AN **Allocator Guide** *TO*
Climate Solutions Investing

CASE STUDY

IMAS Foundation

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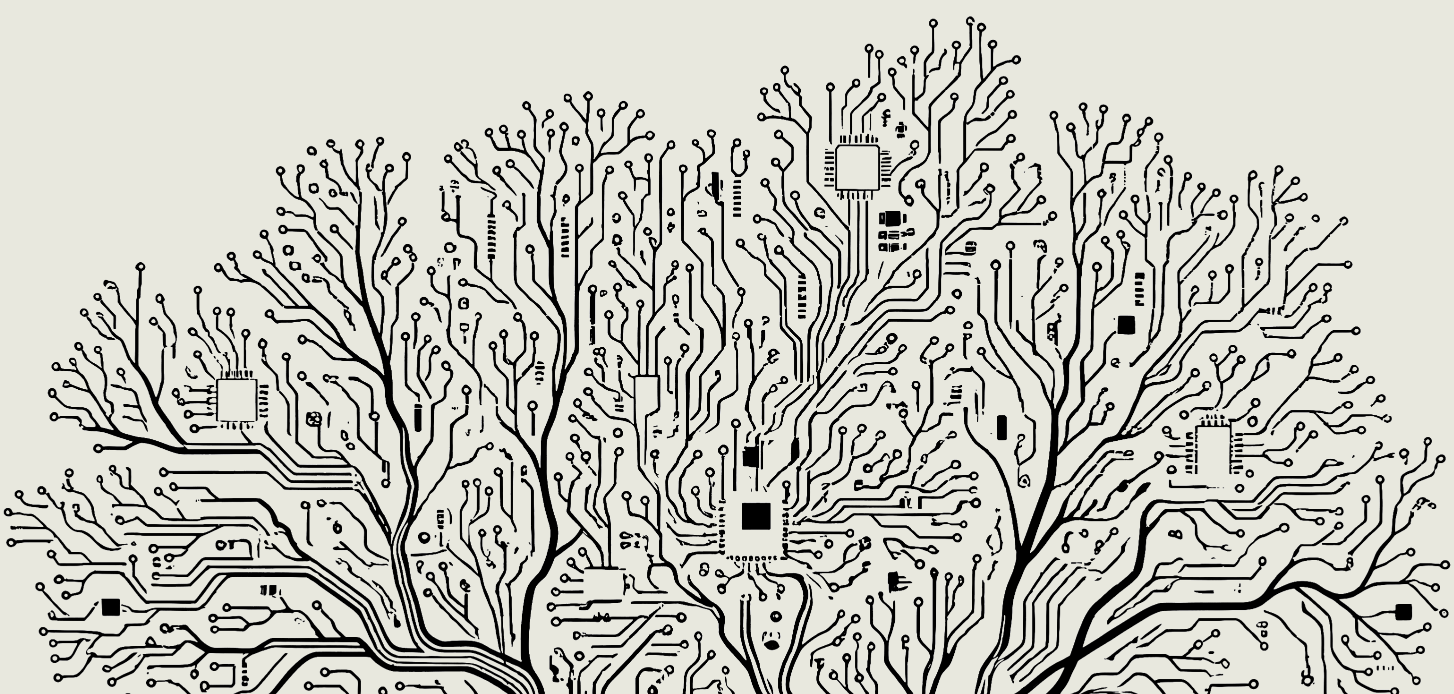

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IMAS Foundation

IMAS Foundation is an independent foundation that manages long-term capital within the IKEA ecosystem, with the objective of preserving and growing resources so they can be deployed when needed to create systemic, sustainable change through the IKEA Foundation. Within this context, IMAS has developed an integrated sustainability strategy aimed at generating "sustainable alpha"—long-term outperformance achieved through responsible investment practices and investments aligned with environmental and social megatrends, particularly the low-carbon transition.

Rather than establishing a standalone climate solutions allocation, IMAS embeds sustainability across the full portfolio through a structured investment process, thematic prioritization, and a spectrum-based classification system that differentiates between responsible, sustainable, thematic, and impact strategies. This approach reflects a pragmatic, resource-conscious model for allocators seeking to align mission, financial performance, and sustainability outcomes.

Anchoring

IMAS Foundation was established to fulfil a distinct and complementary role within the broader ecosystem of three IKEA-related foundations set up by IKEA's founder Ingvar Kamprad (INGKA Foundation, IMAS Foundation and IKEA Foundation). INGKA Foundation owns INGKA Group and receives dividends from its retail operations. These funds are transferred to IMAS Foundation, which is specifically tasked with managing them as a long-term, responsible investor, until-needed by IKEA Foundation to finance charitable programs that deliver systemic impact. Within this context, IMAS has articulated a clear investment philosophy centered on sustainable alpha, grounded in the belief that sustainability is a driver of long-term financial performance and resilience rather than a constraint. This philosophy stems from investment beliefs which are codified in IMAS' sustainability strategy:

- **Systemic risk:** Climate change is viewed as a material and underpriced risk to financial markets, with implications across physical, regulatory, technological, and social dimensions
- **Investment opportunity:** Megatrends such as decarbonization, digitalization, and resource

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efficiency are expected to generate long-term sources of alpha

- **Mission alignment:** Investments are designed to support the transition to a sustainable economy, consistent with the shared vision set out by IKEA founder Ingvar Kamprad: to create a better everyday life for the many people.

