November 2022

STATEMENT ON PRINCIPLE ADVERSE IMPACTS OF INVESTMENT DECISIONS ON SUSTAINABILITY FACTORS

Sustainable finance disclosures regulation ("SFDR") article 4 - Transparency of adverse sustainability impacts at the entity level

Background and purpose

This disclosure is applicable to the investment management company I Asset Management. This statement describes how we consider principal adverse impacts (PAI) of our investment decisions on sustainability factors, as per Article 4 of the SFDR. The information disclosed here shall be reviewed and updated annually.

1. **Summary**:

I Asset Management (company code: 304405305) considers the principal adverse impacts of its investment decisions on sustainability factors. The present statement is the entity level statement on principal adverse impacts on sustainability factors of I Asset Management.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January until 31 December of the year 2022.

2. Description of the principal adverse impacts on sustainability factors

Principal adverse impacts are defined as negative, material or likely to be material effects on sustainability factors that are caused, compounded by or directly linked to investment decisions performed by the legal entity.

I Asset Management shall consider the universal mandatory the principal adverse impacts on sustainability factors (Table 1) of the investment decisions for its managed funds that promote social and/or environmental characteristics or have sustainable investment as its objective (Art 8 and Art 9 funds). The principal adverse impacts indicators that shall be considered based on the current nature of the financial products are indicated in the table provided. Additional opt-in principal adverse impact indicators shall be assesessed and prioritised as described in section 3 of this document.

NB: I Asset Management does not carry out investments in sovereigns or supranationals. Moreover, I Asset has no financial products with investments promoting social and/or environmental characteristics or financial products that have sustainable investments as its objective in real estate assets, therefore, no adverse indicators shall be considered in those categories.

Table 1. PAI considered in the investment decisions

Impact area	Adverse Sustainability Indicator	Metric
Climate and other environment- related indicators		
Greenhouse gas emissions	**1.** GHG emissions	Scope 1
		Scope 2
		Scope 3
	2. Carbon footprint	Carbon footprint
	3. GHG intensity of investee companies	GHG intensity of investee companies
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector
	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
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector
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.
Water	**8.** Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average
Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters		
Social and employee matters	**10.** Violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises in investee companies	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/complaints mechanisms to address violations of those standards
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons

3. Other indicators for principal adverse impacts on sustainability factors

Other additional indicators for principal adverse impacts on sustainability factors are considered and prioritised by the investment teams based on materiality of the impact, investment strategies and nature of activities within the financial products, promoting social and/or environmental characteristics or having sustainable investment as their objective. At least one additional indicators shall be take from the environmental area and at least one from social.

4. Actions planned to address principal adverse impacts on sustainability factors

I Asset Management ESG policy defines principles of monitoring and addressing principle adverse impacts on sustainability factors. It states that if the investee company would not be operating in a responsible manner, I Asset Management shall research these concerns and clearly justify if it is acceptable to continue investing in the company. To the extent possible, I Asset Management and AIF managers shall engage regularly with companies on material challenges, to address identified concerns and possible means of mitigation of the principal adverse impacts. If there are serious concerns that a company is persistently failing to tackle these issues and acknowledge the wider impact of their actions, I Asset Management may consider divesting.

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

I Asset Management has developed an ESG Policy (approved on April 26, 2022) that defines ESG governance principles, including policy on the governance of principle adverse impacts and due diligence. As the policy states, the governance of the principal adverse impacts entails a due diligence process during which the identification and prioritisation of principal adverse impacts on sustainability factors are carried out for financial products with investments promoting social and/or environmental characteristics or financial products that have sustainable investments as its objective. The identification is carried out following the list of mandatory and non-mandatory indicators specified in Regulatory Technical Standards (Commission Delegated Regulation (EU) 2022/1288), also, identification and prioritisation principles defined in ESG policies of alternative investment funds (if such prepared).

As specified in the ESG policy, I Asset Management identifies and monitors PAIs through the data collected via variety of available sources depending on the strategy and assets of the particular AIF, for example, in-house research and analysis, third-party analysis, available databases, expert insight, etc. ESG policy of each AIF may indicate specific sources of data collection for identification of principal adverse impacts. The responsibility for ensuring functioning process and implementation of those policies lies with each alternative investment fund manager.

6. Engagement policies

The ESG policy of I Asset Management sets a principle for managing its impacts via active ownership of the investee companies. That entails monitoring investments, participating in identifying and managing strategic or ESG issues, exercising voting in accordance to set guidelines in the Investment Decision Making Policy, engaging with fund managing teams or investment/property managers and other key stakeholders to properly manage ESG issues or if not possible to achieve the desired result in addressing principle adverse impact on sustainability factors, consider divesting from the holding.

7. References to international standards

The ESG policy of I Asset Management that defines due diligence principles indicates that identification, prioritisation and assessment of principal adverse impacts on sustainability factors is exercised by ensuring the compliance with UN Guiding Principles on Business and Human Rights, Principles for Responsible Investment (PRI) and principles of UN Global Compact on human rights, labour, environment and anti-corruption. I Asset Management ensures alignment with the standards via engagement with investee companies and via regular reviews of the investee companies that may be provided by external experts.