

# Investing responsibly for the future, today.

Being Responsible – Year 3

Annual Responsible Investing Report 2022





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Over the past year, we focused our sustainability efforts on completing the building blocks with a view of ending the 2022 with a capability fit to deliver strongly and effectively on our sustainable investing commitments and ambitions. We strengthened, refined, and reenforced our 3 Ps – people, process, products. This is to meet the evolving market expectations, especially one-year after the start of the enforcement of the EU Sustainable Finance Disclosure Regulation, and at the same time respond to the increasing demand for investment products that promote ESG or deliver sustainable outcomes, in themes focused on the most pressing issues that investors and people face today.

It is our hope that you will see evidence of the hard work and dedication that has enabled us to weather the tough year that was. You will read about our expanding sustainability team, innovative new products, as well as the ways in which we strengthened our capability to deliver on our commitments.

Despite the challenges of 2022, we at Thematics AM continue to push forward and pursue our goals with determination and resilience. Amidst the profound changes and continuing challenges, we remain dedicated to this mission. It is our conviction that our thematic investing expertise coupled with our strong commitment to responsible and sustainable investing, we are well positioned to navigate the challenges and capitalize on the opportunities that lie ahead.

## Responsible Investment Committee



Arnaud  
BISSCHOP  
Head of  
Responsible  
Investment



Karen  
KHARMANDARIAN  
Chief Investment  
Officer



Maila  
BENIERA  
ESG  
Specialist



Guillaume  
COSSELIN, CFA  
Climate  
Specialist



Cecile  
CHAPELLE  
Head of  
Compliance

# Scope of the report

This consolidated sustainability report provides information on Thematics AM's sustainable investment policy, process, product, and performance for the fiscal year 2022. Whereas we published separate reports on ESG, climate, voting and engagement in the previous years, this is the first consolidated reporting that outlines our performance in relation to our sustainability commitments and the outcomes we achieved within the fiscal year. It covers all our asset management activities, business units, and functions and encompasses all our investment products and services.

This report has been prepared in accordance with the following sustainable investing regulations and framework: EU Sustainable Finance Disclosure Regulation or Regulation (EU) 2019/2088, the French Article 29 on the French Energy and Climate law (Loi n° 2019-1147) of November 8, 2019, and the Task-force on Climate-related Financial Disclosure.

On policy and process, this report provides summary of our responsible investment approaches, resources and support dedicated to facilitate and achieve our sustainability goals, and the governance of this mission.

On product, the report provides description of the characteristics of all Thematics AM's assets under management, their sustainability contributions or the environmental, social, and governance themes that they promote, and other sustainability credentials.

On performance, the report provides both entity and strategy level performance across all material and binding sustainability factors. These include quantitative and qualitative information on sustainable or positive outcomes, ESG risks scores, exposure to harmful activities, exposure to controversies, and performances across multiple environmental indicators, including on climate and biodiversity.

Sustainable investing has gone mainstream and is currently evolving at an accelerated pace. Our commitment is to continue to do our utmost in improving our approach both in integrating sustainability principles into our investments, as well as in providing transparency. We welcome feedback from all our stakeholders to inform future enhancements.



# About Us

- Any reference to specific securities, sectors or markets does not constitute investment advice, a recommendation or an offer to buy or sell securities, or an offer to provide a regulated financial service. The analyses, views and some of the investment themes and processes mentioned in this document represent the views of the portfolio manager(s) as of the date indicated. Those views, as well as the portfolio positions and characteristics described, are subject to change. There is no guarantee that market developments will reflect the forecasts in this document.
- Companies are categorized as Prime if they achieve/exceed the sustainability performance requirements (Prime threshold) defined by ISS ESG for a specific industry (absolute best-in-class approach) in the ESG Corporate Rating. Prime companies are sustainability leaders in their industry and are better positioned to cope with material ESG challenges and risks, as well as to seize opportunities, than their Not Prime peers. The financial materiality of the Prime Status has been confirmed by performance studies, showing a continuous outperformance of the Prime portfolio when compared to conventional indices over more than 14 years.
- The ex-ante assessment of sustainability or positive contributions of securities when qualifying to our investable universe is based on Thematics AM definitions and scope. We report on these sustainability or positive contributions using our internal accounting method. We also provide third-party SDG contributions data from ISS only for the purpose of allowing comparison with the reference index.





# Who we are

Thematics Asset Management is a global pure-play thematic equity asset manager. We are driven by our clear recognition and deep understanding of the market opportunities arising from the convergence of multiple forces that reinforce one another, giving to a theme the ability to provide sources of resilient and long-term growth. Thematics AM has emerged as a strong player in the thematic investing field.

As of 31 December 2022, Thematics Asset Management offers eight thematic equity strategies around the themes of water, safety, wellness, subscription economy, artificial intelligence and robotics, and climate. As a responsible investor, we systematically integrate sustainability considerations across our end-to-end investment process. All our funds and assets under management are subject to these sustainability principles as defined in Thematics AM's Responsible Investment Policy.

From our six founding partners, we have grown our team over the last four years, building our senior leadership, as well as our operations management. As of February 2023, Thematics AM counts 22 full-time employees and one apprentice.

Thematics Asset Management is an affiliate of Natixis Investment Managers, one of the world's largest asset management firms<sup>4</sup>.

## Key Figures:



8  
thematic  
strategies<sup>1</sup>



3 EUR bn  
assets under  
management



100 %  
responsible  
strategies<sup>2</sup>



23  
Number of  
employees<sup>3</sup>

<sup>1</sup> Thematics AM strategies as of 31/12/2022. Thematic AAA Consumer was repositioned as of October 2022 and is now named as Thematics AAA European Selection.

<sup>2</sup> Sustainable strategies refer to strategies whose investment process systematically integrate sustainability principle as defined in Thematics AM's Responsible Investing Policy.

<sup>3</sup> Full time, permanent employees, including one alternant as of February 2023.

<sup>4</sup> Cerulli Quantitative Update: Global Markets 2022 ranked Natixis Investment Managers as the 18th largest asset manager in the world based on assets under management as of December 31, 2021.



# Our people

## Management & Operations



Mohammed  
AMOR  
CEO



Eglantine  
REVENAZ  
Chief Operating  
Officer



Fabienne  
MAILLOT  
Corporate  
Secretary



Cecile  
CHAPELLE  
Chief Compliance  
Officer

## Investment Management & Client Service



Karen  
KHARMANDARIAN  
AI & Robotics  
CIO



Alexandre  
ZILLIOX  
AI & Robotics



Frederic  
DUPRAZ, CFA  
Safety



Matthieu  
ROLIN  
Safety



Arnaud  
BISSCHOP  
Water



Simon  
COTTELIER  
Water



Nolan  
HOFFMEYER, CFA  
Subscription  
Economy



Walid  
AZAR ATALLAH  
Subscription  
Economy



Marine  
DUBRAC, CFA  
Wellness



Pierre-Alexis  
FRANCOIS  
Wellness



Alexis  
HEIM DE BALSAC  
Portfolio Manager  
Assistant



Anne  
DE LA  
ROCHEFOUCAULD  
D  
Consumer



Maila  
BENIERA  
ESG Specialist



Guillaume  
GOSSELIN, CFA  
Climate  
Specialist



Rita  
SADOCCO  
ESG Analyst  
Assistant



Sam  
RICHMOND-BROWN  
Client Portfolio  
Manager



Fanny  
DE SACY  
Head  
Client Management



Edouard  
DE NAGOURSKI  
Client Portfolio  
Manager



Sam  
BLANSHARD  
Head  
Marketing

# What we do

*Thematic investing offers a strategic lens of looking into the future. It allows us to capture growth opportunities, while helping enable a more sustainable future, today.*

## Primary Forces Driving Secular Growth



Demographics & Social Change



Disruptive Innovation



Global Economic shifts



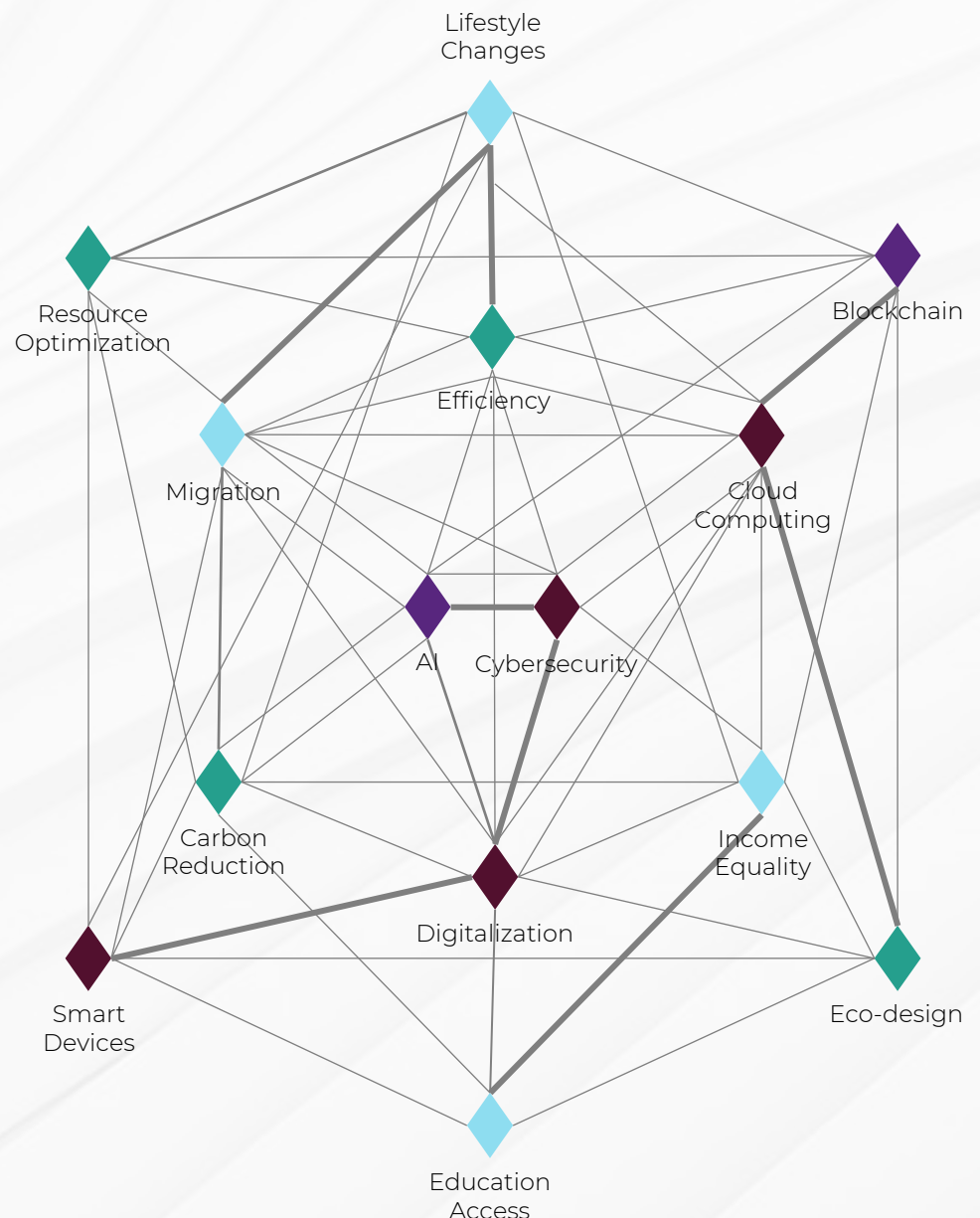
Climate Change & Resource Scarcity

Figure 1. Thematics AM growth drivers and related themes

With thematic investing, the search for new growth drivers cuts across sectors, countries, geographical boundaries, and market capitalizations. It targets with precision specific long-term trends, or a combination of trends that reinforce each other to build a strong growth area. With such thematic lens, investors can gain exposure to less known, undervalued companies whose growth prospects are not yet recognized in their share prices but are well-positioned to emerge as winners of the future.

As a thematic investor, our strength is in our expertise to identify those waves of change that are slow forming but irreversible, providing enduring growth that outpaces temporary trends.

## An Interconnected Web of Themes





# What we offer

## Themes on which we focus

### Water Infrastructure

Drinking water supply | Water distribution | Environmental consulting for water infrastructure development | Water and wastewater utility | Advanced water and wastewater treatment technologies | Smart meters | Digital twins and virtualization software for water infrastructure modeling and planning | Water pumps, pipes and valves

### Demand Efficiency

Water-efficient landscaping equipment and services | Industrial steam recirculation | Plumbing infrastructure | Industrial water advanced treatment equipment | Industrial water chemicals

### Pollution Control

Municipal solid waste collection and treatment | Hazardous waste treatment | Consulting for advanced pollutants | Water quality analyses equipment and services

### Connect

Cybersecurity, fraud detection, and other threats detection and network protection solution | Workflow management security | data protection and secured data centers | Disaster alerting | Software integrity

### Live

Building safety technologies | Pest control | Home security devices | Access controls and monitoring

### Eat

Food testing services | Environmental testing | Safe food and beverage processing solutions | Food quality assurance | Food service pest control | Intelligent and secured logistics solutions

### Shop

Secured payment solutions | Fraud detection

### Move

Active and passive safety systems | Driver assist technologies | Advanced passenger safety equipment

### Work

Protective clothing and equipment | Hazard detectors | Infrastructure inspection and control | Environmental analyses

### Exercise

Sports and fitness equipment, apparel and accessories | Sports facilities and machines

### Monitoring

Health data tracking and monitoring device | Digital health monitoring services | Disease detection and health testing services | Basic medical equipment, diagnostics, and treatment services | Wearable health monitoring devices

### Nutrition

Plant-based, organic and other natural foods | Healthier food ingredients | Women and infant nutrition | Vitamins

### Support

Assistive technologies | Basic homecare, hygiene, and grooming products | Glasses, hearing aids | Medtech | Skin protection

### Relaxation

Relaxation and mental health promotion products and services | Yoga | Sleep | Creative Activities as music and painting

### Open-Air

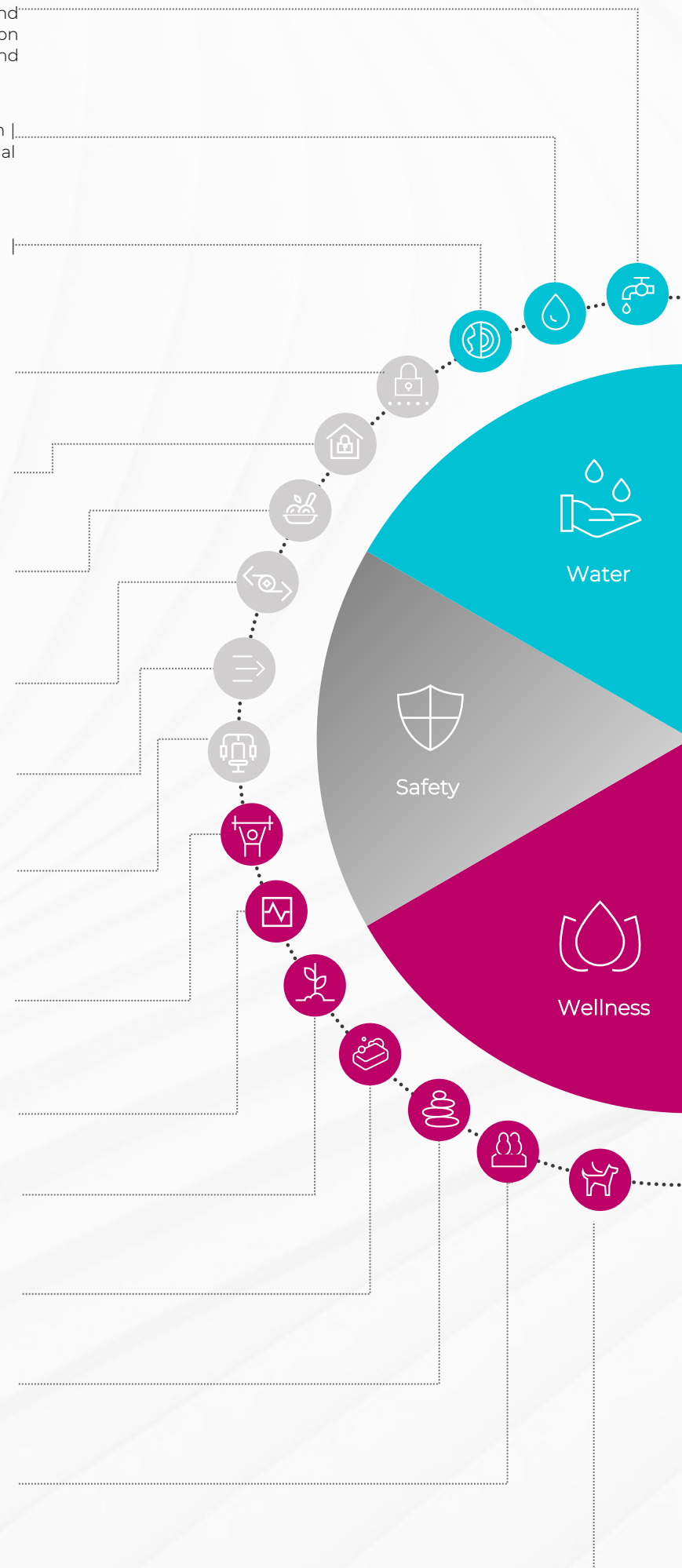
Outdoor activities facilities and services | Outdoor equipment and apparels | Gardening | Hiking

