbon reduction and net-zero targets, and assesses how credible these targets are against a number of governance metrics.

The strategy of iMGP - Sustainable Europe as a whole is explicitly designed with a net zero carbon scenario in mind. The Sub-fund invests in companies that enable and benefit from the transition to a net zero and more sustainable economy and are therefore well placed to benefit from more and more aggressive action to tackle climate change. In addition, the Sub-Manager uses scenario planning at the level of individual investments to help forecast expected growth rates for zero carbon technologies.

As indicated in the table above, iMGPAM has implemented a policy of exclusion of investments in companies actively engaged in producing cluster munitions, biological and chemical weapons, anti-personnel mines (all considered "controversial weapons"). According to this policy, a regular exclusion list is built in line with the spirit and framework put in place by the main international agreements in the subject, including the Ottawa Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction dated 1999, the Oslo Convention on cluster munitions dated 2008 and the Luxembourg Law of 4 June 2009. The current Controversial Weapons Policy was approved by the Board of Directors of iM Global Partner Asset Management S.A. in March 2023 and it is reviewed on an annual basis.

The exclusion list is sourced from an external service provider, Sustainalytics.

In addition to the above, investment in a series of countries which are considered by the Management Company in severe violation of human rights is forbidden.

Finally, some of the Sub-funds managed by iMGPAM have put in place exclusion lists based on other international treaties, such as companies which are in severe violation of UN Global Compact and the OECD Guidelines for Multinational Enterprises.

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<sup>5</sup> As a result of the EU Sustainable Finance Action Plan, which includes a range of mandatory disclosure and transparency standards for European financial market participants and their products, the European SRI Transparency Code is currently being phased out and it will no longer be in use as from 1 January 2024.

### Historical comparison

This section is not applicable for this report as iMGPAAM is issuing it for the first time.