



Sustainability strategy of IFM Independent Fund Management AG

Practiced sustainability

IFM Independent Fund Management AG (hereinafter: IFM) is committed to sustainable corporate management and thus to its social responsibility. As anchored in its mission statement, IFM pursues a long-term approach in dealing with customers, staff members, and stakeholders. At IFM, responsible action means to equitably consider economical, social, and ecological aspects in every activity to achieve long-term added value for society.

Pioneering role

As a leading independent management company, IFM pursues its pioneering role in the domain of sustainability as well, so it contributes to the evolution and future viability of the entire fund market. With its long-term orientation, IFM is deeply committed to sustainability at the product and entrepreneurial levels and offers its customers innovative solutions.

Our values and principles

IFM is dedicated to high ethical standards in all business relationships and assures that all of its activities are characterized by lawfulness, due professionalism, diligence, and conscientiousness. Responsible leadership and oversight of the company are essential for long-term success.

Responsible business management calls for clear principles. All staff members and directors are bound to a comprehensive code of conduct that governs all business activities and establishes rules for dealing with interest groups such as customers, colleagues, shareholders, regulatory authorities, and business partners. The code of conduct is based on all applicable directives and laws.

The code of conduct at IFM defines IFM's underlying values and constitutes the foundation for a lawful and ethically oriented corporate culture. It assures that the highest standards are respected in our business and ethical conduct as regards the following values:

- Legal compliance
- Customer centricity
- Professionalism
- Quality
- Mutual respect
- Initiative
- Teamwork
- Integrity

Materiality assessment

To identify the sustainability topics that are particularly relevant for IFM and its stakeholders, we performed a comprehensive materiality assessment together with an external consulting firm.



In defining the themes within the economy, ecology, governance, and social fields, our special focus was on the current environment of IFM as well as on recognized standards.

With their opinions, IFM's internal stakeholders helped develop a broadly supported materiality matrix. In the future, the materiality assessment will be performed in regular intervals.

Our sustainability strategy

Based on our mission statement and a materiality assessment, we developed a sustainability strategy to effectively contribute to sustainable local and global growth. In this context, we placed particular emphasis on the Sustainable Development Goals (SDGs) ratified by the UN in 2015 as the framework for the objectives. The following core domains define our sustainability strategy:

1. Entrepreneurial responsibility
2. Integration of sustainability information in processes
3. Active ownership

To control goal attainment, measure the degree of implementation, and promote the further developments of the sustainability strategy, IFM appointed a senior executive as a sustainability officer.

1. Entrepreneurial responsibility

Responsibility-aware business management

Business management

IFM is dedicated to high ethical standards in all business relationships and assures that all of its activities are characterized by lawfulness, due professionalism, diligence, and conscientiousness. Responsible leadership and oversight of the company are essential for long-term success.

Responsible business management calls for clear principles. All staff members and directors are bound to a comprehensive code of conduct that governs all business activities and establishes rules for dealing with interest groups such as customers, colleagues, shareholders, regulatory authorities, and business partners. The code of conduct is based on all applicable directives and laws.

The Board of Directors, as the supreme governing body of IFM, possesses the experience and independence needed to assure professional monitoring of business processes at all times. Every member of the Board of Directors is elected by the General Meeting for a term of one year.

Mutual respect, honesty, and integrity

IFM respects the opinions of others and their personal dignity as well as the sphere of privacy and personal rights of each individual. It collaborates with women and men of varied origins, nationalities, culture, religion and ethnicity. IFM does not tolerate any



discrimination on the basis of sexual orientation and rejects personal harassment and abuse.

IFM is open, honest, upright and lives up to its responsibility. We are dependable partners and only make commitments that we can honor.

These principles apply to in-house collaboration and also to interpersonal conduct in dealing with external partners.

IFM strives for fairness in employment conditions, pays fair salaries, and takes into account the needs of staff members where operational measures are concerned. Hiring, promotion, and assessment of staff members are based exclusively on performance-related criteria.

Transparency

IFM recognizes the significance of transparency and on its website regularly posts information concerning the latest regulations. Thus, and also with its ethical conduct, it contributes to the reputation of the entire marketplace.

Remuneration policy

IFM pursues a long-term approach in remuneration policy as well. Our remuneration system is designed such that the long-term entrepreneurial goals are aligned with the remuneration of staff members.

The remuneration for the provision and implementation of the sustainability strategy is included in the fixed salary component of the Sustainability Officer. No sustainability-related, salary-relevant intensification systems exist. For staff members who have an essential influence on the overall risk profile of IFM (risk takers), variable remuneration is paid out in arrears across several years. At least 40% of the variable remuneration is retained across 3 years on a mandatory basis. Additionally, the variable component of the salary is paid out only if the personal and business goals are attained. Generally, a weak or negative financial result achieved by IFM will result in a substantial reduction of the aggregate remuneration, under consideration both of ongoing compensation and reduction of payouts of previously generated amounts.

Social responsibility

Staff members and business climate

The corporate mission statement specifies that IFM pursues a positive business climate and a pleasant working environment. For us, motivated, competent, and service-oriented staff members are the key to customer satisfaction and thus to the long-term success of our company. We respect the opinions of others and their personal dignity, the privacy and personality rights of each individual.



Equal opportunity and diversity

All of our staff members are promoted equitably in that they are offered equally opportunities. We regularly offer in-house training and where meaningful support staff members with advanced external training within the scope of their responsibilities. Equal opportunities and a diverse, discrimination-free working environment are indispensable for the well-being of all staff members. These principles are nurtured not only for existing staff members but also apply to new hires.

We collaborate with women and men of varied origins, nationalities, culture, religion and ethnicity. We do not tolerate any discrimination on the basis of sexual orientation and rejects personal harassment and abuse.

Social responsibility

Social responsibility is exercised holistically at the social level. As a company, IFM may grant monetary donations for education and science, for art, culture, sports, social concerns and environmental issues

Health and safety at the workplace

IFM pledges to protect and assure the health and safety of the staff members on the job. It is the responsibility of IFM to assure safety on the job by implementing the applicable health and safety regulations and standards. On the job, it exercises adequate care to protect the health and safety of others.

Ecological responsibility

IFM is proactively involved in environmental protection. The resource-reduced use of materials, the improvement of energy efficiency, and the related reduction of greenhouse gases play a key role in our business processes.

Particularly great emphasis was placed on high construction standards and energy efficiency when we built our office premises in 2019. IFM consumes energy solely from renewable sources.

In the procurement of goods and services, IFM focuses on sustainable products and services provided by local firms.

IFM recognizes the economical advantages of the low-impact use of resources. The strict completion standards of our new building and the energy savings measures they entail help reduce costs on an ongoing basis.

2. Integration of sustainability information (ESG data) in processes

IFM holistically integrates the sustainability topic in many domains of the company. A considerable part of the effort is the integration of ESG (Environment, Social, Governance)



information in the fund management process. With the integration of ESG data, IFM makes an effective contribution to the global mobilization of capital for sustainable business growth. IFM is convinced that with the consideration of ESG information, better investment decisions can be made and opportunities as well as risks can be better monitored in the realm of sustainability.

IFM integrates a comprehensive set of ESG criteria to measure the sustainability performance of funds. The focus is on a holistic corporate ESG rating that in addition to company-specific themes also considers topics such as transparency and product contributions. Integrated ESG information allows IFM's customers and partners to measure and optimize the sustainability performance of their funds as well as to rate and minimize the relevant opportunities and risks.

With the provision of ESG information, IFM makes an active contribution to a more sustainable economy. As an independent management company/AIFM, IFM considers the negative impact of sustainability risks in the context of the objectives of the investment policy of the respective fund's assets.

The main data sources are WaVeritas and MSCI. IFM takes the data from both providers and uses it unprocessed in its internal processes. The two data providers supply the following information on the companies in which investments are made, among other things: ESG ratings, product and behavior-specific information, verification of compliance with global standards, indications of possible controversies, information on contributions to the Sustainable Development Goals (SDGs), emissions data, etc. Where possible and necessary, this information can be enriched and supplemented with additional publicly available data.

Processing the data as automatically as possible ensures that human errors are minimized during transmission. Regular updates ensure that the data is up to date. Data that is no longer used is deleted in the course of updating in order to provide an adequate database.

3. Active ownership

We are convinced that actively exercising voting rights contributes to the values and conduct of corporations. With our commitment, we encourage companies to adopt best-practice corporate governance standards.

In exercising voting rights, IFM considers internal directives involving voting rights policies according to which voting and creditor rights are basically exercised when the number of votes in a company, consolidated at the level of the management company or AIFM, amounts to more than one percent of the voting capital.

As it designs commitments with companies, IFM closely collaborates with proxy voting providers and combines their analyses with the investment policy of the respective fund.

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