### Companionship

Digital connection and dating apps | Pet health and pet accessories

### Education

Online courses | Language learning apps | Brain Training



# What we offer

## Themes in which we focus

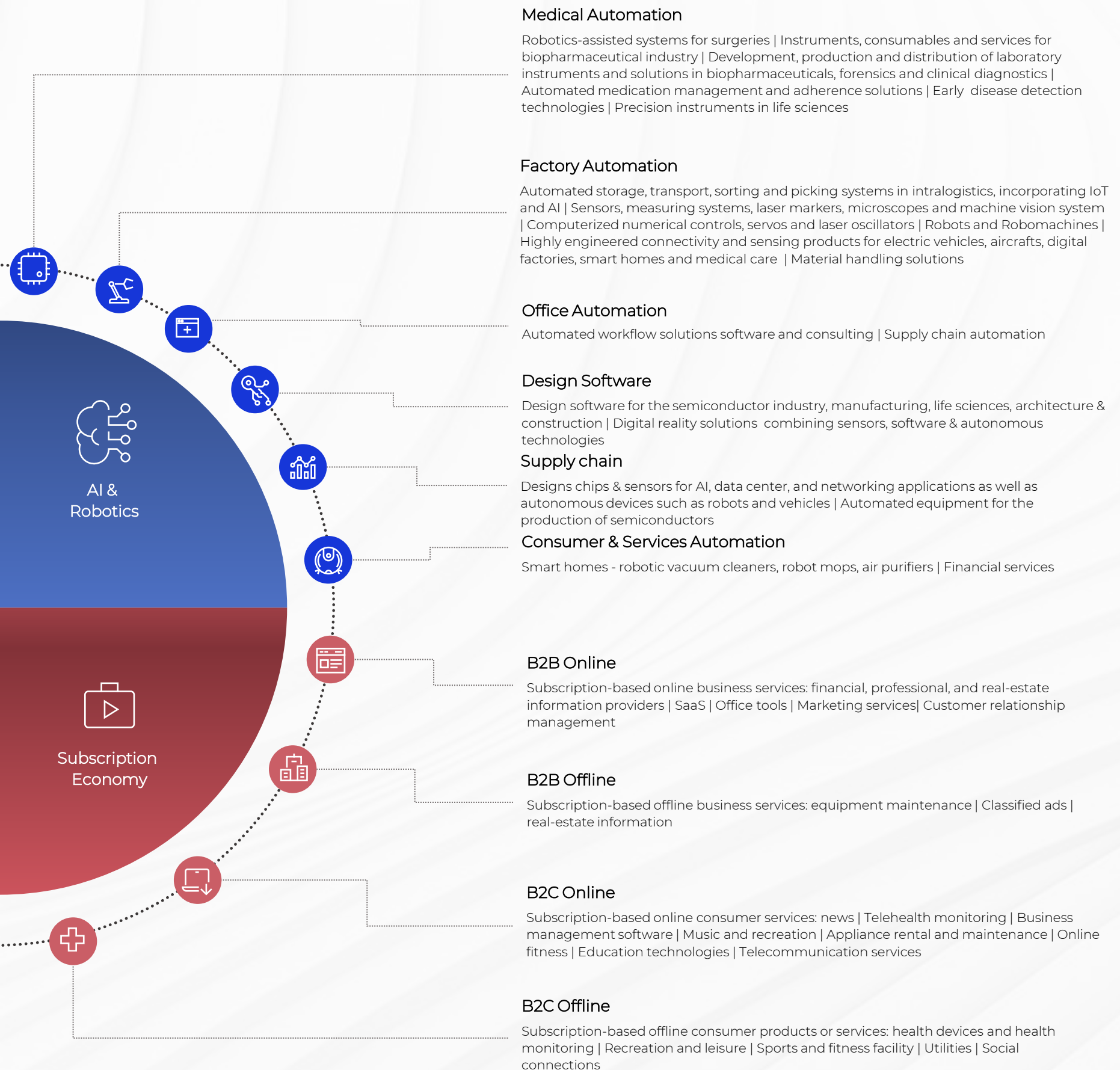


Figure 2. Thematics AM themes, segments and related products and services



# What we offer

## Our Strategies

### Thematics Meta Strategy

It is our conviction that each of our five global theme strategies described above invests in the themes that are driving the future humanity, society, and the planet. To that end, the Thematics Meta strategy combines the five global theme strategies managed within our thematic franchise – offering broad exposure to these critical themes in a single place. It invests directly in equity of companies and is not a fund of funds. The investment objective of the Thematics Meta strategy is long-term growth of capital through an investment process systematically including Environmental, Social and Governance (“ESG”) considerations.



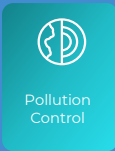
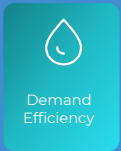
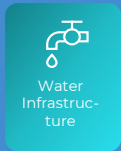
### Thematics AAA European Selection Strategy

The Thematics AAA European Selection strategy gives investors access to the expertise of Thematics AM through a European lens. The strategy offers a broad spectrum of opportunities based on the strongest convictions of our five global theme strategies described above (Artificial Intelligence and Robotics, Safety, Subscription Economy, Water and Wellness). The investment objective of the Thematics AAA European Selection strategy is to outperform the European equity markets over the recommended long-term investment horizon of at least 5 years by taking advantage of the dynamics of European stocks linked to our five global theme strategies through an investment process systematically including Environmental, Social and Governance (“ESG”) considerations.

### Thematics Climate Selection Strategy

The Thematics Climate Selection selects, based on their Climate transition risk profile, the companies held within each of the Thematics single theme strategies (such as, but not limited to, the Thematics AI and Robotics strategy, the Thematics Safety strategy, the Thematics Subscription Economy strategy, the Thematics Water strategy and the Thematics Wellness strategy). The sustainable investment objective of the Thematics Climate Selection strategy is to contribute to the climate transition through investments in Paris Agreement-aligned companies which are supported by long term secular growth drivers. The strategy aims to generate long-term growth of capital and to outperform its reference index on financial returns whilst at least matching a temperature level aligned with Paris agreement targets. The investment process systematically integrates sustainability considerations.

Figure 3. Thematics AM product offering



## Thematics Water

### Investment Objective

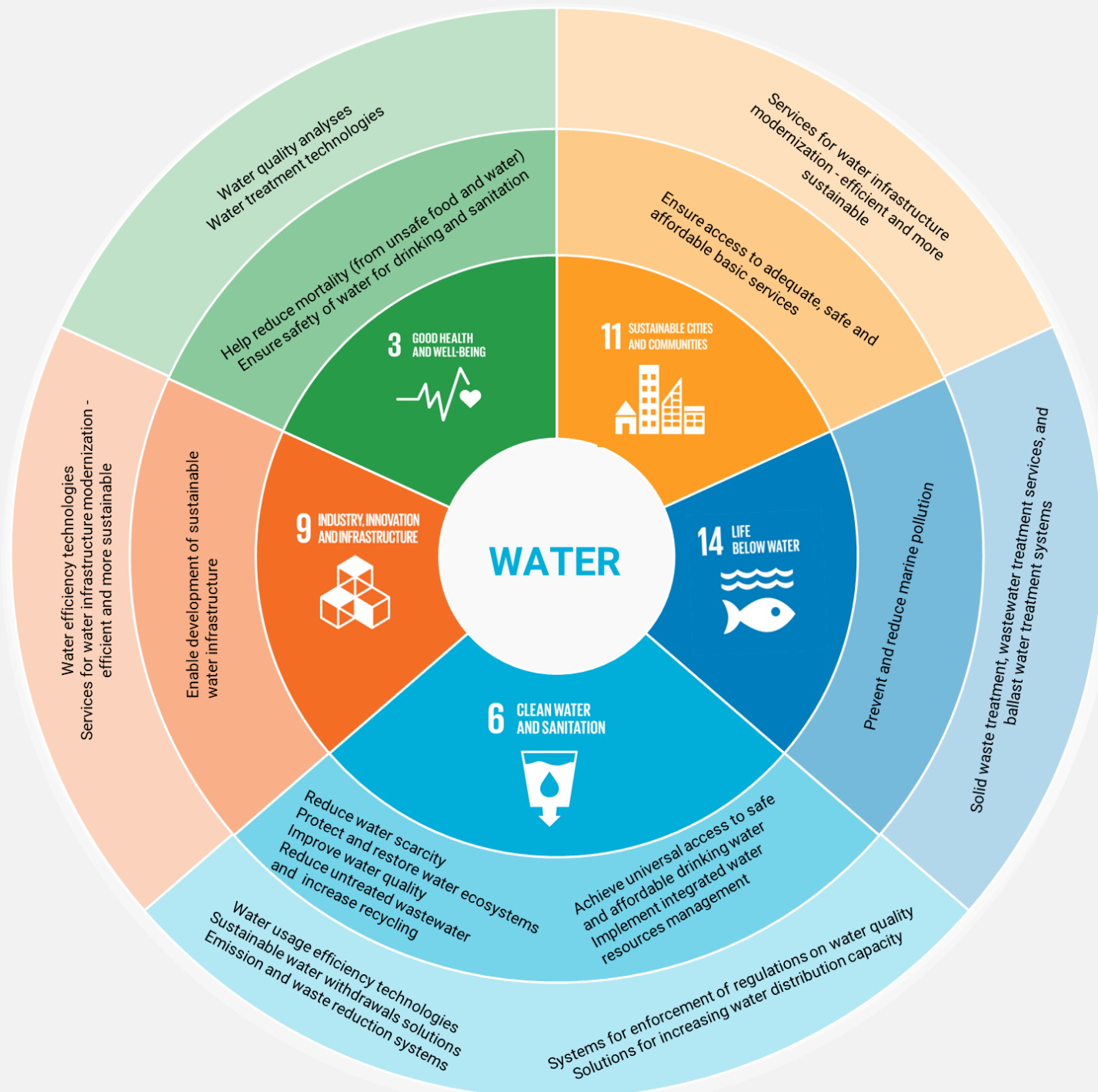
The sustainable investment objective of the strategy is to contribute globally to the universal provision of clean water, in water pollution prevention and control and more broadly in the global, sustainable use and protection of all water resources while generating long-term capital growth through an investment process systematically including ESG considerations.

In order to contribute to these objectives, this financial product will make investments in economic activities, including but not limited to: water usage efficiency, sustainable water withdrawals, water treatment technologies, advanced water management technologies; hazardous waste management, pollution monitoring; water supply and water delivery infrastructure.

### EU SFDR Classification

Financial products managed by Thematics AM under this theme are classified as Article 9, with investments primarily in environmentally sustainable activities.

Risks: The strategy invests primarily in global company shares (stocks). Equity investments may experience large price fluctuations. The strategy is subject to specific risks, including those linked to: Equity securities, Exchange rates, Global investing, Large capitalization companies, Smaller capitalization companies, Geographic concentration, Changes in laws and/or tax regimes, Portfolio concentration, Emerging markets, Investing in A-Shares through Stock Connects, ESG driven investments and Sustainability Risks.



United Kingdom | Water Utilities

ISS ESG: 73.6 – Prime

Sustainalytics ESG Risk Score: 15 – Low Risk

MSCI AA – Leader

- Severn Trent was elected as a global leader for gender equality in the 2022 Bloomberg Gender-Equality Index (GEI) for the third consecutive year; it was also named Gold Award employer (Top 50 companies) by the Stonewall Workplace Equality Index for its approach to LGBTQ+ inclusion .
- Ranked first in the 2021 Tortoise Responsibility100 Index - a league table that measures the environmental, social and ethical performance of the FTSE 100.
- Has been reporting to CDP its climate-related performance, and as of 2022 obtained an A- rating, demonstrating its leadership in transparency; Severn Trent is also a TCFD signatory since 2020.
- Severn Trent has been crowned as Biodiversity Champion at the 2022 Responsible Business Awards for its £1.2 billion Great Big Nature Boost (GBNB) project, one of the biggest nature projects across the UK.



**Goal**

Ensure availability and sustainable management of water and sanitation for all

**Products or services**

*Water supply, water reuse and conservation, water and wastewater treatment*

Severn Trent operates two of the UK's 11 regulated water and wastewater businesses in England and Wales, supplying over 2 billion liters of clean drinking water every day to more than 4,6 million households and businesses, and treating 3.1 billion liters of wastewater.

It commits not to source water from high baseline water stress regions. It treats effluents in order to send back to the river the most clean water as possible.

Clean water efficiency is increased through leakage reduction and customer education. Wastewater is screened, filtered and treated to stringent environmental standards before being returned to the water system. Waste products are recycled to fertilize the land.



**Goal**

Ensure healthy lives and promote well-being for all at all ages

**Products or services**

*Water and wastewater services residential customers*

Severn Trent strives to improve water quality, tracking indicators as drinking water quality complaints, and its points under the Water Framework Directive (WFD). It set targets relating to reduction in pollution incidents and leakage, as well as reduce per capita consumption to increase water-use efficiency.

Severn Trent also works with vulnerable customers to ensure that clean water is affordable for all.



**Goal**

Conserve and sustainably use the oceans, seas and marine resources for sustainable development

**Products or services**

*Coastal protection and restoration, and watershed management*

The company overachieved its target to improve 2100 km of rivers in England and continues to work towards improving biodiversity in the areas in which it operates.

The company uses catchment nutrient balancing techniques to reduce the amount of phosphate in water. In some catchments, it has estimated that it can reduce farming's contribution to phosphates in watercourses by up to 66%; the company offers farmers support in properly recycling their grey water and building water resilience.

It created a Cleanest Rivers Programme which helps coordinate river protection improvement activities and the delivery of the company's river pledges.



**Goal**

Take urgent action to combat climate change and its impacts

**Products or services**

*Energy generation based on recovered energy from sewage sludge*

The company has committed to reach net zero emissions by 2030, through electrification of its fleet and the use of 100% renewable energy.

Severn Trent has set approved SBTi commitments, which include engaging with at least 70% of its suppliers to set Science-based targets by 2026; 46% reduction in Scope 1 and Scope 2 emissions by 2031 from a 2019/20 baseline; and 13.5% reduction in emissions from sold products by 2031.





**Thematics Wellness strategy**

Exercise	Monitoring	Nutrition
Companionship	Education	Open-Air

## Thematics Wellness

### Investment Objective

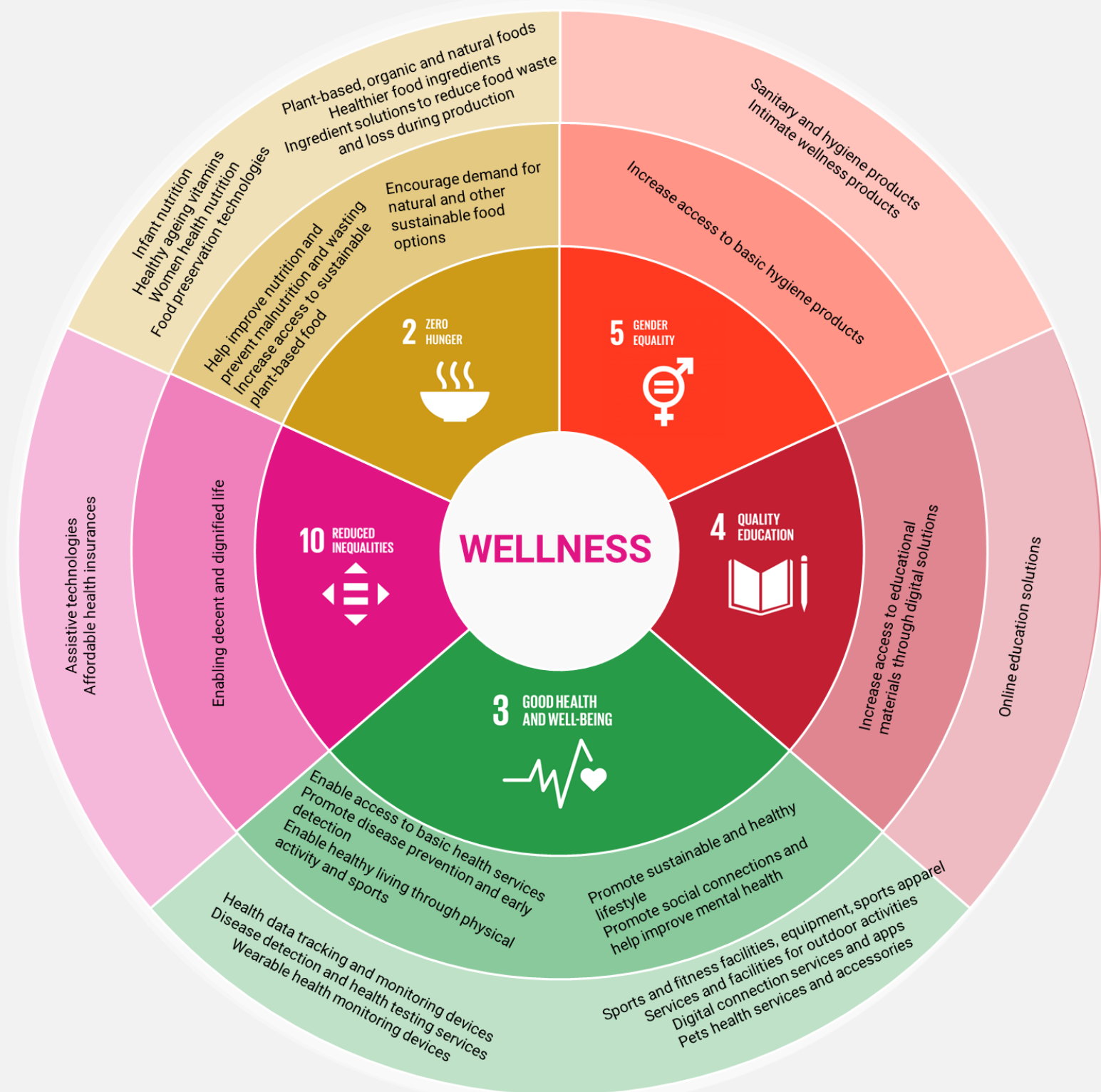
The sustainable investment objective of the strategy is to foster healthy living and promote wellbeing for all at all ages while generating long term growth of capital through an investment process systematically including ESG considerations.

The strategy is actively managed and invests its assets in equities of companies around the world engaged in technologies and services that contributes to the following: improve access to products and services for physical and mental health and well-being, improve access to products and services for basic human needs including food, healthcare and education, and enable decent and meaningful work.

### EU SFDR Classification

Financial products managed by Thematics AM under this theme are classified as Article 9, with investments primarily in activities contributing to social objectives.

