

RESPONSIBLE INVESTMENT POLICY

Background

In 2017, the Board of Directors of IS Funds signed the United Nations' Principles for Responsible Investment (UN PRI). The PRI is an independent network which enjoys the support of two of the United Nations' initiatives: UNEP FI (UN Environment Programme Finance Initiative) and UNGC (United Nations Global Compact).

IS Funds is a founding member of the Iceland Sustainable Investment Forum (IcelandSIF), which was established in November 2017. The aim of the forum is to promote awareness and debate about the methods of sustainable and responsible investment. In addition to this, since 2013, the Icelandic Centre for Corporate Governance has annually been awarding IS Funds as a model company with good corporate governance.

The staff and management of IS Funds place a strong emphasis on taking into account good corporate governance, as well as environmental and social issues in the investments carried out by the company. IS Funds' primary obligation is to guarantee its customers good long-term returns and we believe that a clear responsible investment policy tallies with that objective.

We aim to ensure that in 2019 social and environmental factors will be taken into account in all of the investment decision-making at IS Funds.

IS Funds' Responsible Investment Policy

- IS Funds' main goal is to provide its customers with good long-term returns and to meet their needs and asset diversification requirements.
- Corporate governance and environmental and social factors have an impact on the success of companies and are therefore important with regard to returns. It is therefore necessary to take these elements into account when it comes to investment decisions.
- We intend to apply the methodology of responsible investment in our work and to incorporate corporate social responsibility into our investment decisions. The objective is to minimise risk without sacrificing our customers' financial interests.
- We endeavour to enlighten our customers on the positive effects of responsible investment.
- We work in harmony with the environment and comply with the international laws and treaties, which Iceland is a member of, in addition to the agreements which IS Funds has signed, such as the UN PRI and UN Global Compact initiatives.
- We encourage the companies we invest in to operate responsibly and reserve ourselves the right to exclude companies that do not respond to indications in a satisfactory manner. If we exclude companies on these grounds, we inform our clients of it.

Approved by the Board of Directors of IS Funds (Íslandssjóðir hf.)

24 September 2018