# I-AM Dialogue Strategies

April 2024


Statement on the I-AM Dialogue Strategies Policy

»Engagement & Voting«

# I-AM Dialogue Strategies

Engagement & Voting

## General

As part of our ESG investment strategy, we actively exercise our voting rights as institutional investors and also pursue diversified dialogue strategies (engagement). We therefore understand the collective term "dialogue strategies" to mean the targeted perception of our dogmatic objectives as a triple-bottom asset manager. In terms of the sustainable orientation of a modern and global civilization, we see it as our responsibility to anchor participation in general meetings and active approach to companies on specific occasions as fixed components in our investment principles.

## Engagement

Our engagement activities are divided into collaborative (via our ESG research partner ISS) and individual engagement. The former focus on both thematic and standards-based topics, while the latter can take place either on an ad-hoc basis or through incentives (in the course of bringing about a sustainable change in values with the aim of encouraging the companies concerned to adapt to the I-AM minimum standards). Furthermore, Impact Asset Management is one of the first signatories of the UN-PRI in Austria. The six "Principles for Responsible Investment" (UN-PRI) introduced by the UN in 2006 are principles for responsible investment. With them, investors and asset managers commit themselves to complying with environmental, social and governance criteria (ESG guidelines) relevant to the financial market in their investment activities.

## UN-PRI-Engagement

Through the PRI Collaboration Platform, resource pooling, information sharing, and influence on ESG issues through collaboration among UN PRI signatories is significantly strengthened via a unique forum. It serves as a hub for academics and investors to connect and participate in research.By posting on the Collaboration Platform, signatories can invite others to join or support their initiative and access services provided by the PRI (e.g., PRI-coordinated collaborations).Contributions to the Collaboration Platform include:

- Opportunities to engage in discussions with current or potential investors;
- Invitations to sign joint investor letters or statements;
- Proposals for in-depth research and investor outreach;
- Calls to engage with policymakers;
- Requests for assistance with pending shareholder proposals; and
- Invitations to participate in discussion groups and formal PRI working groups and advisory committees.

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## UN-PRI-Engagement

As an Austrian fund manager in the heart of Europe, Impact Asset Management GmbH can work indirectly as a UN-PRI member (through the PRI's EU Policy Team) with European policymakers, working with other signatories to ensure that the ambitious goals of the EU Green Deal are maintained and implemented in a meaningful manner.

The UN PRI EU policy team is working on seven policy priorities: taxonomy, investor disclosure requirements (SFDR) and corporate CSRD, fiduciary duties, stewardship, real economy climate issues, and mandatory due diligence. The goal is to provide policy recommendations to better integrate sustainability considerations into EU financial legislation.

## Collaborative Engagement (ISS)

Through ISS collaborative engagement, we participate in a joint Dialogue with companies on material sustainability-related issues. Through collaborative engagement, we strengthen our focus on ESG issues while effectively communicating strong partners & institutions for controversies and concerns with corporate governance. By fostering Dialogue with specific companies, for example, transparency can be increased-, sustainability performance can be enhanced-, or ESG risks can be mitigated. The engagement process described below applies to both thematic and standards-based engagement.

The first step is to identify companies eligible for engagement, based on thematic ESG metrics. This is followed by the definition of specific objectives (Why), necessary measures to achieve them (How), and the definition of appropriate metrics (What) to compare progress. Jointly drafting engagement letters and contacting companies on behalf of participating investor clients represents the first active communication step, which is accompanied by standardized procedures for planning, facilitation and the provision of meeting reports. In addition, progress reports are provided on a quarterly basis.

At the end of each cycle, detailed and results-oriented reporting follows in line with predefined expectations and guidelines for engagement of all investors involved. In case of majority dissatisfaction of all stakeholders with individual results, the engagement process can be re-initiated for the specific topics.

## Collaborative Engagement (ISS)

If companies remain completely inactive or do not respond to investor initiatives, an escalation process is foreseen, which starts after 2-5 months from sending the first engagement letter (month 1). If a reminder letter remains unanswered for more than another month, the engagement is escalated to the CEO, who is given another two months to respond (month 6-7). If this step is also unsuccessful, the investor team turns to the relevant supervisory board (month 8). After another four months have passed (month 12-24), the entire engagement process is restarted from the beginning with higher prioritization until the target attains majority investor compliance or a total of two years have passed since the initial contact was initiated.

Depending on the results of all predefined targets and the general communication culture of the company concerned, an assessment rating is adopted, which can take one of the following forms:

- „Unresponsive“for entirely idle companies
- „Low Impact“ for weak partial achievements
- „Moderate Impact“ for average partial achievements
- „High Impact“ for total target achievement.

## Thematic Engagement (ISS)

As one of the first signatories of the United Nations Principles for Sustainable Investment (UN-PRI) in Austria, we have long been aware of the dramatic potential impact of climate change, not only on the environment and society, but also on financial investments. Therefore, we have decided to join ISS' collaborative engagement on a topic-specific basis under the motto "Net-Zero". The unifying framework here is the Paris Climate Agreement of 2015, through which national governments have committed to limit global temperature rise to well below 2°C above pre-industrial levels.

In order to keep global warming below 1.5 °C, experts at the IPCC (Intergovernmental Panel on Climate Change or also known as the UN Intergovernmental Panel on Climate Change) say greenhouse gas (GHG) emissions must be halved by 2030 and reduced to zero by 2050.

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## Thematic Engagement (ISS)

With the help of selected indicators of emissions intensity, we enter into Dialogue with approximately 120 companies per year, which primarily have above-average contributions to global warming (climate laggards) and are expected to take a credible position on the following three goals:

1. C02-Neutrality until 2050

The company should provide a qualitative statement of carbon emissions that explicitly includes at least 95% of Scope 1 (emissions from sources owned or controlled by the institution) and Scope 2 (indirect emissions resulting from the generation of electricity consumed by the institution) emissions. The institution's carbon neutrality should cover the major categories of Scope 3 GHG emissions for the institution's sector (emissions resulting from activities that are not directly part of the institution, e.g., business travel or waste management).

2. Medium-term greenhouse gas reduction target (2026 until 2035)

The company should set a medium-term (2026 to 2035) target for reducing its CO2 emissions in a clearly defined emissions range and be aligned with the goal of limiting global warming to 1.5°C, or have verified science-based targets.

3. Decarbonization strategy

The company should define a decarbonization strategy to achieve its long- and medium-term greenhouse gas reduction targets. The company's decarbonization strategy should include a commitment to "green revenues" from low-carbon products and services.

## Norm-based Engagement (ISS)

ISS ESG's Norm-Based Engagement service enables institutional investors to partner with issuers to engage in Dialogue, thereby exerting more influence and encouraging greater disclosure by companies than would be possible on their own.

The standards cover four main topics:

- Human rights
- Labor rights
- Environmental standards
- Corruption

The starting point is a traffic light system (flags) that identifies companies on their environmental, social or governance (ESG) controversies as yellow or red, and at the same time the conditions that must be met for them to be converted to green status.

## Norm-based Engagement (ISS)

Thus, we focus mainly on those companies that allegedly or demonstrably commit serious, systematic or systemic violations of international norms. Each year, we contact approximately 100 companies that rank worst in terms of controversy of global norms in the capital market, with the aim of generating high impact through the increased pressure of collaborative statements. The philosophy behind this is to engage more intensively with those laggards that have so far obviously (and/or knowingly) undertaken hardly any positive incentives towards more sustainable business practices.

## Individual Engagement

Holistic engagement for us also means being able to act in an event-driven and interest-driven manner. For this reason, we like to fall back on our proven practice of interdisciplinary Dialogue and contact companies at our own discretion. The reasons for this can be as diverse as the companies concerned and range from sudden controversies of companies we have under observation (watchlist) or even in our portfolio, to the implementation of frameworks we consider important (e.g. Equator Principles - for compliance with sustainable standards in sensitive project financing, including in particular banks; support for alternatives to animal testing - including in particular pharmaceutical companies) of companies in which we have no explicit interest. In addition, we are involved in civil society activities from an investor perspective, which are tangential to our dogmatic worldview. The respective (individual) objectives and results of the engagements are summarized annually in our "I-AM Engagements" and made available on the homepage.