Risks: The strategy invests primarily in global company shares (stocks). Equity investments may experience large price fluctuations. The strategy is subject to specific risks, including those linked to: Equity securities, Exchange rates, Global investing, Large capitalization companies, Smaller capitalization companies, Geographic concentration, Changes in laws and/or tax regimes, Portfolio concentration, Emerging markets, Investing in A-Shares through Stock Connects, ESG driven investments and Sustainability Risks.





ISS ESG Score 60.5 – Prime

Sustainalytics ESG Risk Score: 15.3 – Low Risk

MSCI AA - Leader

- UnitedHealth Group was the top ranked company in the insurance and managed care sector on Fortune’s 2022 “World’s Most Admired Companies” list for the 12th consecutive year. It was also named to Forbes’ list of 2021 World’s Best Employers and America’s 500 Best Large Employers for 2022.
- It scored a B on its CDP assessments in 2021 and 2022 and is committed to set SBTI-approved targets. The company commits to source 100% of its global electricity demand with renewable sources by 2030.
- The company is a constituent of the Dow Jones Sustainability World and North America indices since 1999.
- UnitedHealth was named to Forbes’ list of America’s 500 Best Large Employers for 2022. It received numerous distinctions relating to workforce diversity and inclusion for its efforts relating to the LGBTQ community, from the Human Rights Campaign Foundation’s Corporate Equality Index 2022, and disability inclusion, from the Disability Equality Index® (DEI).



### Goal

Ensure healthy lives and promote well-being for all at all ages

### Products or services

*Health-related insurance, in particular for high-risk groups; home-services as drug delivery and post-acute care planning; virtual services to connect people to care and provide behavioral consultation*

UHG is a health care and well-being company with a mission to help people live healthier lives and help make the health system work better for everyone through its two-core business.

Through its UnitedHealthcare unit, which offers a full range of health benefits, enabling affordable coverage, simplifying the health care experience and delivering access to high-quality care, it served more than 50 million people. The company indicated that its priority is to making coverage more affordable, simplifying the member experience and incentivizing high-quality, supported care. It is also expanding provider relationships that reward value and provide a human touch, while investing in areas like affordable housing and food security to help address factors that play a vital role in a person’s health but fall outside the clinical setting.

Through its Optum business, which delivers care aided by technology and data, empowering people, partners and providers with the guidance and tools they need to achieve better health, it served 60 million+ people in 2021. About 2.2 million people were also served through its value-based care arrangements.

UHG collaborates across the health system to make health care more qualitative. It commits to achieve better health outcomes by closing 600 millions gaps in care by 2025. In 2021, more than 110M gaps in care were addressed, based on measures established by the US National Committee for Quality Assurance.



### Goal

End poverty in all its manifestations, including extreme poverty.

### Products or services

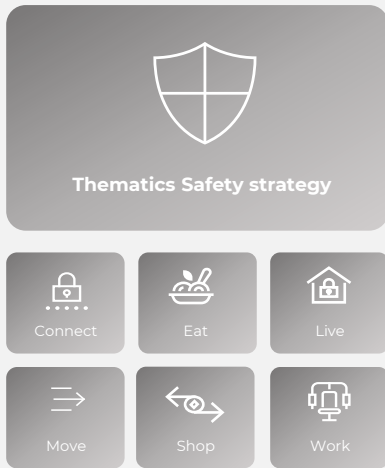
*Health-related insurance for low-income groups with dedicated plans for*

UHG strives to make health care more affordable and qualitative through programs as Optum Health which aims at accelerating the transformation from a fee-for-service to a value-based system of care delivery.

Through its Dual Special Needs Plans (D-SNP), UnitedHealthcare provides services for nearly 1.3 million Medicare and Medicaid members, who often have multiple chronic conditions and limited incomes.

Beginning in 2021, UnitedHealth Group, including the United Health Foundation and UnitedHealthcare, is investing \$4.5 million to increase access to health care, improve health outcomes and advance health equity in communities across Oklahoma, a state that ranks 42nd in the U.S. in access to primary care providers, and 43rd in multiple chronic conditions, particularly among Native Americans, according to America’s Health Rankings.





## Thematics Safety

### Investment Objective

The sustainable investment objective of the strategy is to contribute to the safety and protection of people's health, assets, data, and goods, while generating long term growth of capital through an investment process systematically including ESG considerations.

The strategy is actively managed and invests its assets in equities of companies around the world engaged in technologies and services that enable safety and protection in the way humans live, eat, connect, work, move, and shop. This includes companies engaged in technologies and services primarily in the following areas: food and health safety, data privacy and consumer protection, improved and safe access to digital economy, safe mobility and transport systems, personal and industrial safety systems, and other advanced security systems.

### EU SFDR Classification

Financial products managed by Thematics AM under this theme are classified as Article 9, with investments primarily in activities contributing to social objectives.

Risks: The strategy invests primarily in global company shares (stocks). Equity investments may experience large price fluctuations. The strategy is subject to specific risks, including those linked to: Equity securities, Exchange rates, Global investing, Large capitalization companies, Smaller capitalization companies, Geographic concentration, Changes in laws and/or tax regimes, Portfolio concentration, Emerging markets, Investing in A-Shares through Stock Connects, ESG driven investments and Sustainability Risks.



ISS ESG: 73.64 – Prime

Sustainalytics ESG Risk Score: 13.9 – Low Risk

MSCI: BBB

- Palo Alto is in the 2022 list of America’s most JUST companies. It also received numerous distinctions relating to workforce diversity and inclusion. These include being on the list of 2022 “Best Place to Work for LGBTQ+ Equality by the Human Rights Campaign Foundation, which recognizes companies that met all the criteria to earn a 100 percent rating through implementation of concrete steps to establish and implement comprehensive policies, benefits and practices that ensure greater equity for LGBTQ+ workers and their families.
- Palo Alto was also certified as one of the 2022 most loved workplaces by Newsweek, and won multiple corporate culture awards by Comparably, including for its internship and early career programs.
- Palo Alto is also in the Glassdoor’s Best Places to Work in 2023.
- The company was awarded an A rating by the Carbon Disclosure Project’s (CDP) in 2022 and has submitted its commitment to the SBTi initiative.
- Palo Alto is a member numerous industry coalitions focused on advancing sustainability, including the Responsible Business Alliance, Alliance of CEO Climate Leaders of the World Economic Forum, the We Mean Business coalition, and the Climate Pledge.



**Goal**

Make cities safe, resilient and sustainable

**Products or services**

*Advanced cybersecurity solutions across sectors, in particular network security, secure access service edge, cloud security, security operations, and threat intelligence and security consulting*

Palo Alto provides next-generation cybersecurity to thousands of customers globally, across all sectors. It enables enterprises, organizations, service providers and government entities to protect themselves, their end-users and the public against cyber threats. Providing for cybersecurity and the protection of personal data and privacy is one of the core pillars the EU Social Taxonomy and other human rights principles. People as end-users of certain products and services are exposed to heightened safety risks. Solutions enabling data privacy and customer protection support consumer protection and the realisation of economic and social rights.

Palo Alto has now 85,000+ customers in over 150 countries globally, blocking an average of 224 billion threats per day.



**Goal**

Take urgent action to combat climate change and its impacts

**Products or services**

*Cloud-based security solutions that are designed to reduce customers’ total cost of ownership by improving operational efficiency and eliminating the need for siloed point products*

Greater workload flexibility, especially post-Covid, better server utilization rates, and more energy-efficient infrastructure all make public clouds more cost efficient than enterprise-owned data centers. Some studies have estimated that migrations to the public cloud can reduce CO2 emissions by 59 million tons per year which equates to taking 22 million cars off the road.

Palo Alto Networks has committed to using science-based strategies to reduce its climate impacts. In fiscal 2022, the company raised its climate ambition. In terms of Scope 1 and 2 emissions, the company committed to reduce absolute Scope 1 and 2 GHG emissions by 35% by 2027. For Scope 3, it committed to 65% of its suppliers, by total spend, will set Science-Based Targets by the end of fiscal 2027. compared to fiscal 2021 baseline, as well as to reduce Scope 3 emissions from its customers’ use of its sold products by 40% by 2027, compared to a fiscal 2021 baseline.



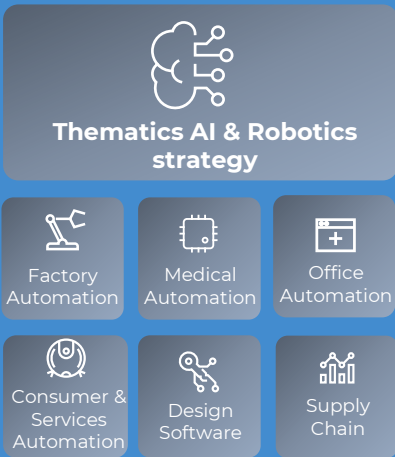
**Goal**

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Palo Alto empowers its communities addressing gender and racial disparity in tech through initiatives for Students, in particular ethnic minorities and women, in order to create the future pool of diverse talent. Cybersecurity initiation programs are held in schools all over the world, educating children starting from 5 years old.

Employees participate in personalized talent development programs, throw FLEXWORK initiative accommodating the needs of each employee regarding work schedule, location and benefits.





## Thematics AI & Robotics

### Investment Objective

The strategy aims to contribute to promoting environmental and social characteristics through selecting companies exposed to the scope of the theme; avoiding companies exposed to controversial activities, non-compliant companies to global sustainability standards and norms, and those exposed to high with negative outlook and/or severe ESG controversies; maintaining better ESG score than the Investable Universe; and actively voting and engaging with investee companies.

While this strategy does not commit to sustainable investments within the meaning of the EU SFDR, it invests in the artificial intelligence theme, in particular, around its applications in the automation of essential industries, including medical, factory, office, consumer and services, as well as supply chain and design. It is our view that these themes in turn contribute to 1 or more of the following positive outcomes: resource use optimization, climate resilience, health and safety, improved healthcare quality and access, and smart home and cities.

### EU SFDR Classification

Financial products managed by Thematics AM under this theme are classified as Article 8, promoting environmental and social characteristics.

Risks: The strategy invests primarily in global company shares (stocks). Equity investments may experience large price fluctuations. The strategy is subject to specific risks, including those linked to: Equity securities, Exchange rates, Global investing, Large capitalization companies, Smaller capitalization companies, Geographic concentration, Changes in laws and/or tax regimes, Portfolio concentration, Emerging markets, Investing in A-Shares through Stock Connects, ESG driven investments and Sustainability Risks.

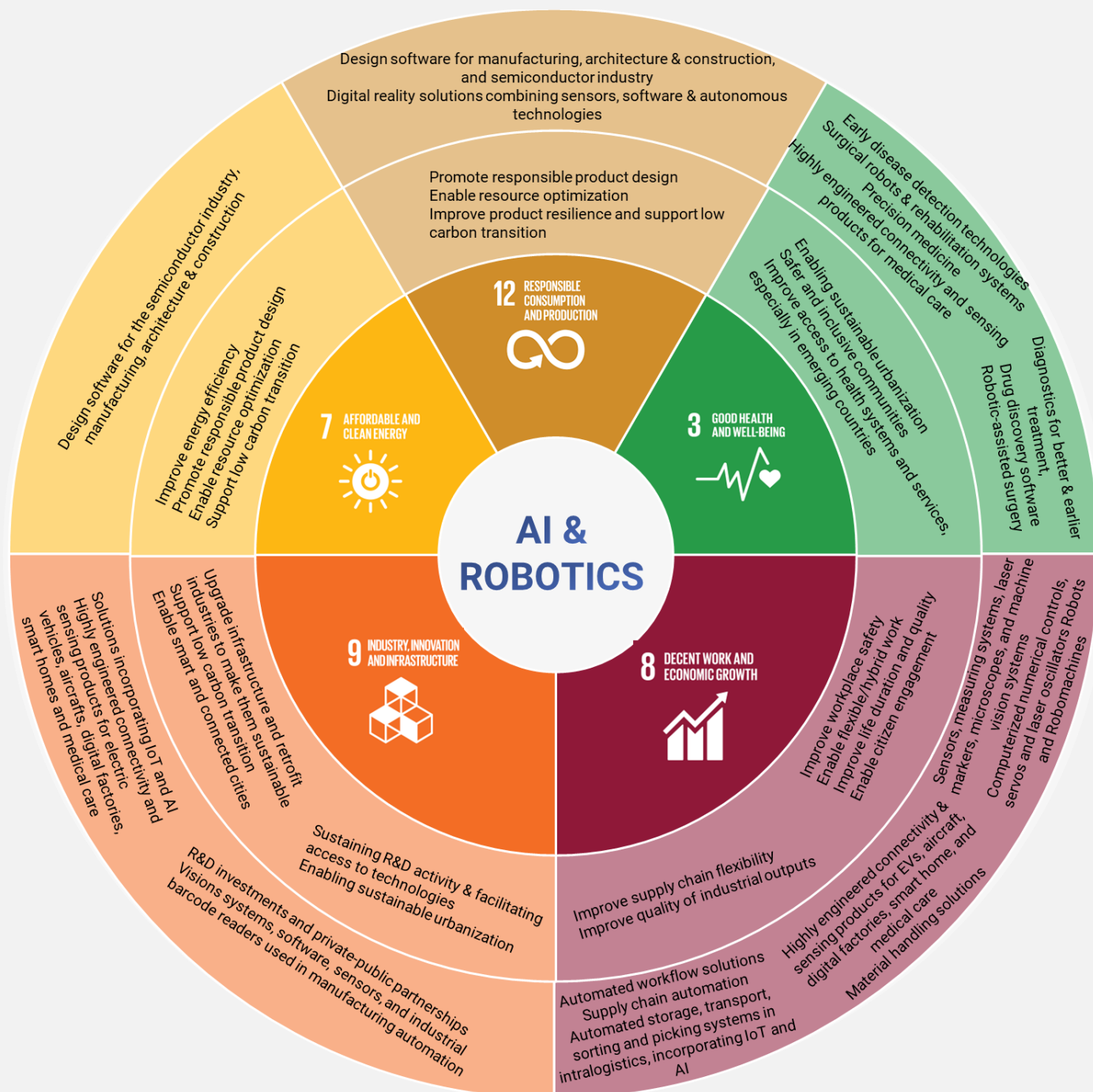


Figure 7. Thematics AI&Robotics theme positive contributions, based on internal assessment, as of 31/12/2022

- ASML is the world's leading manufacturers of chip-making equipment and has been dubbed as Europe's most valuable tech firm for its role as manufacturer of the world's most advanced chip-making machines. Microchips are the building blocks of technology. They can be found everywhere, at the heart of the devices that we use every day, from cars to smartphones and from MRI scanners to industrial robots and data centers. In 2020, more than 932 billion chips were manufactured around the world, feeding a €440 billion industry. By delivering new functionalities, better performance and lower cost with each generation, advances in chips have spawned new products and transformed industries.
- ASML is a member of the Responsible Business Alliance (RBA) since 2011, complying with the RBA Code social, environmental and ethical standards for the electronics supply chain.
- In 2021, ASML has been chosen as the 2021 Top 100 Most Loved Workplace® in Newsweek.
- ASML committed to reduce absolute scope 1 and 2 emissions by 2025 from a 2019 base year, and scope 3 emissions by 35,3%. The targets are aligned with 1,5°C Temperature rise and have been approved by the SBTi. Its 2022 Climate Change CDP report obtained a B, while its Water Security report obtained a C. ASML has also published its TCFD-aligned climate disclosure.
- As part of its waste reduction and circular economy commitments, the company indicated that, by 2025, ASML aims to have halved waste generation (209 kg waste generated per €m revenue as compared with a 2019 benchmark of 417 kg waste generated per €m revenue), and by 2030, it also aims to send zero waste from operations to landfill or incineration.



### Goal

Ensure sustainable consumption and production patterns

### Products or services

*Refurbish lithography systems to ensure a longer lifespan, Re-use program, As-new program*

- ASML has formal commitments to integrating circularity into its operations and has started several programs focused on reduction in waste, increase in re-use of parts, decrease in scrapped parts and packaging, and lifetime extension of systems still active in the field procurement.
- In 2022, it is on track to meet its 2025 targets of >95% of systems sold in the past 30 years still active in the field, 95% re-use rate of parts returned from field and factory, and 209 kg/€m total waste from operations (excl. construction) normalized to revenue.
- ASML's use of Conflict Mineral is audited by the Responsible Minerals Initiative and monitored in an annual report aligned with the RBA requirements.



### Goal

Take urgent action to combat climate change and its impacts

### Products or services

*Lithography technology that enables manufacturers to make more energy-efficient microchips*

- Amongst the actions that the company implemented in 2022 to support its climate actions and energy efficiency goals include: reducing energy consumption and use of natural gas; increasing the share of direct green energy purchases (so-called bundled renewable electricity) from renewable electricity; developing sustainable commuting options for employees cycling incentives, free public transport, carpooling and shuttle buses; and making the reduction of energy consumption an integral part of the company's product generation process.
- EUV enables the number of non-lithography processing steps for some critical layers to be reduced by up to three to five times – and this significantly reduces production cycle time. The fab also benefits from reduced energy and water usage, resulting from the lower number of deposition, etching and cleaning steps. Lithography advancements enable more energy-efficient chips.



### Goal

Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

### Products or services

*Lithography that enables accurate simulations, improving chip quality*

- ASML collaborates with several research partners and supports start up or scale up companies innovating in the tech space, with the goal to nurture innovation by new generations of technological talents. It has set a target for 2025: >20% of the total startups to reach Star level and to support 14 new scaleup projects by 2025. The company indicated that it is on track to support 14 new scaleup projects by 2025 and to meet its >€4bn R&D investments by 2025.
- The Horizon Europe program, a public-private partnership, facilitates collaboration and strengthens the impact of research and innovation in developing, supporting and implementing EU policies while tackling global challenges. By collaborating in European projects, ASML and its partners play a role in giving the continent a degree of sovereignty by driving and accelerating fundamental research and ground-breaking innovation in EMEA.