To operationalize this philosophy, IMAS has developed a portfolio-wide sustainability framework that links its mission and vision directly to investment strategy. This framework applies across all investments and is implemented through a series of building blocks, including sustainability integration, thematic prioritization, manager selection, and risk management.

IMAS does not position itself as an impact investor; instead, it operates across a spectrum—from responsible to impact strategies—while maintaining a return-first mandate. This distinction reflects both its fiduciary responsibilities and its role within the IKEA ecosystem.

Strategy

IMAS translates its sustainability philosophy into portfolio construction through two core mechanisms: *(1) a set of sustainable investment themes aligned with the transition to a sustainable economy*, and *(2) a classification framework that differentiates the depth of sustainability integration across strategies.*

Sustainable investment themes

IMAS prioritizes investment opportunities that contribute to and benefit from the transition to a sustainable economy, with a particular focus on sectors with high emissions intensity and strong decarbonization potential. Core themes include:

- Renewable energy and enabling infrastructure
- Low-carbon transportation
- Resource efficiency and circular economy solutions
- Sustainable buildings and infrastructure
- Sustainable agriculture and land use
- Social sustainability

These themes are derived from an analysis of the most emissions-intensive sectors and are continuously refined through ongoing market mapping. Investment prioritization is guided by two key criteria: *1) Attractiveness of market size, growth potential, and regulatory tailwinds;* and *2) Investibility based on technological maturity, alignment with megatrends, and expected capital inflows.*

Rather than setting fixed allocation targets, IMAS uses these themes as portfolio construction tools—helping to manage concentration risk, identify opportunities, and guide capital deployment across asset classes.

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Classification framework

To differentiate how sustainability is expressed across the portfolio, IMAS classifies investments into five categories:

- **Traditional:** Limited or no ESG integration
- **Responsible:** ESG integration focused on risk mitigation and value preservation
- **Sustainable:** ESG integration aimed at capturing opportunities and improving risk-adjusted returns
- **Thematic:** Investments targeting specific sustainability themes where environmental or social needs create clear economic and commercial opportunities with the potential to generate alpha for the long term
- **Impact:** Investments with intentional, additional, and measurable environmental or social outcomes alongside a market-rate of return

This framework allows IMAS to manage a diversified portfolio while progressively increasing exposure to higher-impact strategies. In practice, investments classified as thematic and impact are most closely aligned with climate solutions, although not all investments within priority sectors are necessarily categorized as such.

Portfolio construction and implementation

IMAS maintains a globally diversified portfolio across listed and non-listed assets, with flexibility to allocate across asset classes and increase exposure to illiquid strategies where appropriate. Private markets —particularly infrastructure and non-listed equity—play an important role, given their ability to support long-term, capital-intensive climate solutions. Currently, 57% of IMAS' investments in non-listed equity are impact or thematic (approximately €500 million in AUM), and 12% in infrastructure (approximately €200 million in AUM). Examples of such investments in IMAS' portfolio are a blended finance facility investing in renewable energy infrastructure projects in emerging markets, and a fund that invests in high-impact companies and projects that can drive rapid, large-scale decarbonization and carbon removal, while delivering attractive long-term risk-adjusted returns.

The organization primarily invests through external managers, complemented by selective co-investments and direct investments in thematic areas. Manager selection is a critical lever, with IMAS prioritizing partners that share its sustainability values and demonstrate strong integration of ESG factors, where deemed relevant.

Diligence

IMAS incorporates sustainability considerations throughout the investment process, supported by a structured set of pre-investment tools and internal decision-making practices.

Pre-investment process

Prior to investment, IMAS applies several key components:

- **Sustainability checklist:** Assesses ESG integration at the manager and organizational level, typically

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informed by due diligence questionnaires and data room material

- **Sustainable investment label:** Classifies the strategy along the responsible–impact spectrum, based on its characteristics and objectives
- **Value mapping:** Evaluates the extent to which managers are aligned with IMAS' core values
- **Further due diligence:** Includes deeper analysis of sustainability factors, informed by frameworks such as the Impact Management Project's Five Dimensions of Impact

Classification occurs at the strategy level, while broader sustainability assessments apply at the manager level. Investment teams determine classifications during the diligence process, with discussions of the level of sustainable integration happening at internal investment meetings prior to investment committee approval.

Manager selection and alignment

Given its reliance on external managers, IMAS places significant emphasis on selecting partners that:

- Integrate sustainability into investment analysis and decision-making
- Demonstrate transparency in reporting and engagement practices
- Align with IMAS' long-term investment horizon and values

This approach is particularly important in private markets, where active ownership and engagement are central to value creation.

Monitoring

IMAS' approach to monitoring reflects both its ambition to track sustainability outcomes and the practical constraints of a small investment team operating in a data-constrained environment. During the holding period, IMAS focuses on reviewing sustainability and impact data provided by managers, engaging with partners to promote improved ESG practices and transparency. The organization has a particular focus on climate-related metrics, including emissions and avoided emissions, and is actively exploring ways to improve consistency and comparability across the portfolio.

IMAS acknowledges several challenges in measurement and reporting, including a lack of standardized methodologies, variability in data quality across managers, and resource constraints limiting the ability to deeply analyze and validate data. As a result, IMAS has adopted a pragmatic and evolving approach, focusing on identifying priority metrics where feasible, engaging with managers to improve reporting practices, and exploring tools and systems to streamline data collection and integration.