## About ISS (Institutional Shareholder Services)

Founded in 1985, Institutional Shareholder Services (ISS) helps investors and companies achieve long-term, sustainable growth by providing high-quality data, analytics and insights. ISS, which is majority-owned by Deutsche Börse Group along with Genstar Capital and ISS management, is a leading provider of corporate governance and responsible investment solutions, market information, fund services, and events and editorial content to institutional investors and companies worldwide. ISS's 2,600 employees operate in 29 locations in 15 countries worldwide. Its approximately 3,400 clients include many of the world's leading institutional investors who rely on ISS' objective and unbiased offerings, as well as publicly traded companies focused on ESG and governance risk mitigation as a value-enhancing measure for shareholders. Clients rely on ISS' expertise to make informed investment decisions.

# I-AM Dialogue Strategies

Voting Policy

## Voting

We seek out companies that take responsibility because we believe our investments play an important role for society and the environment. In our ESG product family portfolios, we pursue full ESG integration. We have integrated the principle of sustainability throughout the investment process. Therefore, we also see ourselves as impact investors and want to influence the improvement of sustainability at companies. It is essential to question or challenge companies that we believe can appropriately impact their value. Active voting is an important part of sustainable investing. It is about a complete analysis to effect potential change. The goal is to create sustainable, long-term value for our clients. It is an essential part of risk management to preserve long-term value. An effective voting policy, can lead to better investment decisions, increase customer value and bring indirect benefits to the economy and the environment.

For this reason, we have decided to exercise our voting rights through proxy voting. Here, I-AM has selected Glass Lewis, an independent company, to assist us in exercising our voting rights. Glass Lewis provides a range of proxy voting services including research, analysis and voting recommendations. I-AM uses these services but does not make decisions based solely on them. As a result, our ESG guidelines are incorporated into shareholder meetings and, accordingly, Glass Lewis' inputs are considered recommendations only. This direct communication with investing companies is intended to encourage them to comply with ESG-related issues.

The overriding principle of our voting approach is to act in the best interests of our clients. Where proposals are not in line with the interests of shareholders and our clients, we do not hesitate to vote against resolutions.

## About Glass Lewis

Glass Lewis is a subsidiary of Glass, Lewis & Co, the leading independent governance analysis and proxy voting firm with more than 1,200 clients worldwide who collectively manage more than USD 25 trillion in assets. Glass Lewis enables institutional investors to make informed voting decisions at more than 22,000 meetings per year by uncovering and assessing governance, business, legal, political and accounting risks at issuers based in 100 countries. IVOX Glass Lewis has provided in-depth proxy research on a wide range of companies worldwide from its Karlsruhe headquarters since 2006.

# I-AM Dialogue Strategies

Voting Policy

## Voting rights

Our active voting rights policy is to attend as many Annual General Meetings as possible via our proxy and to vote accordingly. However, there may be certain restrictions on the exercise of voting rights. Examples of such restrictions are lock-ups of the shares concerned, shareholders' meetings scheduled at short notice or timing problems, and a mandatory physical presence at the respective shareholders' meetings.

The aim of the following guidelines on our voting behavior is to act in the best interests of our customers. Where proposals are not in line with the interests of shareholders and our customers, we do not hesitate to vote against resolutions. The guidelines are based on a transparent and sustainable corporate policy and are intended to cover significant issues regularly addressed at shareholder meetings. They are intended to allow a degree of flexibility in voting decisions while taking into account all relevant factors and situations to enable the best possible decision in the best interests of our investors. I-AM exercises its voting rights in consideration of investment objectives and investment criteria. With regard to our sustainability products, voting rights are exercised with equal focus on environmental, social and ethical criteria.

## ESG Management Proposals

### Election of Directors

In addition to the standard analysis level, it also conducts analyses of directors and their performance, the ESG guidelines provide an additional level of review to determine if directors are providing adequate oversight of ESG issues including whether the company provides sufficient disclosure concerning ESG risks. Pursuant to this, the ESG guidelines evaluate directors’ commitment to establishing broad sustainable business practices in evaluating shareholder proposals to report on and mitigate environmental, social and governance risks.

### Director Overboarding

For U.S. companies reviews will closely be made for director board commitments and therefore vote against directors serving on more than five total boards, for directors who are not also executives; and against directors serving more than two total boards, for a director who serves as an executive of a public company.

## ESG Management Proposals

### Board Diversity, Tenure and Refreshment

The ESG guidelines will evaluate a company's policies and actions with respect to board refreshment and diversity. As a part of this evaluation, reviews will be made for the diversity of board members and support proposals to report on or increase board diversity. We believe that the nominating and governance committee, as an agent for the shareholders, is responsible for the governance by the board of the company and its executives. In performing this role, the committee is responsible and accountable for selection of objective and competent board members. To that end, we will: (i) vote against members of the nominating committee in the event that the board has an average tenure of over ten years and the board has not appointed a new nominee to the board in at least five years; or (ii) vote against the male members of the nominating committee in instances where the board is comprised of fewer than 30% female directors for large-cap companies, or against the nominating committee when there is not at least one woman on the board at mid- and small-cap companies.

### Virtual-only Shareholder Meetings

In recent years, an increasing number of companies have adopted virtual-only shareholder meetings, wherein shareholders are unable to speak face-to-face with a company's management. Although we support companies allowing a virtual option alongside participation in an in-person meeting, we view stripping shareholders' ability to attend a physical meeting as not conducive to productive discussions between companies and their investors. We believe that, without proper controls, conducting a virtual-only meeting of shareholders could eliminate or significantly limit a fundamental right of shareholders to confront and ask questions of management. As such, when companies have elected to hold a virtual-only shareholder meeting, we will examine the level of disclosure provided regarding virtual meeting procedures. The ESG policy may vote against members of the nominating and governance committee if the company does not provide disclosure assuring that shareholders will be afforded the same rights and opportunities to participate as they would at an in-person meeting.

### Tax Havens

It is prudent for management to assess its potential exposure to risks relating to a company's tax haven policies. More specifically, we believe a company should consider its exposure to regulatory, legal and reputational risk due to its policies and practices regarding operations in tax havens. Accordingly, the ESG guidelines will support shareholder proposals requesting that companies report on the risks associated with their use of tax havens. In addition, the ESG policy will support proposals requesting that companies adopt policies to discontinue operations or withdraw from tax havens. Further, in instances where companies have proposed to redomicile in known tax havens, the ESG guidelines will vote against such a reincorporation.

## ESG Management Proposals

### Ratification of Auditor

The auditor's role as gatekeeper is crucial in ensuring the integrity and transparency of the financial information necessary for protecting shareholder value. Because of the importance of the role of the auditor, rotating auditors is an important safeguard against the relationship between the auditor and the company becoming too close, resulting in a lack of oversight due to complacency or conflicts of interest. Accordingly, in addition to our standard analysis on auditor ratification proposals, the ESG guidelines will vote against auditor ratification proposals in instances where it is clear that a company's auditor has not been changed for 20 or more years.

### Executive Compensation

It is recognized the importance in designing appropriate executive compensation plans that truly reward pay for performance. Under the ESG guidelines, we also conducts a further level of analysis by looking at compensation issues as they relate to environmental and social criteria as well as other issues relevant to good corporate governance practices. In the standard analysis, it engages in an exhaustive examination of the methods and levels of compensation paid to executives to determine if pay and performance are properly aligned. However, the ESG guidelines support the inclusion of sustainability metrics in executive compensation plans. In instances where a company has received a Pay-for-Performance grade of "D" or "F" and the standard policy has recommended in favour of the plan, the ESG guidelines will vote against say-on-pay proposals where sustainability is not an explicit consideration for companies when awarding executive compensation.