**Thematics Subscription Economy strategy**




B2B Online



B2B Offline



B2C Online



B2C Offline

## Thematics Subscription Economy

### Investment Objective

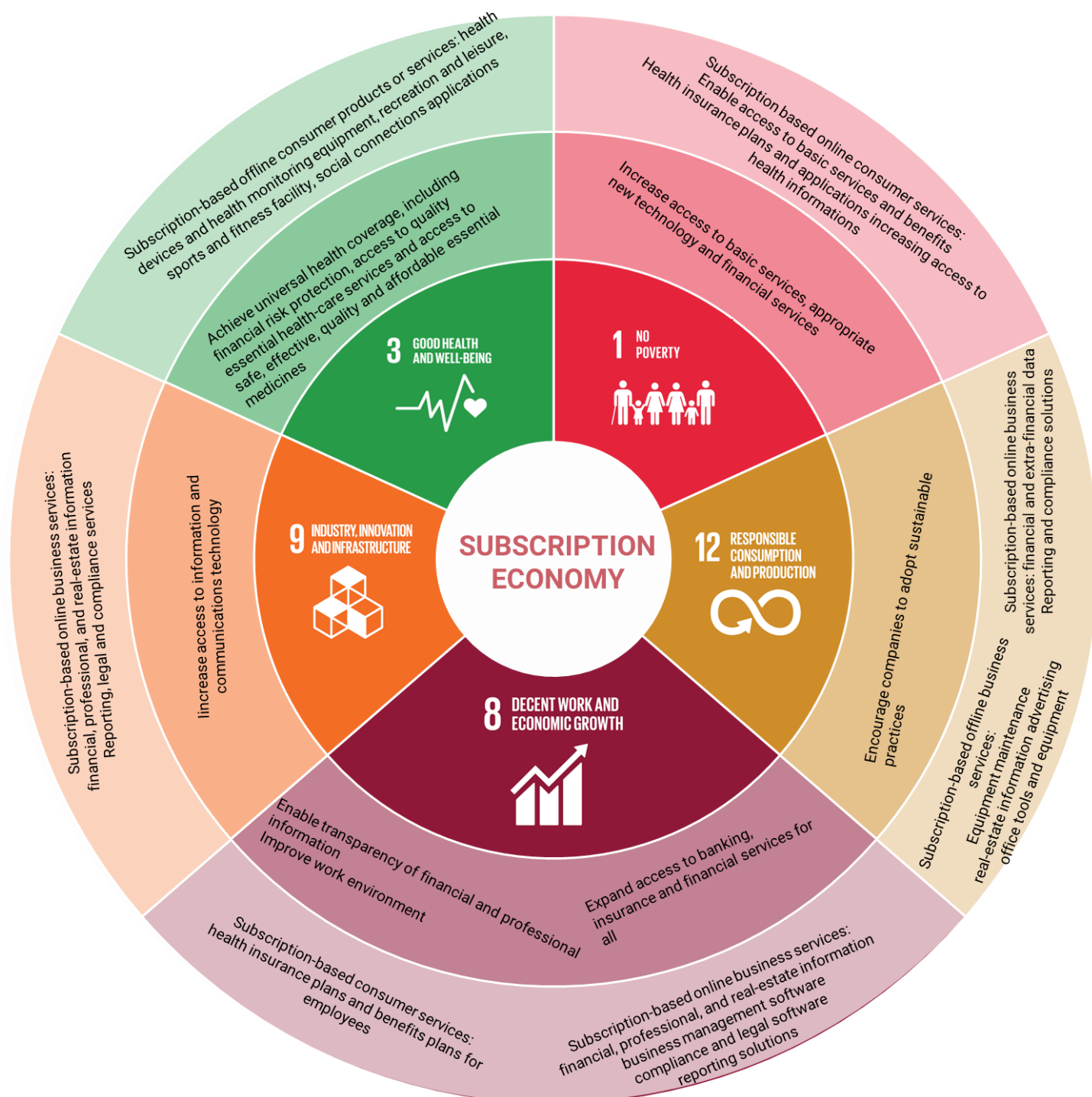
The strategy aims to contribute to promoting environmental and social characteristics through selecting companies exposed to the scope of the theme, avoiding companies exposed to controversial activities, non-compliant companies to global sustainability standards and norms, exposed to high with negative outlook and/or severe ESG controversies, maintaining better ESG score than the Investable Universe, and actively voting and engaging with investee companies.

While this strategy does not commit to sustainable investments within the meaning of the EU SFDR, it invests in companies whose solutions are offered on a subscription-based model. It is our view that this theme in turn contribute to one or more of the following positive outcomes: responsible and sustainable consumption, resource-efficient circular economy, climate mitigation and resilience, and improved access to education and other basic services.

### EU SFDR Classification

Financial products managed by Thematics AM under this theme are classified as Article 8, promoting environmental and social characteristics.

Risks: The strategy invests primarily in global company shares (stocks). Equity investments may experience large price fluctuations. The strategy is subject to specific risks, including those linked to: Equity securities, Exchange rates, Global investing, Large capitalization companies, Smaller capitalization companies, Geographic concentration, Changes in laws and/or tax regimes, Portfolio concentration, Emerging markets, Investing in A-Shares through Stock Connects, ESG driven investments and Sustainability Risks.



- In 2022, Wolters Kluwer's Enablon Vision Platform has won the Environment + Energy Leader's prestigious Product of the Year Award for its Enablon Vision Platform. The Enablon Vision Platform addresses a diverse set of business needs by supporting EHS, risk, and sustainability workflows, making it the most comprehensive software on the market. Globally, hundreds of companies and millions of users utilize Enablon's software to refine and act on their ESG strategy.
- Wolters Kluwer has joined the UN Global Compact in 2009. In 2022, it participated in the Chief Financial Officers' Coalition for the Sustainable Development Goals.
- The company has submitted SBTI target commitments, but they have not been validated yet.



### Goal

Ensure healthy lives and promote well-being for all at all ages

### Products or services

*Specialised software for healthcare, enabling high-precision medical research and saving time for clinical researchers*

Wolters Kluwer solutions such as UpToDate improve clinical decision-making of health professionals. It results to an improvement of medical outcomes and enhances efficient use of resources. It also supports regulatory compliance and transparency.

Through its partnerships with charities and clinicians serving vulnerable populations, it provides expert medical knowledge available free of charge. As such, the company benefits global health by advancing medical knowledge and discovery of new drugs and treatments.



### Goal

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

### Products or services

*Scientific publishing*

Wolters Kluwer products contribute to educating professionals in nursing and medical field through its medical research platform, Ovid.

Through its Kluwer Arbitration solution, the company provides online resources for international arbitration research.



### Goal

Build resilient infrastructure, sustainable industrialization and foster innovation

### Products or services

*Solution promoting transparency of reporting, automating tax, audit and accounting workflows*

The Wolters Kluwer Enablon Vision Platform addresses a diverse set of business needs by supporting EHS, risk, and sustainability workflows, making it the most comprehensive software on the market. Globally, hundreds of companies and millions of users utilize Enablon's software to refine and act on their ESG strategy. The Enablon Vision Platform brings together EHS, risk, and operations in a single user interface. This linkage provides greater transparency in the workplace, breaking down silos and allowing for operations and risk personnel to have greater insight and visibility into key business functions.

In addition, OneSumX for ESG and Climate Risk Management enables banks to create an effective Environmental Social and Governance strategy. It helps to empower companies to embed sustainability considerations into their business models and risk management framework.

The company's solution covers the impact analysis of Physical and Transition Risk, the application of Climate Scenario Analysis to financial risk, emissions outputs and stress testing, ESG Disclosures Reporting and KPIs, Taxonomy Alignment and Energy Performance Mapping for Real Estate and Mortgage Portfolios.



## Thematics Meta

### Investment Objective

The strategy aims to contribute to promoting environmental and social characteristics through allocating capital towards the global structural trends around Artificial Intelligence & Robotics, Safety, Subscription Economy, Water and Wellness. These themes benefit from long term global trends in demographic, environmental, technological or lifestyle factors that will be captured in the Meta strategy.

The strategy is actively managed and invests in equities worldwide that are exposed to the scope of the themes. The Investment Managers select securities whose solutions contribute to the theme's sub-segments that in turn contribute to 1 or more of the following sustainability and positive outcomes: water usage efficiency, sustainable water withdrawals, water treatment technologies, advanced water management technologies; hazardous waste management, pollution monitoring; water supply and water delivery infrastructure; resource use optimization, climate resilience, health and safety, improved healthcare quality and access, and smart home and cities; food and health safety, data privacy and consumer protection, improved and safe access to digital economy, safe mobility and transport systems, personal and industrial safety systems, and other advanced security systems; Improve access to products and services for physical and mental health and well-being, improve access to products and services for basic human needs including food, healthcare and education, and enable decent and meaningful work; responsible and sustainable consumption, resource-efficient circular economy, and improved access to education and other basic services.

### EU SFDR Classification

Financial products managed by Thematics AM under this theme are classified as Article 8, promoting environmental and social characteristics.

Risks: The strategy invests primarily in global company shares (stocks). Equity investments may experience large price fluctuations. The strategy is subject to specific risks, including those linked to: Equity securities, Exchange rates, Global investing, Large capitalization companies, Smaller capitalization companies, Geographic concentration, Changes in laws and/or tax regimes, Emerging markets, Investing in A-Shares through Stock Connects, ESG driven investments and Sustainability Risks.

- In 2022, the company received multiple recognitions of its inclusive workplace culture. It was named best employer for Diversity by Forbes and it earned a top score in the Human Rights Campaign Foundation's 2022 Corporate Equality Index.
- It received multiple awards from the IR Magazine, in particular on its 2022 investor relations programs, and the 2021 Best Corporate Governance
- In 2021, it became a signatory of the UN Global Compact.
- In 2022, the company announced its GHG emissions reduction target. It aims at halving its absolute Scope 1 and 2 emissions by 2032, compared to 2021 levels. Last year the company has started providing deeper disclosure on climate related issues, and now reports in alignment with the TCFD. Its 2022 CDP report on Climate Change has received a score of C.

### Case Study



MSCI: AA  
United States

Laboratory Equipment  
and Services

ISS ESG: 42,37 - C  
Sustainalytics: 11.9 Low  
Risk



#### Goal

Ensure healthy lives and promote well-being for all at all ages

#### Products or services

Professional diagnostic and/or treatment devices for pharmaceutical research

Danaher provides clinical instrumentation, consumables and software to support healthcare professionals and improve diagnostic confidence.

Its innovative solutions facilitate the setting-up of a biomanufacturing facility and improve cost efficiency of life sciences processes.



#### Goal

Ensure availability and sustainable management of water and sanitation for all

#### Products or services

Wastewater treatment equipment and key components.

The company supports environmental protection through its applied solutions. It provides water-related essential services as precision instrumentation, advanced purification technology, software and treatment solutions to help analyze, disinfect and manage water across environmental, municipal, commercial and industrial applications.

Danaher enables its customers to reduce their environmental impact through solutions as drinking water purification and industrial wastewater treatment





## Thematics AAA European Selection

### Investment Objective

The Fund aims to outperform the European equities markets over the recommended investment period of at least five years by investing in European stocks belonging to various themes covered by the fund manager, including artificial intelligence and robotics, security, the subscription economy, water and well-being. All securities in the portfolio systematically meet environmental, social and governance (ESG) criteria.

The strategy is actively managed and invests in companies, at least 75% of which are domiciled in Europe. The Investment Managers select securities whose solutions contribute to the theme's sub-segments that in turn contribute to 1 or more of the following positive outcomes: water usage efficiency, sustainable water withdrawals, water treatment technologies, advanced water management technologies; hazardous waste management, pollution monitoring; water supply and water delivery infrastructure; resource use optimization, climate resilience, health and safety, improved healthcare quality and access, and smart home and cities; food and health safety, data privacy and consumer protection, improved and safe access to digital economy, safe mobility and transport systems, personal and industrial safety systems, and other advanced security systems; Improve access to products and services for physical and mental health and well-being, improve access to products and services for basic human needs including food, healthcare and education, and enable decent and meaningful work; responsible and sustainable consumption, resource-efficient circular economy, and improved access to education and other basic services.

### EU SFDR Classification

Financial products managed by Thematics AM under this theme are classified as Article 8, promoting environmental and social characteristics.

Risks: The strategy invests primarily in European company shares (stocks). Equity investments may experience large price fluctuations. The strategy is subject to specific risks, including those linked to: Equity securities, Exchange rates, Global investing, Large capitalization companies, Smaller capitalization companies, Geographic concentration, Changes in laws and/or tax regimes, Emerging markets, Investing in A-Shares through Stock Connects, ESG driven investments and Sustainability Risks.

### Case Study



Luxembourg  
Laboratory Equipment  
and Services

ISS ESG: 52.8 – Prime

Sustainalytics: 16.9 –  
Low Risk

MSCI : A

- Eurofins has been awarded of the CRO Leadership Award in 5 categories: capabilities, compatibility, quality, reliability, expertise. This prize is awarded by the Life Science Leader magazine teamed with the Industry Standard Research.
- Eurofins national subsidiaries in Italy and Ireland have been certified by Great Place to Work in 2022.



#### Goal

Ensure healthy lives and promote well-being for all at all ages

#### Products or services

*Diagnostic facilities and services, pharmaceutical and medical devices research services, professional diagnostic or treatment devices*

Eurofins' BioPharma Product Testing Laboratories perform testing on all starting materials, process intermediates, drug substances and finished products to support all phases of the drug development process for both pharmaceutical and biopharmaceutical drug products.

Numerous lines of business such as the Clinical Diagnostic Testing, Medical Device Testing and Central Laboratory Business enable Eurofins to respond to numerous clients' needs in testing to ensure health and safety are respected.



#### Goal

End hunger, achieve food security and improved nutrition and promote sustainable agriculture

#### Products or services

*Food and feed testing*

Through its Food Testing portfolio, the company helps food producers to ensure the safety of their products and tracking allergens, heavy metals and toxins; as well as vitamins and supplements for wellness.

In particular, through the Agrosience Testing services such as seed and plant health services, crop protection, bio pesticide and stimulants; as well as consulting services for dairy farmers to ensure food safety and animal wellbeing.



#### Goal

Ensure availability and sustainable management of water and sanitation for all

#### Products or services

*Environment testing, Water and wastewater testing*

Through its subsidiary Eurofins Abraxis, the company provides innovative field and laboratory-based solutions for water testing, detecting algal toxins, pesticides, estrogen, hydrocarbons and surfactants.

The company also provides wastewater testing services, which can detect COVID -19 infection from 3 to 7 days before the emergence of symptoms, with relevant applications in correctional facilities, hospitals and long-term care facilities.



## Thematics Climate Selection

### Investment Objective

The Thematics Climate Selection Fund invests primarily in environmentally sustainable economic activities. It was designed with a sustainable investment objective that is to contribute globally to climate change mitigation through investments in companies that are aligned with the temperature goal of the Paris Agreement and that are managing climate-related risks through notably strong governance and decarbonisation strategy, while being exposed to one or more of the following themes: water, safety, wellness, artificial intelligence and robotics, and subscription economy.

The Investment Managers selects securities whose solutions both: -aligned with the Paris agreement : decarbonisation pathway aligned with temperature below 2 degrees; - contribute to the theme's sub-segments that in turn contribute to 1 or more of the following positive outcomes: water usage efficiency, sustainable water withdrawals, water treatment technologies, advanced water management technologies; hazardous waste management, pollution monitoring; water supply and water delivery infrastructure; resource use optimisation, climate resilience, health and safety, improved healthcare quality and access, and smart home and cities; food and health safety, data privacy and consumer protection, improved and safe access to digital economy, safe mobility and transport systems, personal and industrial safety systems, and other advanced security systems; Improve access to products and services for physical and mental health and well-being, improve access to products and services for basic human needs including food, healthcare and education, and enable decent and meaningful work; responsible and sustainable consumption, resource-efficient circular economy, and improved access to education and other basic services.

### EU SFDR Classification

Financial products managed by Thematics AM under this theme are classified as Article 9, with investments primarily in activities contributing to environmental objectives. Following the clarifications released by the European Commission, we took the decision to reclassify the Thematics Climate Selection into an Article 8 from its previous Article 9 classification in early 2023.

Risks: The strategy invests primarily in global company shares (stocks). Equity investments may experience large price fluctuations. The strategy is subject to specific risks, including those linked to: Equity securities, Exchange rates, Global investing, Large capitalization companies, Smaller capitalization companies, Geographic concentration, Changes in laws and/or tax regimes, Emerging markets, Investing in A-Shares through Stock Connects, ESG driven investments and Sustainability Risks.

- In 2022, the company positioned 12<sup>th</sup> in the 100 Most Sustainable Corporations in the World by the Global 100. It classified 1<sup>st</sup> in its industry.
- In 2021, it was named in the Financial Times European Climate List. It is part of the FTSE4Good Index. In 2021, it was also named between the Best Employer for Diversity by Forbes.
- Is a TCFD supporter since 2017. Its CDP disclosure on climate change has scored an A- in 2022, while the water disclosure scored a B, following controversies on PFAS. It has set approved SBTi targets, aligned with 1.5°C by 2030. These include reduction of absolute scope 1 and 2 GHG emissions by 55% and scope 3 emissions from the use of sold products of 16% by 2030

**Case Study**

Ireland  
Building Products  
ISS ESG: 59,3 - Prime

Sustainalytics: 14.8 - Low Risk

MSCI: AAA



#### Goal

Ensure healthy lives and promote well-being for all at all ages

#### Products or services

Fire safety detection systems, fire suppression solutions

The company produces key components for fire safety systems: sensors, integrating devices, control panels.

Moreover, the company has converted its manufacturing process for PC boards in order to limit use of hazardous material. By 2021, it has completely converted its Matamoros Fire Detection plant to be lead-free (RoHS-Compliant).



#### Goal

Ensure sustainable consumption and production patterns

#### Products or services

LED products, products certified to a relevant energy-efficiency standard, services enabling energy efficiency improvements

Johnson Controls supports its customers in achieving LEED certifications. Its headquarters buildings are LEED-certified, as well as a number of its manufacturing facilities.

In 2021, 19% of its manufacturing location have a 100 percent diversion rate and are recognized as zero landfill.



#### Goal

Make cities and human settlements inclusive, safe, resilient and sustainable.

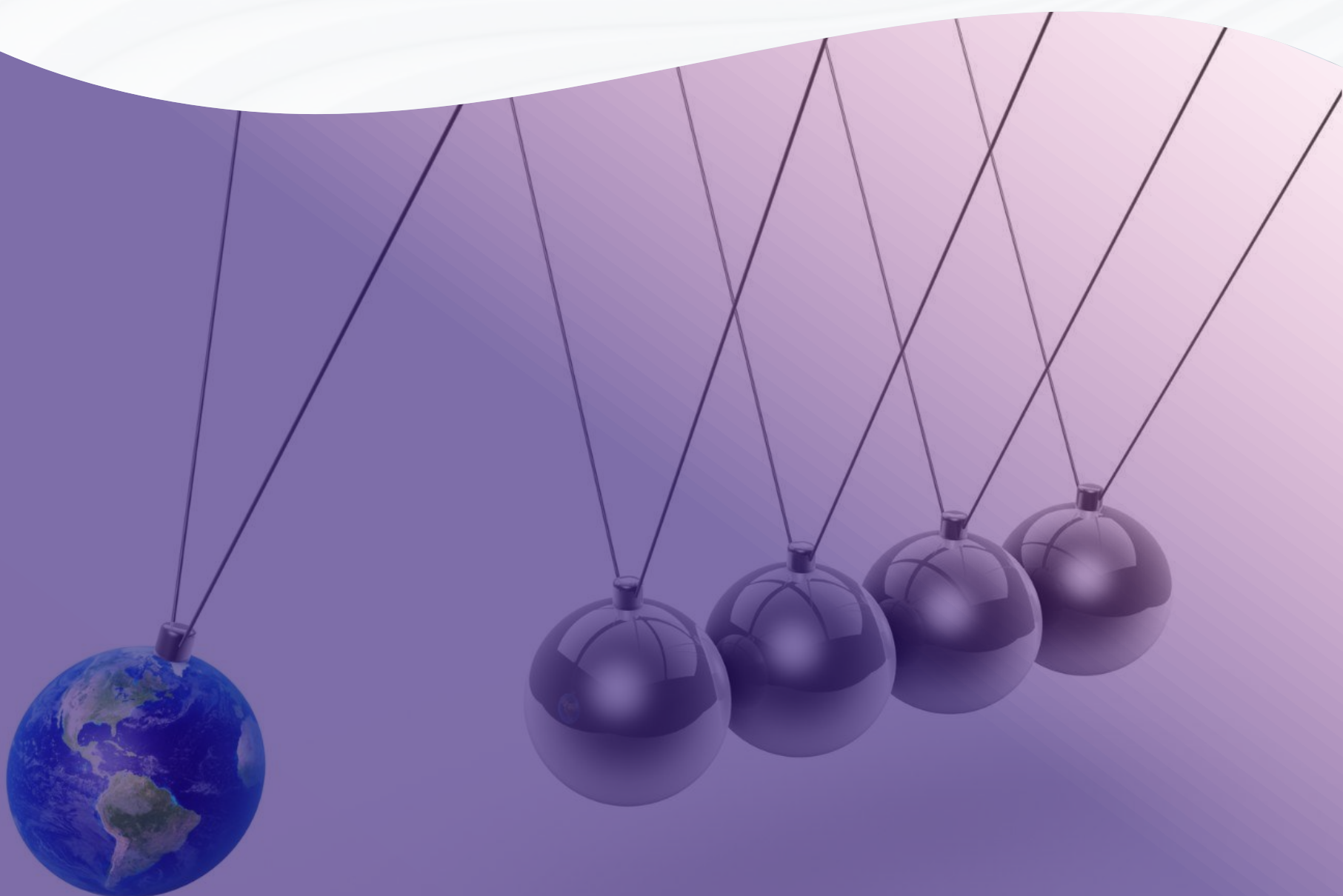
#### Products or services

Heating, ventilation and air conditioning (HVAC) systems ; Services enabling water savings: data centers cooling solutions through water and direct evaporative cooling.

Johnson Controls contributes to reducing the environmental impact of human activities. The company produces a set of low global warming potential (5GWP) HVAC equipment for residential and commercial use, using alternative and ultra-low GWP refrigerants. These systems are continuously monitored for refrigerant loss. The company collaborates with global players on the phase-down of the Paris Agreement.

Through its data center colling solutions; Johnson Controls addresses the energy-water nexus, providing personalized technologies to reduce usage of energy and water. It provides solutions to measure water use and detect leaks.

# Responsible investing at Thematics Asset Management





# Responsible investing at Thematics AM

*In compliance with the requirements of the French Article 29 of Energy & Climate Law (Loi Energie et Climat)*

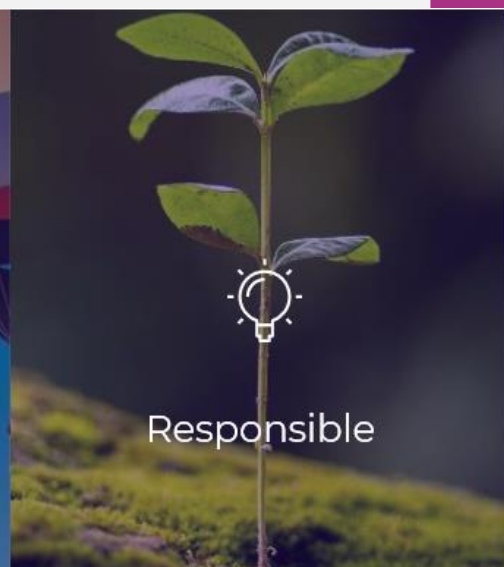
Responsible investing (RI) is one of the core principles from which Thematics Asset Management was built. Since the company's formal inception in December 2018, RI has been part of the four pillars of our investment philosophy that guide all our investments. As an investor with a thematic lens, these core pillars include:

- (1) emphasis on secular growth, which is derived from the primary forces of Technology, Demographics, Globalization and Scarcity that are causing the “tectonic” shifts shaping tomorrow's world and affecting companies as well as the flow of money;
- (2) focused approach, where we look only in targeted segments of the enjoying long-term secular growth underpinned by structural and long-lasting forces;
- (3) unconstrained style, with our forward-looking, benchmark-agnostic, diversified, and with global equity exposure, and;
- (4) responsible investing, which we believe is integral to reducing risks for our clients as

well as to creating long-term value for our investors and for the society as a whole.

The mainstreaming of sustainable investing in recent years spurred by regulatory developments, especially in Europe, has also pushed thematic investing into the spotlight. Investors' preference for thematic is growing, in particular for sustainable thematic funds focusing on the UN Sustainable Development Goals - a set of 17 goals around key development areas, including hunger, water, climate, innovation, among others.

At Thematics AM, it is our view that thematic investing is inherently tilted towards sustainable investing. Investing in the trends transforming our daily lives today is investing in the solutions that are addressing the challenges the planet and humanity is facing. This natural tilt also underlines our conviction that it is through integrating responsible investment principles into our philosophy and thinking that can we truly deliver a meaningful and strong thematic investing results.



# Our Responsible Investment Framework

## Composed of established and binding sustainability approaches

Responsible Investment is embedded across the three phases of the investment process of Thematics AM: Define, Select and Act.

As part of Natixis Investment Managers (Natixis IM), our Responsible Investment framework is also guided by and is aligned with the Group's global responsible investment policy, which sets out its convictions, standards, and governance considerations with a view to implementing sustainable practices across the group.

Our responsible investment framework comprises the implementation of the following:

1. Positive/sustainable thematic screening
2. Exclusion [product- or activity-based]
3. Norms-based screening [behaviour-based]
4. ESG Integration
5. Active ownership – Voting and Engagement

These core strategies are binding elements and are implemented at different stages of the investment process. Each of the approaches used in specific investment stage is designed to ultimately build thematic portfolios that deliver both sustainable or ESG outcomes and financial performance for our stakeholders.

It is our conviction that integrating sustainability factors leads to better-informed investment decisions. The analysis of these material criteria is crucial to de-risking the portfolios and delivering excess returns. We also believe that our fiduciary duty is to generate superior performance for our clients, and it is by integrating sustainability factors that we can fully assess and monitor operational, financial, and reputational risks.

These in the end support sustainable value creation for asset owners.

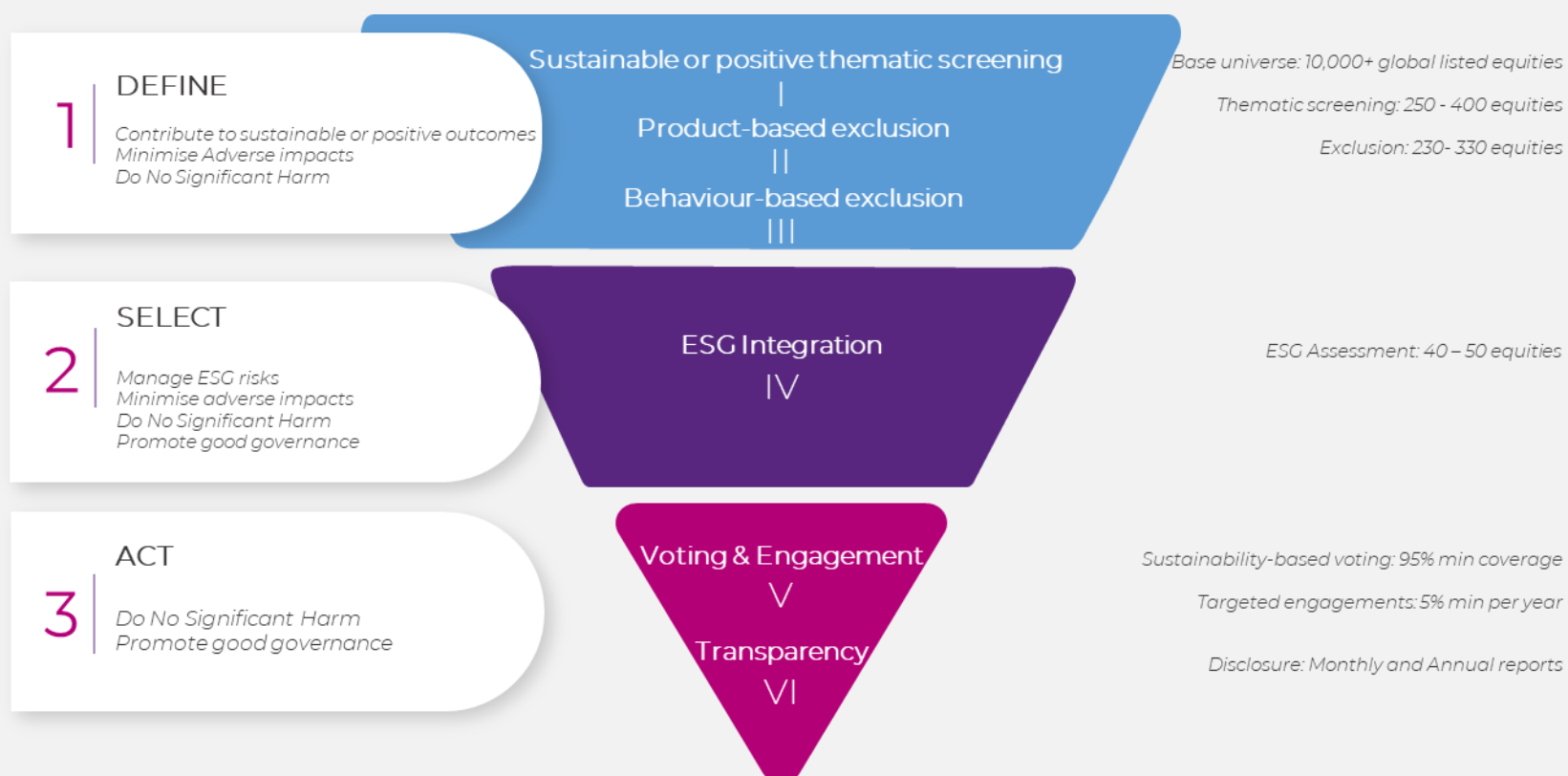


Figure 9. Thematics Asset Management Responsible Investment Framework

# Active ownership through voting and engagement

100% of our votes are based on sustainability principles

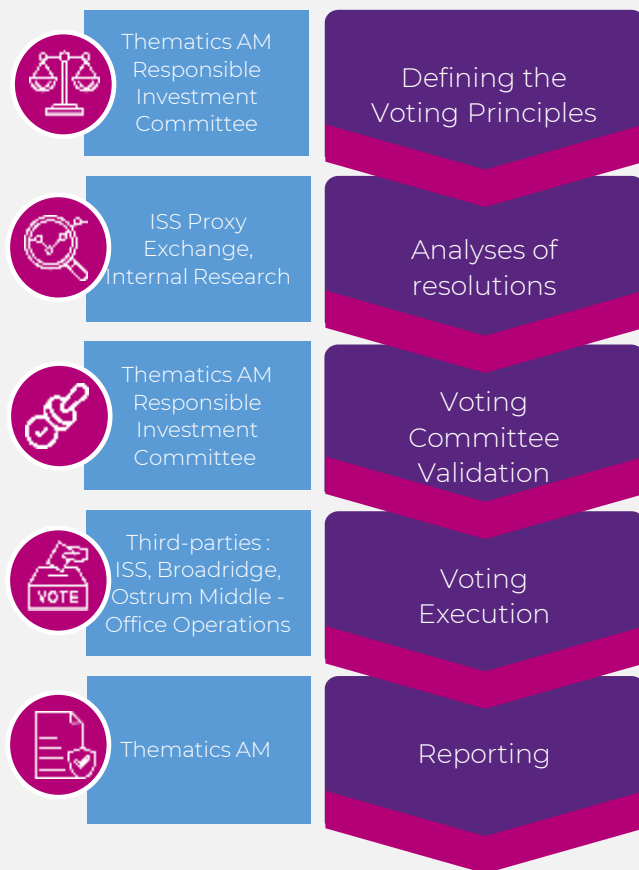


Figure 11. Thematics Asset Management Voting Framework

Active ownership through voting and engagement has been a core element of Thematics Asset Management's responsible investment strategy. As an investor with a long-term horizon, taking active role in the management of the companies we invest in enable us to deliver on our fiduciary duty through creating sustainable and long-term value – one that generate both financial performance and positive outcomes for our clients and their beneficiaries, and the society and the planet where we operate. By voting and engaging with our investee companies, guided by our investment philosophy that integrates sustainability principles, we can act as stewards to our companies and of the broader society.

Thematics AM's objective is to exercise 100% of its voting rights. We have consistently submitted all the votes to 100% of the votable items year-on-year in the last three years since we started.

## Definition of Voting Principles

Thematics AM's Responsible Investment Committee is in-charge of defining the voting principles of the organisation. It is composed of the CIO, Head of Responsible Investing, Compliance and Audit Officer, ESG and Climate Specialists. The policy is reviewed and updated annually.

## Analyses of resolutions

Primary analysis of the resolutions is conducted by the global corporate governance and responsible investment expert Institutional Shareholder Services (ISS), following the principles as defined in their Sustainable Voting Policy. Thematics AM internal research, conducted by the Portfolio Managers and supported by the internal ESG Team, focus mainly on resolutions where ISS recommendation is to vote Against the management, and other ad-hoc issues deemed critical or priority.

## Voting Committee Validation

For resolutions where Portfolio Managers disagree with the voting recommendation of ISS, Portfolio Managers can submit a vote amendment to the RI Committee, who then reviews and validates the final voting decision based on the rationale presented.

## Voting Execution

Voting is carried out via ISS' Proxy Exchange platform, with a gateway between ISS and Broadridge for those strategies whose depositary uses Broadridge's services.

The exercise of voting rights is handled under a services contract by Ostrum Asset Management's Middle-Office Processing department, which is also in charge of relations with service providers and depositaries.

## Reporting

Thematics AM publishes its voting performance on an annual basis. We also provide an interactive overview of all our Voting activities in our Voting Dashboard, updated every three months, leveraging ISS Proxy Advisory data.



# Active ownership through voting and engagement

## In-depth, sustainable outcome-focused engagements

**Target Companies Selection**  
How & Who - Implementation

**Engagement Objectives**  
Why - Rationale for engaging

**Expected Outcomes**  
What – Targeted results

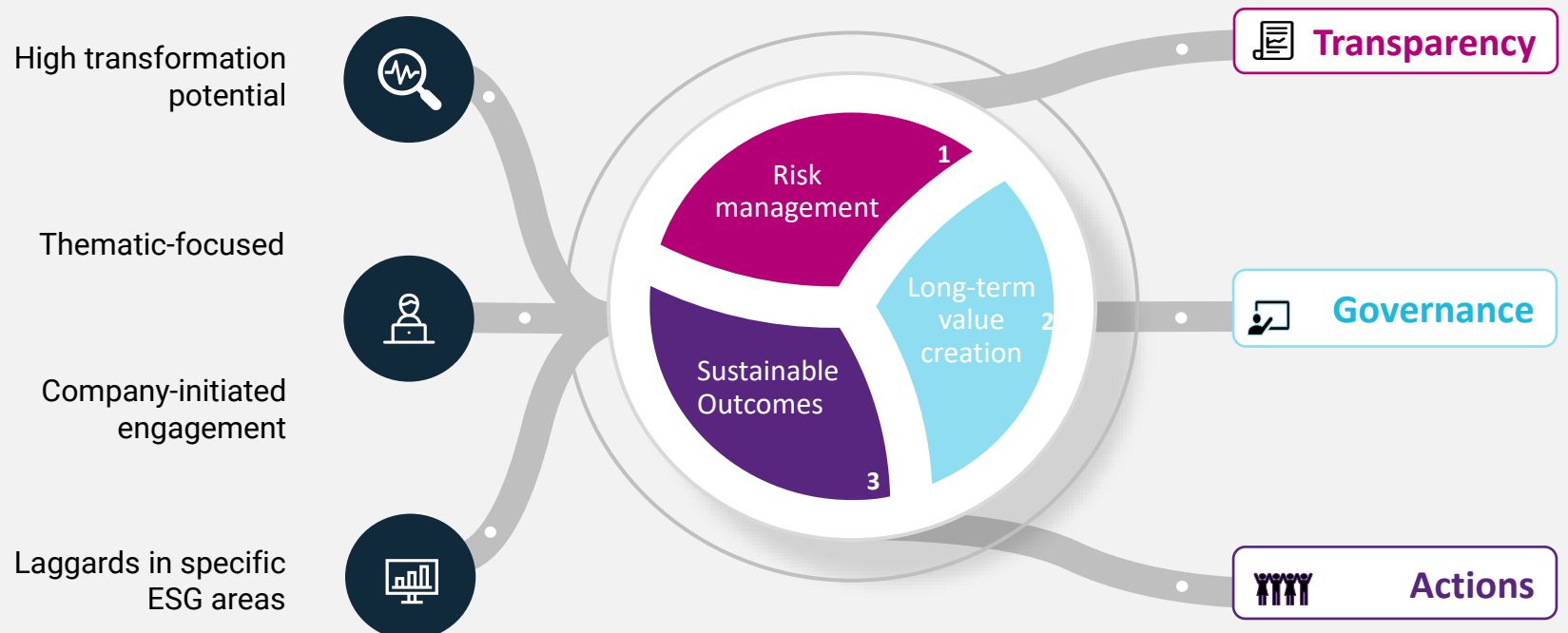


Figure 12. Thematics Asset Management Engagement Framework

## Engagement Objectives

As responsible investors, we view engagement as a core strategy through which we can deliver on our fiduciary duty to our clients. THEMATICS AM therefore engages with its investee companies to achieve the following objectives:

1. Risk management
2. Long-term value creation
3. Contributing to sustainable outcomes

## Expected outcome/s

For each of the three engagement objectives, we have also defined the targeted results from our investee companies. These results focus on achieving the following:

1. Transparency
2. Strong governance
3. Investee actions on critical sustainability challenges: climate change, biodiversity, and human rights

## Implementation

Who – Target companies

Thematics AM is committed to be able to engage with its investee companies across its defined priority themes. In prioritising targets for engagement, we have defined our selection criteria:

1. Companies with the highest transformation potential in any of the three core priority engagement themes – Transparency, Governance, Actions, will be prioritized for engagement. Transformation potential refers to the measure of a company's likelihood, willingness, or motivation to adopt positive change for sustainability. This is an internal assessment using inputs (sustainability scores of companies in different indicators/themes) from external data and internal research.
2. Thematic-focused: Thematics AM also engages with companies with a thematic focus, in particular on themes relevant to its thematic strategies, ie responsible and ethical AI.
3. Company-initiated engagement: companies that reach out to Thematics AM, for example as part of annual general meetings, where specific ESG issues are part of the voting agenda.
4. Other companies that are laggards in specific ESG areas where engagement opportunity arises, for example through broker-organized company meetings for investors.

# Active ownership through voting and engagement

## With defined targets and timelines

### How – Process of engaging

Formal engagement with the target companies is carried out by each strategy's Portfolio Managers with the support of the ESG Specialist. Engagement can be in a form of formal discussion with the management or formal letter. The engagement defines the expected outcomes and the performance metrics with the investee companies.

### Escalation

When engagement targets are not met or there is an assessed unwillingness or intentional inaction from investee companies to a degree that poses risks to our clients' interests and shareholder value, THEMATICS AM may consider joint intervention with other shareholders or propose shareholder resolutions. Decisions on a need for escalation is taken on a case-by-case basis.

### Industry collaboration and policy engagement

For themes and sustainability challenges whose effective response is more likely to be influenced by collective action, Thematics AM will actively join investor groups or industry alliances to engage with target companies or policymaking bodies.

We are currently a member of the [French SIF \(Forum pour l'Investissement Responsable – FIR\)](#).

### Disclosure

Thematics AM publishes its voting and engagement performance on an annual basis. The report is available on the Thematics AM website and contains the following key KPIs:

- Total percentage of submitted votes
- Percentage of submitted votes according to the sustainability-principled policy
- Percentage of portfolio (number of securities) covered by targeted engagement
- Details of current year engagements
- Updates on initiated engagements [previous year/s]



# Climate and biodiversity risk management

Accounting for climate and biodiversity risks and opportunities are integral elements of the five approaches of Thematics AM's responsible investing framework – from Sustainable/positive thematic screening, Exclusion [product- or activity-based], Norms-based screening [behaviour-based], ESG Integration, and Voting and Engagement. They are also a key focus of Thematics AM's innovation and strategic priorities.

At the first stage of our investment process, we 'Define' our theme, its associated boundaries and ultimately the investable universe for the strategy. Integrating climate transition and biodiversity preservation lens into this boundary setting, our current strategies reflect various degree of tilts towards capturing opportunities and contributing to these green transition themes. In addition, in this stage, we also automatically exclude companies from the investable universe whose products or services are deemed to have critical negative impact to the environment and climate. Our exclusion covers activities in the following: coal; unconventional oil and gas, including tar sands, shale energy, and arctic drilling and exploration; and non-Paris aligned companies in the energy sector (>350gCO<sub>2</sub>/kWh in 2022).

Furthermore, in the first stage of the investment process, we also exclude companies which are not meeting their obligations towards internally agreed norms and standards around environmental protection and other key sustainability indicators.

These are companies which commit systematic violations of such standards, or which have caused grave harm due to their failure to comply or act responsibly on matters relating to environmental and climate impact, as well as social.

At the second stage of our investment process, we 'Select' companies to be included in the portfolio using a 4-criteria scoring system, one of which is ESG, which covers climate and biodiversity analyses. We have also developed an internal framework to assess the level of leadership of our investees companies around their climate transition plans, using our internal Thematics Climate Transition Assessment framework. In alignment with the recommended voluntary disclosures of the Task Force on Climate-related Financial Disclosure (TCFD), as well as the mandated reporting as outlined in the French Article 29 of the Energy-Climate (Loi Energie-Climat), our transparency includes and reports on the four core areas of disclosure: Governance, Strategy, Risk Management, and Metric and Targets.

Lastly, post-investment, we actively vote and engage with companies. Climate risk management and biodiversity preservation are two of our priority themes influencing how we vote on matters relating to these issues.

The framework below presents the core components of each element. The following sections provide in-depth details and discussions.

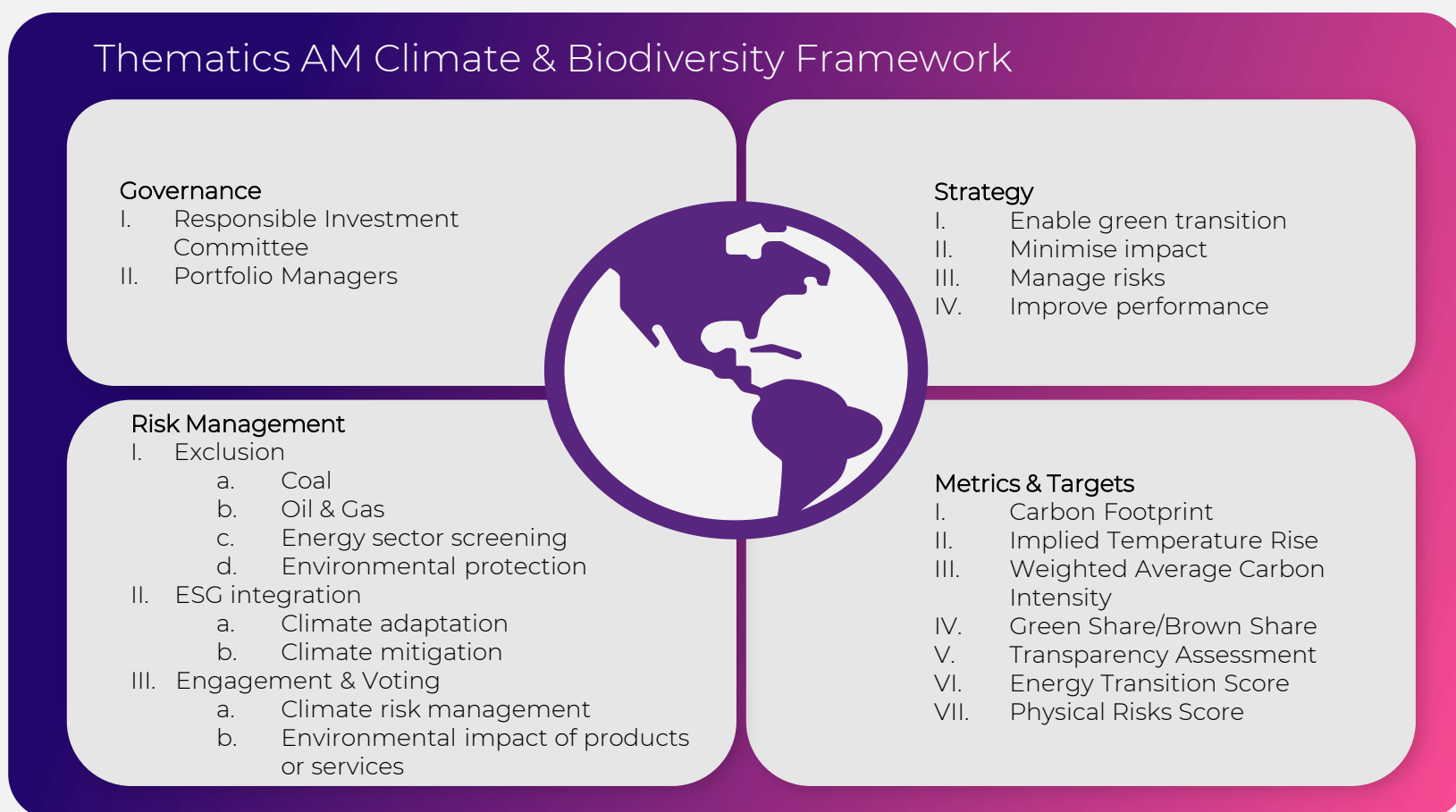


Figure 13. Thematics Asset Management climate and biodiversity framework



# Climate and biodiversity risk management

- 01 Investing in positive themes also enables green transition
- 02 Minimising adverse impact through exclusion and DNSH principles.
- 03 Identifying and managing risks and opportunities through ESG integration.
- 04 Improving performance through engagement, voting and transparency.

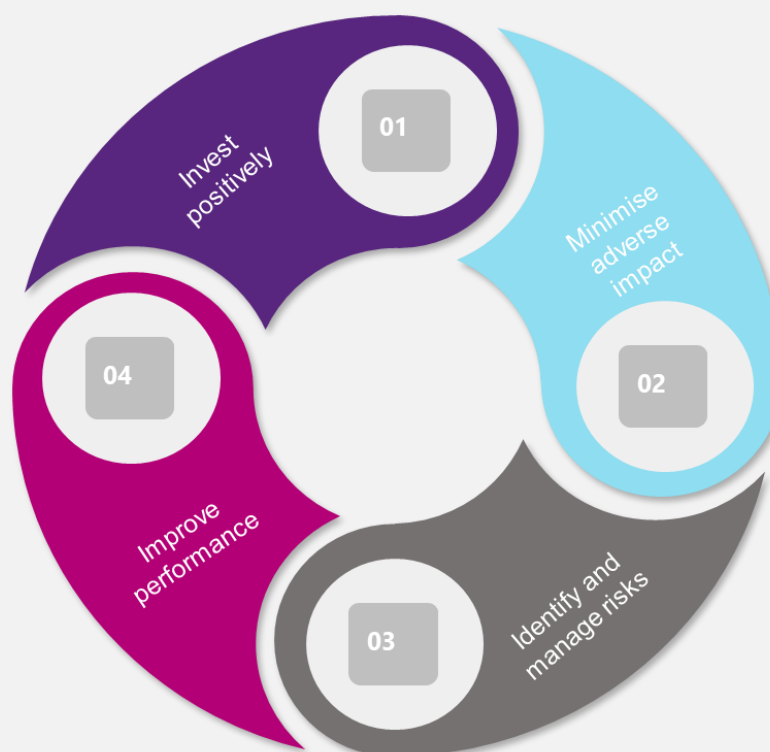


Figure 14. *Thematics Asset Management climate and biodiversity strategy*

## Supporting green transition through investing in positive themes

Our first focus is on opportunities and resilience. We notably invest in listed equities whose products and solutions are helping the global green transition, specifically on areas relating to resource-use optimization through artificial intelligence and robotics, sustainable management of water resources, circular economy, and responsible consumption and production.

In 2022, we have launched the Thematics Climate Selection fund, investing in issuers which have developed a decarbonisation strategy.

## Minimising adverse impacts through Do No Significant Harm and exclusion

Our second focus is minimising the adverse impacts of our investments guided by the Do No Significant Harm principles as set out by the European Union's (EU) Sustainable Finance Disclosure Regulation (SFDR), as well as other international standards and norms. We limit the negative impact of our investments to environmental or social objectives through exclusion of companies whose products and behavior are generating harmful effects on climate and biodiversity, among others.

## Identifying and managing ESG and climate risks

Our third focus is on managing the ESG risk exposure of our portfolios. Thematics AM has developed its proprietary scoring framework that integrates material ESG factors, including climate-related and biodiversity metrics, specifically climate resiliency, encompassing both climate mitigation and climate adaptation, as well as environmental impact of products and services.

## Continued performance improvement and transparency

We aim to improve our performance and that of our investee companies over time through active engagement and voting. Our engagement and voting strategy is focused on risk management, long-term value creation, and generating sustainable outcomes. Climate and biodiversity are one of the key target areas we've set out as a priority in which we actively engage and vote.

As of 2023, we have increased disclosure on key environmental indicators for all our strategies. Our monthly factsheet includes data on Implied Temperature Rise, Carbon Footprint and WACI for all our strategies.

# Governance & Resources

## Sustainability research

### Scope of responsible investment policy

- Thematics Asset Management's Responsible Investment Policy applies to all of our assets under management. It means that 100% of our thematic strategies systematically integrate all approaches as defined.
- Our global policy is consistently applied to current and future products.



100% of AUM

### Continuous improvement and Transparency

- Monthly disclosures for each strategy include information on the following:
  - Automated portfolio level ESG risks (Controversies - Sustainalytics) and Opportunities (SDGs alignment - ISS ESG)
  - Carbon footprint & WACI (Scope 1&2) , Implied Temperature Rise (S&P Trucost)
- Annual disclosure [Annual Report and ESG Report] contain performance data including how the strategies achieve their sustainable investment objectives or the ESG characteristics that they promote; how they minimize adverse impact; how they do no significant harm, climate and biodiversity performance, voting actions, and engagement outcomes.
- We conduct regular review and refinement of our Responsible Investment Policy, monitoring market expectations, regulatory developments, and normative setting; at least annually.

### Classification of Product and Assets Under Management

#### By strategy

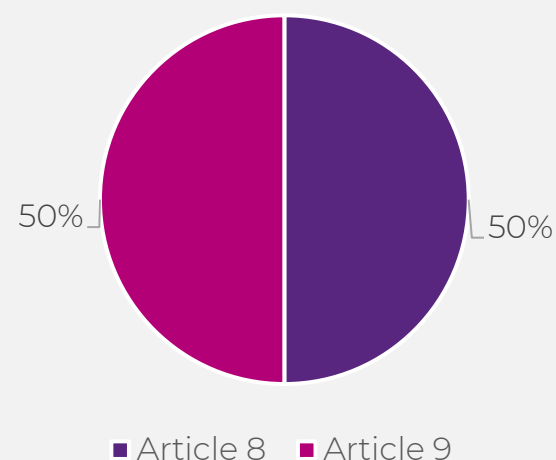


Figure 15. Thematics AM as of 31 December 2022

#### By assets under management

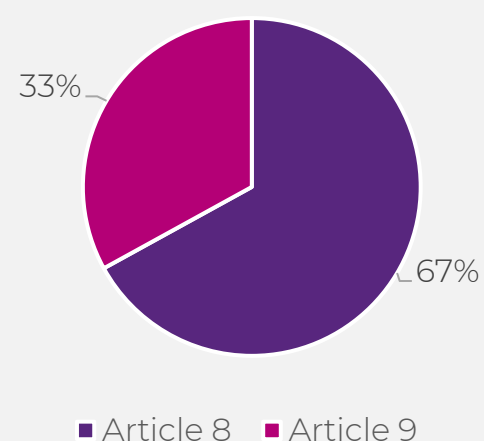


Figure 16. Thematics AM - AUM as of 31 December 2022

# Adherence to international standards

We have developed proprietary sustainability processes and our thematic strategies have been awarded multiple independent sustainable product labels.

Thematics Asset Management signed the UN Principles for Responsible Investment (UN PRI) on October 4, 2019. We submitted our first formal mandated UNPRI Report (for 2020 performance) in May 2021, where we received the following scores:

- Investment & Stewardship Policy 4/5
- Listed Equity – Active fundamental:
  - Incorporation 5/5
  - Ownership 4/5

Our detailed assessment is available on [our website](#). Since this assessment was conducted, we have significantly strengthened our policies and process.



Thematics Asset Management signed the UN Principles for Responsible Investment (UN PRI) on October 4, 2019. We submitted our first formal mandated UNPRI Report (for 2020 performance) in May 2021.

Our 2021 assessment score is:

- Investment & Stewardship Policy 4/5
- Listed Equity – Active fundamental:
  - Incorporation 5/5
  - Ownership 4/5

Our detailed assessment is available on [our website](#). Since this assessment was conducted, we have significantly strengthened our policies and process.

While there is still an absence of formal, globally codified sustainability assessment and disclosure rules or frameworks, there have been established and commonly used approaches prevalent within the sustainable investing market. These standards

SRI Label is created by the French Ministry of Finance. This public label aims at giving Sustainable Responsible Investment (SRI) management an extra visibility with savers. To obtain the SRI Label, the certification body conducts an audit to ensure the strategies meet a set of labelling criteria. For further information on the methodology, visit [www.llelabelisr.fr](http://www.llelabelisr.fr).

Towards-Sustainability Febelfin, Belgian Federation of the Financial Sector, is a federation of Belgian financial institutions, founded in 2003 and headquartered in Brussels, aiming to reconcile the interests of all its members with those of political decision-makers, supervisory authorities, other professional associations and interest groups at national and European level. Febelfin developed a quality standard in February 2019 to ensure clarity and transparency regarding sustainable investments. The "Towards Sustainability" label was developed by the association representing the banking sector in Belgium. Methodology available on [www.towardssustainability.be/en/quality-standard](http://www.towardssustainability.be/en/quality-standard)

References to rankings, labels, awards or ratings are not an indicator of the future performance of the strategy or the investment manager.

<sup>1</sup>The Thematics Climate Selection and AAA EU have obtained the ISR label as of Q1 2023.

Include the GRI, Materiality Map by the Sustainability Accounting Standards Board, Framework by the Taskforce on Climate-related Financial Disclosure, and the CDP (Carbon Disclosure Project). Recently, the International Financial Reporting Standards Foundation's new global sustainability and climate disclosure standards will be effective as of January 2024.

As an European Asset Manager, we align with regulations such as: the EU Sustainable Finance Disclosure Regulations, the EU Taxonomy, OECD Directives, ILO Conventions. Guided by these existing norms and standards, Thematics AM has developed its proprietary methodology, as well as internal definitions, presented in the previous section.

Underscoring the robustness of our responsible investment framework and its implementation, our products have been awarded two labels to date – French Label ISR (Socially Responsible Investment Label) and the Belgian 'Towards Sustainability' product label. They are among the strictest sustainable product labels existing today. Both labels provide guarantees to investors that awarded funds comply with a strict set of sustainable and socially responsible investment (SRI) criteria. These serve as an endorsement of our strong commitment to sustainability and the process we put in place to achieve it.

- ✓ Three out of 8 of our thematic strategies have been awarded the Towards Sustainability Label: Safety, Water, Wellness
- ✓ All of our strategies hold the Label ISR: Safety, Water, Wellness, AI & Robotics, Subscription Economy, Meta, Climate Selection, AAA EU Selection



# Implementation

## Key responsible investing functions and owners



Figure 17. Thematics Asset Management sustainability missions and accountability chart

The core mission of responsible investing at Thematics AM is categorized into six areas, as indicated in the above chart. Each of these mission or core functions have designated owners.

- Setting the company's responsible investing strategic priorities sit within the board with inputs from the RI Committee as well as client management teams.
- Defining the responsible investment framework is within the remit of the RI Committee.
- Implementation of the RI framework at fund level is primarily owned by the Portfolio Managers of each strategy. They are supported by the ESG Team, composed of the ESG and climate specialists.
- Risk monitoring and control, comprised of weekly monitoring of performance target achievement and compliance with internal RI policy is conducted by the Risk & Compliance teams.
- At minimum, the ESG team and the RI Committee reviews the performance of individual strategies across the defined set of sustainability KPIs. Measures are recommended and adopted in cases of performance deterioration.
- On a monthly basis, we disclose on the sustainability performance of each strategy across a set of defined KPIs, including on ESG risks, opportunities, and climate performance. This is completed by the Thematics ESG team and NIM reporting team.
- In an annual basis, we publish our 'Being Responsible Report', which contains comprehensive data on sustainability performance, complying with the minimum requirements as set out by governing regulations within Europe and France. This is within the remit of Thematics ESG team and Marketing, and NIM Marketing.

# Governance and Implementation

Ownership of the RI agenda and oversight of the framework at board and management level

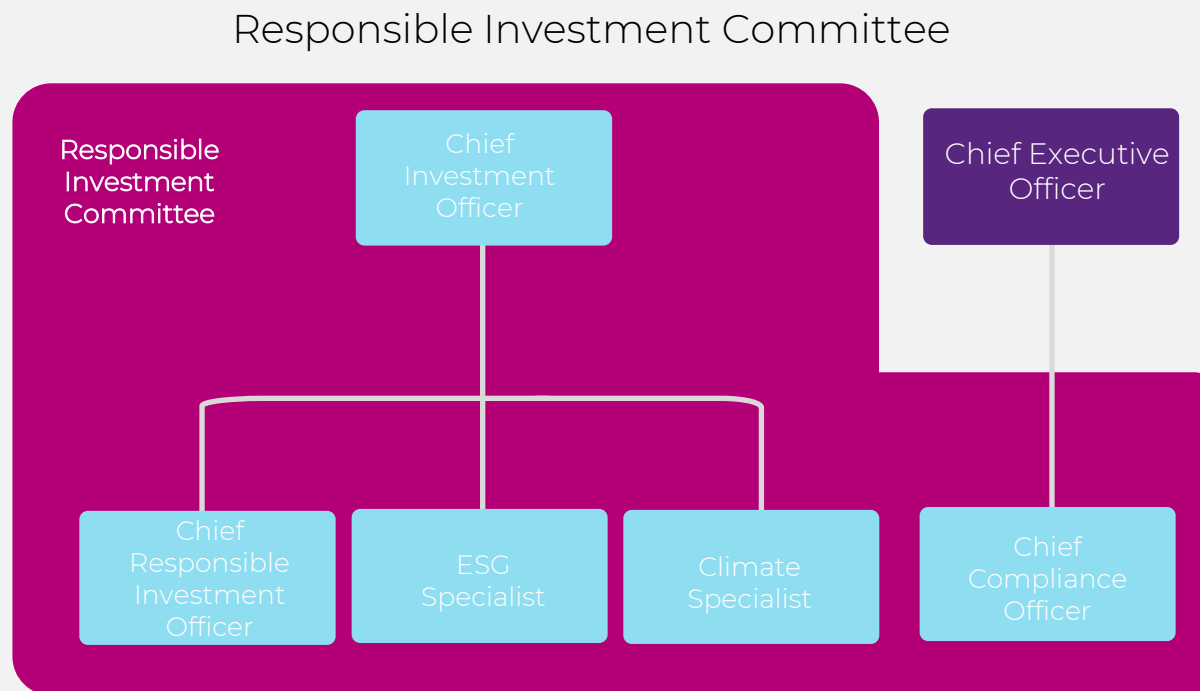


Figure 18. Thematics Asset Management Responsible Investment Committee lines of reporting

Thematics AM's Responsible Investment Policy governs and monitors the way its responsible investment framework is integrated into its investment process. This applies to all investment products of the company. It is composed of the Chief Investment Officer, Head of Responsible Investing, ESG Specialist, Climate Specialist, and Head of Compliance. The implementation of all responsible investment strategies across the investment process is carried out by each portfolio manager.

The Responsible Investment Committee is responsible for:

## Defining

As the governing body of its responsible investing framework, the RI Committee is in charge of defining the organization's responsible investment objectives, strategy, and targets. To support this endeavor, the Committee also assesses necessary investment on capability building, including ESG and climate-focused trainings and other resourcing needs. An annual review is carried out to identify areas for refinement and enhancement integrating regulatory and market developments.

## Monitoring

The Committee meets on a quarterly basis to review the ESG policy implementation across all investment strategies. It also assesses the performance of the funds across all ESG and climate metrics and identify any appropriate actions to be taken - divestment, position re-sizing or targeted engagement with relevant investee companies.

## Board level sustainability ownership

As a responsible investor, sustainability is fully integrated into the management and strategic direction of Thematics Asset Management.

At board level, primary ownership of the sustainability initiatives is by one member of the board who is also the Head of Responsible Investment.

Integration of ESG criteria in the internal rule of the Supervisory board are contemplated at the Natixis Investment Manager group level.

## Remuneration

Responsible Investing being an integral part of our investment process, ESG criteria are integrated in our [Remuneration policy](#).

# Governance

Members of the Responsible Investment Committee possess Sustainability credentials to enable effective and meaningful governance and oversight



Karen  
KHARMANDARIAN  
Chief Investment  
Officer

Karen is a founding partner of Thematics Asset Management, the Chief Investment Officer as well as a co-manager of the Thematics AI & Robotics strategy. He began his investment career in 1994 with Société Générale as a Bank analyst. In 2004 he joined Pictet Asset Management based in Geneva, where he spent 14 years, managing first the High Yield Credit Fund before becoming a Senior Equity Portfolio Manager in the Thematic Equities Team in 2007. He initially co-managed the High Income Infrastructure strategies before creating and managing the Pictet Robotics Fund in 2015. He managed this Fund from inception to August 2017 and contributed to its commercial success as it rapidly became a multi-billion strategy. Karen then moved to the then latest project within Pictet Thematics, the Global Thematic Opportunities Fund, a 'best ideas' portfolio leveraging the entire range of thematic funds managed.

Karen holds a Bachelor's degree in Economics and a Master's degree in Banking & Finance from the Sorbonne University, as well as a business degree from the Institut d'Études Politiques (Paris).



Arnaud  
BISSCHOP  
Head of  
Responsible  
Investment

Arnaud is a founding partner of Thematics Asset Management, the Chief Responsible Investment Officer as well as a co-Manager of the Thematics Water strategy. Prior to joining the Natixis Investment Managers group, he was the Co-lead manager of Pictet Asset Management's Water strategy. He joined Pictet in November 2007. Arnaud began his career as a consultant in Ernst&Young Sustainability practice in Paris, in-charge of auditing CAC40 companies' extra-financial data, before gaining experience of French Water utilities at Suez.

Arnaud holds MSc in Engineering and Economics from Ecole Polytechnique (X-96) and Ecole Nationale du Genie Rural, des Eaux et des Forets (ENGREF-01). He also holds the CFA ESG certification.



Maila  
BENIERA  
ESG  
Specialist

Maila Beniera is the in-house ESG Specialist. She brings with her over 15 years of experience in sustainable investment research having worked for major sustainability research agencies, including ISS and MSCI ESG Research. Prior to joining the company in January 2021, she was head of research at Moody's ESG, where she headed a portfolio of products focused on climate risks, screening, norms-based assessment, sovereign, SDG and other thematic-based sustainability research. Before starting a career in ESG, she worked for JP Morgan and Manulife. Maila obtained her master's in Security and Development at King's College London as a Chevening Scholar and her bachelor's degree in Biological Sciences from West Visayas University in the Philippines.



Guillaume  
COSSELIN, CFA  
Climate  
Specialist

Guillaume joined Thematics AM in 2022 as a Climate Specialist. He began his career in 2015, within Lyxor Asset Management in Hong Kong, as a Hedge Fund Analyst covering Asian strategies. He joined Natixis Investment Managers International in 2018, as a Senior Portfolio Analyst and then became an ESG & Climate Specialist within Natixis Investment Managers Solutions.

Guillaume holds Master's degrees from ESSEC and from CENTRUM Graduate Business School. He also holds the CFA ESG and GARP SCR certifications.



Cecile  
CHAPELLE  
Head of  
Compliance

Cecile is the CCO of Thematics AM. Graduated from the Master of Financial Engineering and Tax Strategy at the Sorbonne Paris I, she started her professional career in 2009 at Expedience International as a consultant for 2 years. In 2012, she joined the audit firm Deloitte where she was an auditor specialized in asset management. Two years later, she finally joined TOBAM as compliance officer until 2016 and then became CCO until she joined Thematics AM in 2021.



# Resources

## Implementation of the RI Framework at fund level

### Our sustainability research set-up is 'Portfolio Manager-driven, specialist supported'

At Thematics, Portfolio Managers primarily own the sustainability of the fund that they manage. This means that they carry out the sustainability analyses of the companies alongside the financial analyses. They are supported by our sustainability experts.

We believe that this system of direct ownership ensures that sustainability becomes an integral part of the bottom-up analyzes and that PMs have a clear view of the ESG risks and opportunities of the companies that they invest in, and therefore are fully accountable of the investment decisions that they make.

Portfolio Managers use multiple array of data sources and tools as they conduct their sustainability analyses, to enable them to have a comprehensive and holistic view of a company's management and performance across all material metrics, including ESG.

Other sustainability data corresponding to the sustainability approaches used, for example product- and behaviour-based exclusion, are hardcoded into the investment platform, automatically preventing investments in companies non-compliant to our RI policy.

### Our ESG team provides insights, expert analyses, recommendations, and reviews

Thematics AM's ESG team is composed of experts. As of 2022, we have an ESG Specialist and a Climate Specialist, supported by an apprentice ESG Analyst. Aligned with our 'PM-driven, Specialists supported' approach, matched with our conviction that PMs own the ESG diligence, the role of our ESG team is centered on 'enabling'. They provide insights, expert analyses, recommendations, and reviews to the Investment Team. They serve as 'thinking partners' to the PMs, challenging and enhancing, providing guidance to enable them to form sound and rationale sustainability assessments.

In terms of voting, similarly, the ESG team provides input and analyses to help inform the PMs on the final vote decision. As for engagement, the ESG Team actively works with the PMs to identify the targets and organize the engagement accordingly.

Overall, the ESG team's mission is focused on the following:

- Process implementation, review and refinement – ESG due diligence support; methodology updates; voting and engagement support; regulatory developments monitoring
- Product development support – market watch; product design; client management support
- People development support focused on sustainability knowledge building – training and professional development



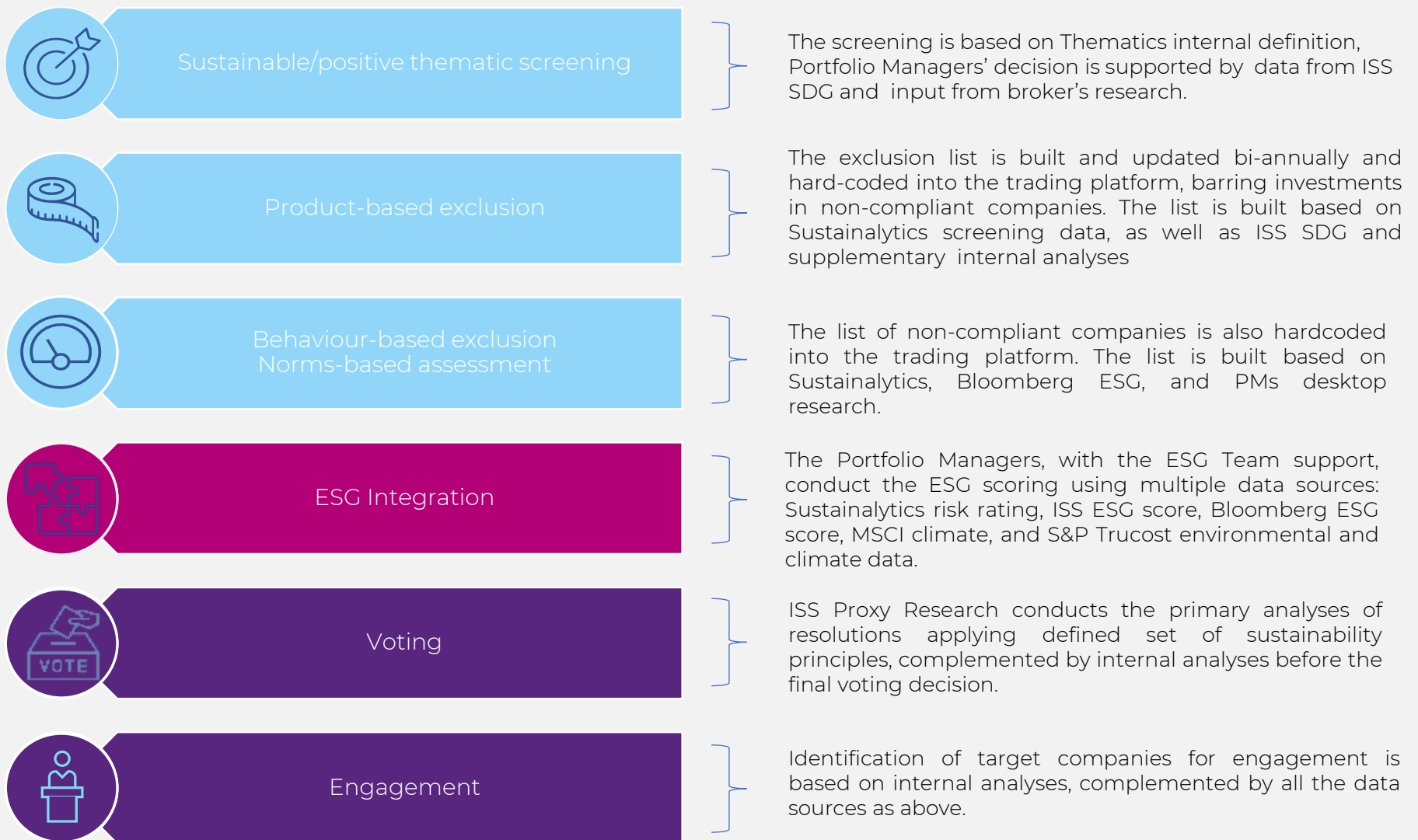
# Resources

## Data and Tools

Implementation of our proprietary methodologies and sustainability approaches is supported by extensive data infrastructure, combining internal research and third-party data and analytics

The operationalisation of our proprietary methodologies and overall sustainable investing framework combines internal research and analyses, third party assessments and inputs, as well as built data management infrastructure.

To ensure that our final assessments are informed by a comprehensive and diverse set of references, as a rule, we use at minimum two external data for each approach that we use. For example, our product-based exclusion list uses primarily Sustainalytics, but also refers to ISS and Trucost data.



# Resources

## Knowledge-Building and Budget

### Training and resource allocation

Building and continuous enhancement of our in-house sustainable investing capabilities, in particular around the science of sustainability, is a key priority for Thematics AM. We allocate resource and financial investment for programs and initiatives to support sustainability-related knowledge-building initiatives across all our business units year-on-year. The graph below shows the resources allocated to sustainability.

In terms of trainings, our focus actions within 2021 – 2024, is investing in external ESG certification and other external expertise-targeted training programs for our investment and client management teams. Programs made available to our teams include the CFA ESG Certification, UNPRI trainings, and other independent ESG certifications. We are also committed to provide teambuilding activities, in particular those sustainability-focused workshops. In 2022, we organized a company-wide workshop around climate.

As a reflection of our commitment towards a strong sustainable investing capability, a portion of our resource budget accounts for sustainability-focused functions.

Overall, RI-focused missions represent for a total of 26 percent of our FTE. As of 28 February 2023, Thematics AM is comprised of 23 headcounts, 22 of which are full time permanent employees and 1 is a collaborator in Alternance. These responsible investing- focused tasks cover RI implementation across the following areas: sustainability research by the Portfolio Managers and ESG and Climate specialists, marketing and client management, and compliance.

In terms of budget allocated for SI-related capabilities, in 2022 it accounted for 0.05 % of our total assets under management. This amount has progressively increased in the last years as we continue to build our internal capability. We foresee this to also increase moving forward as we continue to expand our data sources to comply with new regulations, in particular in the EU and France, for example new data for EU Taxonomy alignment.

We also expect to increase our internal ESG-dedicated team as we grow our products, and to ensure we remain able to deliver on our responsible investing commitments to our stakeholders.

### 2021 – 2024 initiatives

- ✓ External ESG-related certifications for investment professionals [CFA ESG, UNPRI trainings, others]
- ✓ ESG workshops [Climate, biodiversity, gender sensitivity training]
- ✓ Internal teach-ins: regulatory developments, new standards
- ✓ Internal ESG market updates and peer assessments

### % of total FTE

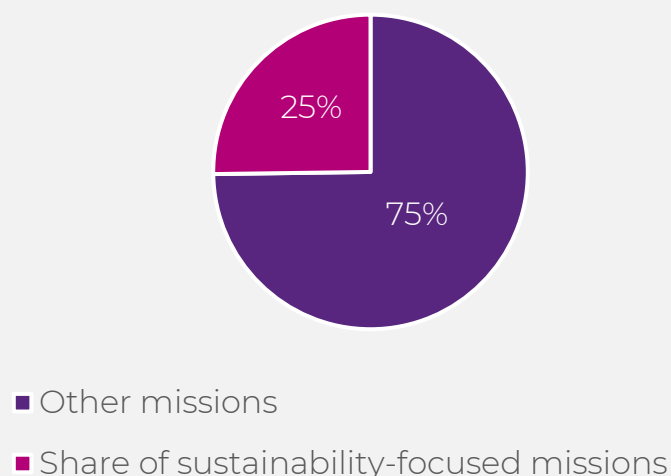


Figure 19. Thematics AM as of 31 December 2022

### Sustainability Resources

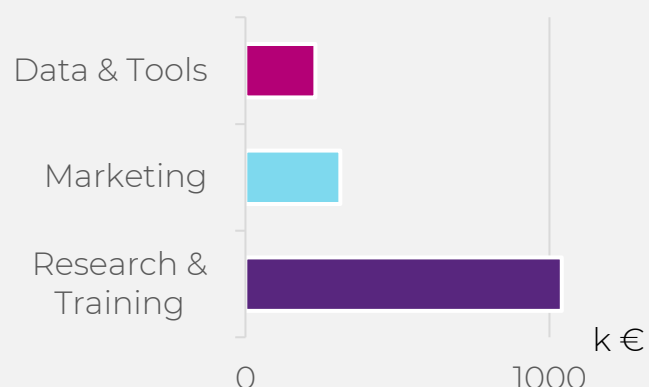


Figure 20. Thematics AM estimation as of 2022



# Resources

Backed by the sustainability infrastructure of our parent company

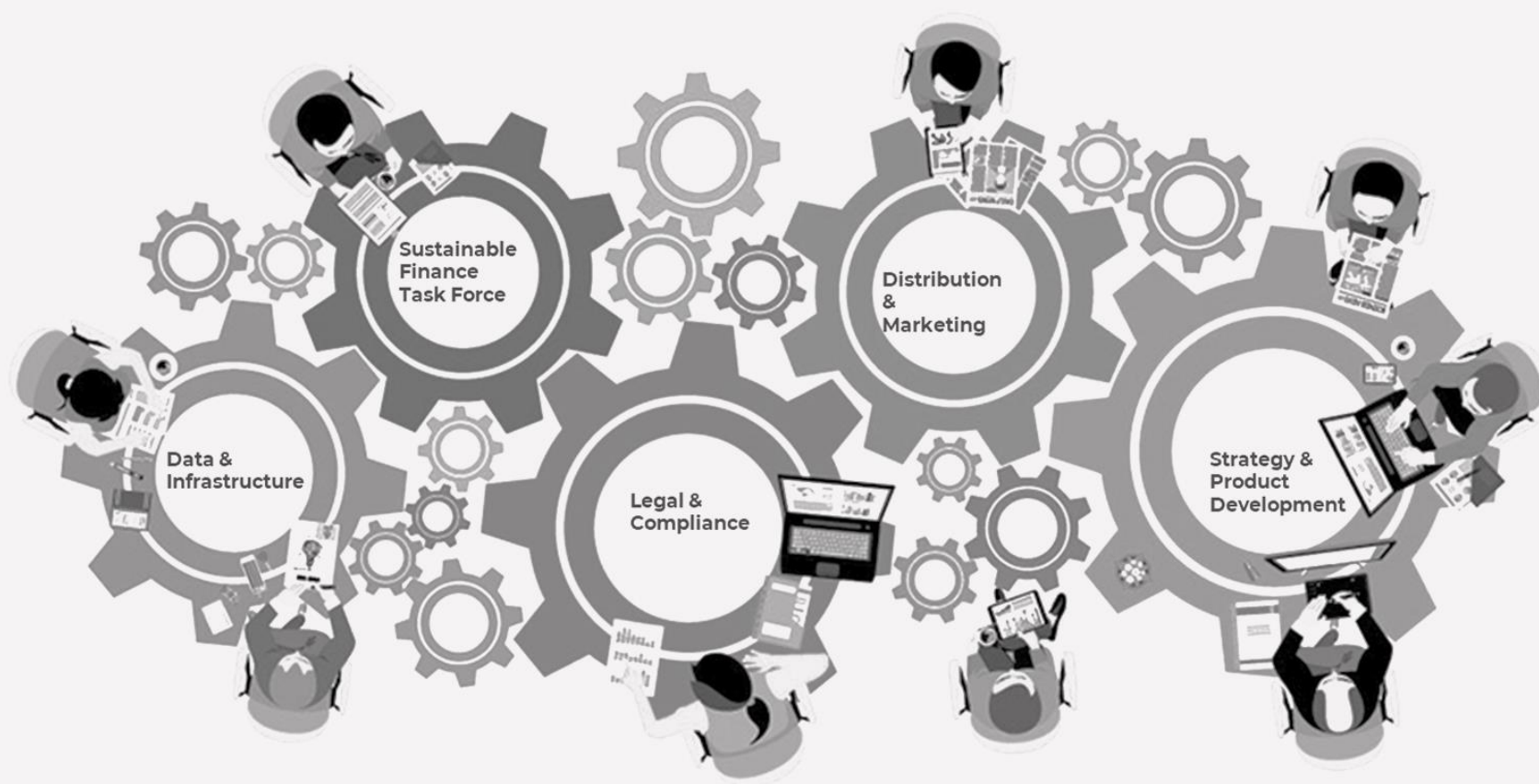
Sustainable investing is integrated across core operational units of Natixis Investment Management, and we leverage these capabilities to elevate our own implementation and outcomes.

Thematics AM is part of the constellation of Natixis Investment Managers, one of Europe's largest asset management company. With its European roots and French domiciliation, Natixis IM is also amongst the leading committed responsible investors with sustainability well-integrated into its strategic orientation and core capabilities and functions. We are supported and actively tap into this wider and global sustainable investing infrastructure to reinforce and elevate our internal operations.

One of the key elements of this infrastructure is the Sustainable Finance Taskforce, which is a cross-business working group composed of experts from the ESG team, product development, strategy, legal and compliance, and data business units. The group provides inputs, guidance, as well as process reviews and refinement recommendations to support compliance with regulatory requirements, as well as alignment with market demands and client expectations.

In addition, we are also supported by key functions from the different core business units, for example provision of interpretations of ESG regulations and the potential implications to our business process and strategy; marketing initiatives; product and process reviews to align with evolving market regulations and standards; and data and data management tools and resources; internal control and audit functions.

As part of a multi-affiliate model, we also benefit from the network of over 25 asset managers. This system provides an avenue for knowledge and best-practice sharing amongst affiliates, being able to network and discuss collectively the most effective approaches to navigate the increasingly evolving landscape of sustainable investing not only within Europe but globally.



# Responsible Investing Roadmap 2021 - 2024

In 2021, we defined our key 3-year priority areas across our 3 Ps.

As of 2022, we are well underway into achieving the targets we set out.



Our 3-year sustainability roadmap [2021-2024], targets to:

#### 1. Build our sustainability expert capability

- ✓ Built a team of sustainability experts to provide guidance and support to the operationalisation of sustainability approaches at fund level by the Investment Team.
- ✓ Continuously strengthen the ESG skills and competency across all business units through relevant trainings

#### 2. 100% of global AUM is sustainable/ESG

- ✓ We achieved this objective – as of December 2022, all our 8 thematic strategies are subject to Thematics AM Responsible Investment Policy. Under the EU Sustainable Finance Disclosure Regulation, Thematics AM classified 4 of its strategies as Article 9 products and 4 as Article 8 products.

#### 3. Strengthen the sustainability/ESG credentials of our products

- ✓ Obtain independent-third party sustainable product certifications to provide guarantee to the robustness of our responsible investing policy and implementation

#### 4. Continuous process refinement

- ✓ Monitor and maintain the alignment of our responsible investing framework with evolving regulatory standards and market expectations

#### 5. Climate and biodiversity

- ✓ Define the organization's decarbonization strategy
- ✓ Reenforce our climate and biodiversity risk assessment





# Aligning with sustainable investing regulations





# EU SFDR Product Classification

All investment products we offer have sustainable investment objectives or promote ESG characteristics

The EU Sustainable Finance Disclosure Framework or SFDR defines the transparency requirements on financial products' sustainability characteristics. It is part of the EU Commission's Action Plan on financing sustainable growth initiated in March 2018. The SFDR aims to provide greater transparency on the degree of sustainability of financial products. It targets to promote the flow of private investments into sustainable development areas whilst preventing greenwashing.

Primarily, SFDR requires to disclose on the following key elements:

- i. Consideration of sustainability risks that are risks of loss of value of underlying assets due to environmental or social events;
- ii. Investment in economic activities that contribute to environmental or social objectives;
- iii. Integration of good governance principles;
- iv. Evaluation of possible harmful impact to any other environmental or social objective.

Three categories of financial products have emerged from the SFDR:

- Financial products with the objective of sustainable investments or Article 9 products. This is considered the "top tier", where the objective of the financial product relates to a sustainability objective.
- Financial products promoting environmental or social characteristics or Article 8 products. These are considered the "middle tier", where sustainable investment is not the objective of the product, but sustainability remains an important and binding aspect of the investment process.
- Other financial products or Article 6. This is considered the "bottom tier", where sustainability is not the objective of the product and is not a mandatory part of the investment process (although sustainability may still be part of the investment manager's processes in a softer way, such as taking account of sustainability risks).

Based on Thematics Asset Management's interpretation of the regulation, it has classified its thematic strategies as follows:

	SFDR Classification	Sustainability Labels	AUM 31.12.2022 (EUR m)	Inception
Water	Article 9		282	December 2018
Safety	Article 9		565	December 2018
Wellness	Article 9		49	April 2021
AI & Robotics	Article 8		387	December 2018
Subscription Economy	Article 8		88	December 2019
<b>Multi Themes</b>				
Meta	Article 8		652	December 2018
AAA European Selection	Article 8		701	January 2005*
Climate Selection	Article 9*		10	October 2022

Figure 21. Thematics Asset Management Product credentials as of 28/02/2022

<sup>1</sup> Thematic AAA Consumer was repositioned as of October 2022 and is now named as Thematics AAA European Selection. With more guidance and clarifications released by the European Commission on what constitutes Article 8 and Article 9 products, we took the decision to reclassify the Thematics Climate Selection into an Article 8 from its previous Article 9 classification in early 2023.

References to rankings, labels, awards or rating are not an indicator of the future performance of the fund or the investment manager.

# Principal Adverse Impact Reporting at entity level

<b>Thematics Asset Management</b>
<b>Summary</b>
Thematics AM considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of Thematics AM
This statement on principal adverse impacts on sustainability factors covers the reference period from January 1 <sup>st</sup> to 31 December 2022.

Description of the principal adverse impacts of investment decisions on sustainability factors				
Adverse sustainability indicator		Metric	Impact 2022	Actions Taken
<b>CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS</b>				
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions [tCO <sub>2</sub> e]	44 966	Product-based Exclusion
		Scope 2 GHG emissions [tCO <sub>2</sub> e]	26 298	ESG Integration [ESG Scoring]
		Scope 3 GHG emissions [tCO <sub>2</sub> e]	155 064	
		Total GHG emissions [tCO <sub>2</sub> e]	226 328	Voting & Engagement
	2. Carbon footprint	Carbon footprint [tCO <sub>2</sub> e/€m]	78	Product-based Exclusion ESG Integration [ESG Scoring]
	3. GHG intensity of investee companies	GHG intensity of investee companies [tCO <sub>2</sub> e/€m]	220.97	Product-based Exclusion
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	1.89%	Product-based Exclusion
	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	37.98%	Product-based Exclusion
	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 [GWh/€m]		ESG Integration [ESG Scoring]
	Agriculture, Forestry & Fishing		0	
	Mining & Quarrying		0	
	Manufacturing		0.06	
	Electricity, Gas, Steam & Air Conditioning Supply		0.04	
	Water Supply, Sewerage, Waste Management & Remediation Activities		0.01	
Construction		0		
Wholesale & Retail Trade & Repair of Motor Vehicles & Motorcycles		0		
Transportation & Storage		0		
Real estate activities		0.03		

# Principal Adverse Impact Reporting at entity level

CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS				
Adverse sustainability indicator		Metric	Impact 2022	Actions Taken
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	1.99 %	Behaviour/ Norms-based assessment ESG Integration [ESG Scoring] Voting & Engagement
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average [tonnes/€m]	0	ESG Integration [ESG Scoring]
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average [tonnes/€m]	0.45	ESG Integration [ESG Scoring]
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 Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0%	Behaviour/ Norms-based assessment Voting & Engagement
	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 handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	65.76%	Behaviour/ Norms-based assessment
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	0.18	ESG Integration [ESG Scoring] Voting & Engagement
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	31.96%	ESG Integration [ESG Scoring]
	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	0%	Product-based Exclusion



## Additional indicators

Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metric	Impact 2022	Action Taken
Emissions	Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	57.63%	ESG Integration [ESG Scoring]  Voting & Engagement
Anti-corruption and anti-bribery	Lack of anti-corruption and anti-bribery policies	Share of investments in entities without policies on anti-corruption and anti-bribery consistent with the United Nations Convention against Corruption	1.37%	ESG Integration [ESG Scoring]

Source: Thematics Asset Management, Sustainability, as of 31 December 2022

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

Thematics AM's Responsible Investment (RI) policy applies to 100% of our AUM and its implementation is controlled by the Responsible Investment Committee (see pages 37-39). Acting in accordance with applicable and evolving standards and regulations, we continuously refine and update our RI policy, at least once a year, to align and comply with the normative and legal developments. The 2022 RI policy was last approved and published in April 2022. Our RI framework takes into account the negative impact of investments through employing multiple sustainability strategies from end-to-end of its investment process. Thematics AM takes into account the EU SFDR's PAI at different stages of the investment process through the 4 sustainability approaches: exclusions, ESG scoring, voting and engagement. We leverage S&P Trucost (PAI 1, 2, 3) and Sustainalytics' (others) data to report the PAIs of our investments, but our assessment is based on multiple other sources, as ISS ESG, CDP, MSCI and Bloomberg (see page 41). Data coverage is over 90% for PAI 1, 2, 3, 4, 7, 8, 9, 10, 11, 13 and 14. PAI 5 and 6 have coverage between 50% and 90%. For PAI 12 on Unadjusted Gender Pay Gap coverage is below 5%. Our disclosure is based on data reported by our investees for all indicators except for PAI 1, 2 and 3 which uses also estimated data provided by S&P Trucost if reported data is not available. For Scope 1 and 2 emissions, data is mostly reported (>75%). Scope 3 emissions data is mostly estimated (>50%). Our rationale for selecting the additional PAIs is the following:

- Investments in companies without carbon emission reduction initiatives: emissions reduction and climate risk management are one of the formal targets of our engagement framework;
- Lack of anti-corruption and anti-bribery policies: we factor in this indicator in our ESG scoring framework through one indicator on business ethics.

### Engagement policies

Post-investment, for each of our strategies, we target companies for formal engagement as detailed in our Voting and Engagement policy. (see pages 30-32) We specifically target companies which lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises, and companies which lack disclosures and governance on GHG emissions and intensity; carbon footprint; as well as social indicators as the unadjusted gender pay-gap. When engagement targets are not met or there is an assessed unwillingness or intentional inaction from investee companies to a degree that poses risks to our clients' interests and shareholder value, Thematics AM may consider joint intervention with other shareholders or propose shareholder resolutions. Decisions on a need for escalation is taken on a case-by-case basis.

Ongoing monitoring is also carried out for investees that become exposed to high with negative outlook and/or severe risk level of ESG controversies, based on third-party data providers. Involved positions will be capped at 2% if currently higher. Moreover, PMs can also apply a 2% cap in companies which are exposed to an ESG risk controversy they deem to be material even if the third-party assessment has indicated a lower risk level. The number of capped securities in the strategy cannot be more than five. In addition, targeted engagement with the company shall be initiated with a 6-month timeframe. The cap would be lifted if sufficient performance improvement is demonstrated within the prescribed timeframe. Investment Managers will exit the investment if no progress is made.

### References to international standards

Thematics AM has applied the UN Principles for Responsible Investment since its foundation. Consequently, our investment process relies on multiple relevant business codes conducts, as the UN Global Compact, OECD guidelines and ILO conventions (refer to page 36). At fund level, we monitor and report on these social indicators which are included in the PAI assessment, which can be found from page 52 onwards, leveraging Sustainalytics' data. Our climate-related disclosure align with TCFD recommendations. We report on some of the environmental indicators at fund-level from page 52 onwards, leveraging S&P Trucost data. On page 47 we present the sustainability certifications awarded to our strategies. