



Responsible Investing

Our approach for Environmental,
Social and Governance issues



CHARLES JILLINGS
Investment Manager

“ With our deep sector knowledge, fundamental research, and long-term investment horizon, we focus on strong engagement with our investee companies, and that includes ESG. ”



ICM is an investment group built on a philosophy of value creation, vision, innovation, and challenge. Our deep and extensive research and understanding of the companies, sectors and markets we invest in moderates our risk, and creates value for our investors.

TRADITIONAL FINANCIAL MEASURES

As the investment manager, ICM Limited (“ICM”) and its Funds sees value in the intersection of evaluating traditional financial measures alongside sustainability measures. The combination of the two deepens our fundamental research, and provides an additional tool to differentiate between companies and sectors that are vulnerable to disruption and those that are adaptive. We employ a disciplined investment process that seeks to both uncover opportunities and evaluate potential risks, while striving for the best possible return outcomes.

SUSTAINABILITY MEASURES

Consistent with these objectives, our process includes an evaluation of ESG factors. We recognise that relevant and material ESG issues can meaningfully affect investment performance, and we seek to include this in our integrated research analysis, decision-making, and ongoing monitoring.

ICM seeks to draw our own conclusions based on objective, ascertainable facts and not based on sentiments or interest groups. We believe that each investment should be considered on its own merits, and that intention and actions are important considerations.

ESG analysis is an inherent component of ICM’s research and investment decision making, and over time this approach can reshape competitive advantages, and ultimately the sustainability of business growth and long-term value creation.

ICM IS COMMITTED TO THE FOLLOWING THREE PILLARS OF INVESTMENT MANAGEMENT:

01

Responsible Investing

We conduct our business in a fair and responsible manner. We incorporate responsible investment practices and support our investments' transition towards more sustainable business models. We enable investors greater access to ESG friendly investment platforms. Ultimately, the main objective of ESG integration remains long-term responsible financial performance.

02

Ethical Business Practices

We value our employees and consider the environmental and societal factors utilised in our investment portfolios and across our organisation. We provide an inclusive work environment, manage our direct environmental footprint, and engage with our stakeholders on a regular basis in discussing and implementing sustainable practices.

03

Generating Impact

ICM has a long history of cultivating and managing personal relationships with our investee companies. By engaging with investee management, we see the benefits and risks beyond what fundamental research reveals, and we work with our investee managers to progress improvement across all factors including the relevant ESG elements.

At a social level ICM has decades of private philanthropic experience, which in the past decade has been channelled through the [ICM Foundation](#). ICM has identified sustainable, effective and focused education where the biggest impact can be made on individuals and in communities.



“ We seek to be a force for good by supporting social enterprises, and giving back to the communities in which we operate. ”

An aerial photograph of a beach. The top half of the image shows the ocean with vibrant turquoise and deep blue water. White, frothy waves are breaking and washing onto the sand. The bottom half of the image shows the golden-brown sand of the beach, with some darker patches and shadows. The overall scene is bright and natural.

GUIDELINES FOR RESPONSIBLE INVESTING

ICM is committed to delivering strong, attractive, risk-adjusted returns over the long-term, and our investment approach incorporates the following investment principles:

- Focused on absolute returns across our Funds;
- Dynamic, research driven approach;
- Disciplined, risk controlled environment, and
- Active management (both bottom up and top down inputs).

ICM believes poorly managed ESG risks can lead to increased risks such as operational disruption and reputational damage, which may ultimately impact an investment company's ability to meet their financial responsibilities. Supplementing traditional financial analysis by reviewing ESG related management practices and performance is therefore not only prudent, but also in line with ICM's fiduciary duty to optimise investor returns.

Key ESG risks may include but are not limited to: climate change risks, social inequality, misconduct, regulatory risks, talent management, among others factors.

We believe that ESG risks and opportunities are best managed via an integrated approach, although there are certain areas where we believe exclusion criteria are justified.

We will not knowingly invest in:

- Companies that deliberately and systematically break basic human rights;
- Companies that deliberately harm the local population or the elected form of government, either in their country of domicile or the countries where they operate;
- Companies that directly produce or sell weapons of mass destruction, land mines and cluster bombs, chemical/ biological weapons, depleted uranium weapons and nuclear weapons as part of their business;
- Companies that have a material part of their business operations in tobacco and pornography; and,
- Companies involved with the financing, trading and promoting of poaching and trafficking of endangered species.

We will seek to avoid investments in:

- Companies that through a substantial part of their activities may incur significant and uncalculated liabilities related to health related claims or environmental abuse;
- Companies that may be in breach of international standards through systematic corruption and bribes, and show no signs of improving this behaviour.

INVESTMENT APPROACH

INTEGRATION

We actively select investments, and as an integral part of this process our investment teams will consider whether an investment is in line with ICM's guidelines. ESG factors are also reviewed to consider materiality for an investment in the same manner other research material pertaining to an investment is considered. Through identifying material ESG factors, depending on an investment's asset class, sector, geographical location, and size, ICM can recognise the risks and opportunities that will have the greatest impact on the value of an investment. With this strategy, we can benchmark investments and identify where value can be added through engagement.

While ESG factors may ultimately influence an investment decision, the specifics of the integration and weight put on various factors may differ between investments.

ENGAGEMENT

We believe that we have a role in engaging with investee companies on matters which may impact investment returns. Through direct communication with company management, we gain a better understanding of how management perceives and addresses risks. This provides a forum to offer feedback on areas of concern, particularly on issues where we may disagree with a company's approach.

Where ESG engagement is deemed necessary, this will be prioritised with the focus on material ESG risks facing the investment company. ICM may conduct such activities on an individual company basis, and/or work in collaboration with other investors and key stakeholders.

ICM's investment teams act as the focal point for our communication with investee companies, and they undertake extensive quantitative and qualitative analysis. Meetings involving analysts are held with investee companies through the year covering a range of subjects to cover any potential risks that should be assessed. These meetings are augmented by further due diligence such as site visits and calls, and research may include contacting a number of stakeholders and other shareholders. Expectations of the scale and effectiveness of such engagement should be made with appreciation of the fact that we may have limited influence due to the size of our shareholding, amongst other conditions. In recognition of this, ICM will continue to review the best ways to carry out engagement to maximise the impact and use of our resources.

PROXY VOTING

ICM has the discretion to determine the best course of action to maximise shareholder value, in accordance with our priorities and our fiduciary duty. Proxies and shareholder proposals of an environmental, social, or governance nature are reviewed carefully. Final vote execution is based on a holistic view of the best economic outcomes.

We have a responsibility to engage with companies to understand if they are adequately disclosing and managing all risks including those related to sustainability, and to hold them to account through proxy voting if they are not.



COLLABORATION & PROMOTING BEST PRACTICE

The development of ICM's ESG policy and practices will continue to be informed by reference and consideration of current best practice, and we see ICM's membership of the UN-supported Principles of Responsible Investment (PRI) as an important mechanism for achieving this. Our status as a PRI signatory emphasises our commitment to integrating ESG factors into our investment decision making process.

ICM is also a signatory of the 2022 Global Investor Statement to Governments on the Climate Crisis. The Global Investor Agenda is an initiative that is aimed at working with Governments to ensure policy mechanisms are developed and implemented to transition to a climate-resilient economy by 2050 or sooner. We will continue to support this initiative, as the Global Investor Agenda enables meaningful change on an issue that poses a risk to all.

Signatory of:



CLIMATE CHANGE

ICM believes climate change is a considerable challenge we face globally today. Climate change impacts on our environment, our societies and this poses risks for the global economy.

ICM acknowledges that climate change is a multifaceted challenge, and that countries, businesses and individuals need to cooperate to achieve the 2015 Paris Agreement goals, and to support climate change initiatives.

In order to better understand our exposure to climate-related risks across our existing portfolio and investment platforms, we will conduct a climate risk assessment to identify those companies which have higher exposure to climate related risks using established methodologies. Based on findings, we will look to engage with management of investee companies, where possible, to assist them with an action plan to drive climate change initiatives.

ESG RESOURCING & GOVERNANCE

Oversight and regulation of the ESG investment risk management process ultimately forms part of the Board's responsibilities. For each investment fund managed by ICM, the respective Board has delegated operational responsibility to the investment team to use their expertise, as they are best placed to make the valuation and portfolio construction decisions. As environmental and social issues are regional and sometimes differ between countries, with varying regulations and practices, the responsibility for this localised research lies with each investment team to manage for their respective jurisdictions, and to adhere to ICM's corporate policies.

From a strategic viewpoint the ICM ESG Committee comprised of senior management, sets general strategy relating to ESG issues, develops and monitors policies, oversees ESG communication, and monitors developments relating to ICM's understanding of ESG issues.

At ICM, environmental, social and governance issues are a priority. We seek to operate in an ethical way while focusing on delivering long-term, sustainable growth.



People



Values and Integrity



Philanthropy



Health and Safety



Corporate Governance



Environment

Important Notes

The information presented in this document is solely for information purposes and is not intended to be, and should not be construed as, an offer or recommendation to buy and sell investments. If you are in any doubt as to the appropriate course of action, you should consult your own independent financial adviser, stockbroker, solicitor, accountant or other professional adviser. Past performance is no guide to the future. The value of investments and the income from them may go down as well as up and the investors may not get back the full amount they originally invested. The information presented has been obtained from sources believed to be reliable but no representation or warranty is given or may be implied that they are accurate or complete. ICM Limited (including its subsidiaries) reserves the right to make any amendments to the information within at any time, without notice.

Following a responsible investing approach is qualitative and subjective by nature, and there is no guarantee that the criteria used or decisions implemented by ICM will reflect the beliefs or values of any one particular investor. Information regarding responsible investment practices may be obtained through voluntary and/or third-party reporting, which may be open to inaccuracies. Responsible investment approaches may differ by sector and region.

At the time of publication, ICM Limited's Funds refers to: UIL Limited, Utilico Emerging Markets Trust plc, Somers Limited, Zeta Resources Limited, Allectus Capital Limited, Pentagon Global Diversified Bond Fund Limited, Pentagon High Conviction Fund, and ICM Mobility Group. For more details on these subsidiaries please visit www.icm.limited.