Beginning in 2018, U.S. companies are required to disclose the ratio between the compensation awarded to the median employee relative to that awarded to the CEO. Although the ESG guidelines will not currently incorporate this pay ratio in its voting policies, it will continue to evaluate this issue and may incorporate this disclosure in future compensation-related votes.
In general, under the ESG guidelines, we will evaluate director compensation based on the same criteria as executive compensation but will favour the ability to approve director compensation separate and apart from executive compensation.

The ESG guidelines will follow the general recommendation when voting on executive compensation arrangements in connection with merger transactions (i.e., golden parachutes). Further, the ESG Guidelines will support annual advisory compensation votes.

## ESG Shareholder Proposals

### Mergers, Acquisitions and Contested Meetings

There will be a thorough examination undertaken of the implications of a proposed merger or acquisition to determine the transaction's likelihood of maximizing shareholder return. In making our voting recommendation, we examine the process conducted, the specific parties and individuals involved in negotiating an agreement, as well as the economic and governance terms of the proposal. In contested merger situations, or board proxy fights, it will be considered the plan presented by the dissident party and how, if elected, it plans to enhance or protect shareholder value. We also consider the arguments presented by the board, including any plans for improving the performance of the company, when making our ultimate recommendations.

The ESG guidelines will vote in accordance with the standard policy recommendations on contested meetings, mergers, acquisitions, and other financing transactions. In addition, the ESG guidelines will support shareholder proposals asking the company to consider the effects of the transaction on the company's stakeholders.

### Compensation

The ESG guidelines recognize that ESG performance factors should be an important component of the overall consideration of proper levels of executive performance and compensation. Therefore, the ESG guidelines generally vote in favour of proposals seeking to tie executive compensation to performance measures such as compliance with environmental regulations, health and safety regulations, non-discrimination laws and compliance with international human rights standards. Furthermore, the ESG guidelines will generally support proposals that seek to evaluate overall director performance based on environmental and social criteria.

The ESG guidelines will support proposals seeking to prohibit or require more disclosure about stock hedging and pledging by executives. The ESG guidelines will also support proposals requesting that companies adopt executive stock retention policies and prohibiting the accelerated vesting of equity awards. Furthermore, the ESG guidelines will vote in favour of shareholder proposals to link pay with performance, to eliminate or require shareholder approval of golden coffins, and to clawback unearned bonuses. Furthermore, the ESG guidelines will support proposals requesting disclosure from companies regarding gender pay inequity and company initiatives to reduce the gap in compensation paid to women compared to men.

# I-AM Dialogue Strategies

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## ESG Shareholder Proposals

### Corporate Governance

Similar to the general guidelines, the ESG guidelines support increased shareholder participation and access to a company and its board of directors. Accordingly, the ESG guidelines will vote in favour of initiatives that seek to enhance shareholder rights, such as the introduction of majority voting to elect directors, the adoption and amendment of proxy access bylaws, the elimination/reduction of supermajority provisions, the declassification of the board, the submission of shareholder rights' plans to a shareholder vote, and the principle of one share, one vote. The ESG guidelines will also support proposals aimed at increasing the diversity of boards or management as well as those requesting additional information concerning workforce diversity and the adoption of more inclusive non-discrimination policies.

### Environment

The ESG guidelines generally support proposals regarding the environment, in particular, those seeking improved sustainability reporting and disclosure about company practices which impact the environment. The ESG guidelines will vote in favour of increased disclosure of a company's environmental risk through company-specific disclosure as well as compliance with international environmental conventions and adherence to environmental principles. Similarly, the ESG guidelines support proposals requesting companies develop greenhouse gas emissions reduction goals, comprehensive recycling programs, and other proactive means to mitigate a company's environmental footprint.

The ESG guidelines will also vote for proposals seeking that companies provide certain disclosures or adopt certain policies related to mitigating their climate change-related risks. For example, regardless of industry, the ESG guidelines will support proposals requesting that companies disclose information concerning their scenario analyses or that request the company provide disclosure in line with certain reporting recommendations, such as those promulgated by the Financial Stability Board's Task Force on Climate-related Financial Disclosure ("TCFD"). Similarly, the ESG guidelines support proposals requesting that a company consider energy efficiency and renewable energy sources in its project development and overall business strategy.

With respect to issues related to bioengineering and nanotechnology, the ESG guidelines will carefully scrutinize any proposals requesting that a company adopt a policy concerning these matters. In general, the ESG guidelines support proposals that seek additional reporting on these topics, as well as the development of safety standards to regulate their use.
ESG guidelines evaluate a company's impact on the environment, in additioenvironmentallyn to the regulatory risk a company may face by not adopting responsible policies. The ESG guidelines will consider voting against certain directors for not exercising their fiduciary duty as it relates to environmental risk.

## ESG Shareholder Proposals

### Labour and Human Rights

The ESG guidelines generally support enhancing the rights of workers, as well as considering the communities and broader constituents in the areas in which companies do business. Accordingly, the ESG guidelines will generally vote for proposals requesting that companies provide greater disclosure regarding impact on local stakeholders, workers' rights and human rights in general. In addition, the ESG guidelines support proposals for companies to adopt or comply with certain codes of conduct relating to labour standards, human rights conventions, and corporate responsibility at large. The ESG guidelines will also support proposals requesting independent verification of a company's contractors' compliance with labour and human rights standards. In addition, the ESG guidelines support the International Labour Organization standards and encourage companies to adopt such standards in its business operations.

The ESG guidelines provide for a review of the performance and oversight of certain directors in instances in which a company is found to have violated international human rights standards. Pursuant to the ESG guidelines, if directors have not adequately overseen the overall business strategy of the company to ensure that basic human rights standards are met or if a company is subject to regulatory or legal action with a foreign government or entity due to human rights violations, we will consider voting against directors taking into account the severity of the violations and the outcome of the claims.

### Health and Safety

The ESG guidelines generally vote in favour of proposals seeking increased disclosure regarding public health and safety issues, including those related to product responsibility. In particular, the ESG guidelines support proposals calling for the labelling of the use of genetically modified organisms ("GMOs"), the elimination or reduction of toxic emissions and use of toxic chemicals in manufacturing, and the prohibition of tobacco sales to minors. The ESG guidelines also support proposals seeking a report on a company's drug reimportation guidelines, as well as on a company's ethical responsibility as it relates to drug distribution and manufacture. The ESG guidelines will also support proposals related to worker safety and companies' compliance with internationally recognized human rights or safety standards.

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## ESG Shareholder Proposals

### Business Ethics

The ESG guidelines generally vote for proposals seeking to increase disclosure of a company's business ethics and code of conduct, as well as of its activities that relate to social welfare. The ESG guidelines support proposals requesting that a company develop sustainable business practices, such as animal welfare policies, human rights policies, and fair lending policies. Furthermore, the ESG guidelines support reporting and reviewing a company's political and charitable spending as well as its lobbying practices. The policy will also support well-crafted proposals requesting that companies cease political spending or associated activities.

### Trojan Horse Proposals

Under the ESG guidelines, we carefully examine each proposal's merits in order to ensure it seeks enhanced environmental disclosure and/or practices and is not conversely aimed at limiting environmental disclosure or consideration. Accordingly, the ESG guidelines will not support such proposals, which are often referred to as "Trojan Horse" proposals.

## Legal Disclaimer

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This marketing document is provided for non-binding information purposes only and does not represent any offering or invitation to purchase or sell units in an investment fund, and nor should it be deemed an invitation to submit an offer for conclusion of any contract on investment services or collateral performance. This document cannot replace the advice of your personal investment advisor.

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Past performance figures, back test data as well as past or future related simulations contained herein allow no conclusions on any future development of such figures or their underlying financial instruments or indices and are thus deemed no warranty for future developments. This is in particular applicable to the use of back test data which always results in hypothetical, past-related representations. Fund-based investments are subject to general economic risks as well as fluctuations in value which may result in losses – and even the total loss of the capital invested. Express reference is made to the detailed risk notices provided in the prospectus.

Unit classes denominated in foreign currencies entail an additional currency risk. Their performance may rise or fall due to currency fluctuations



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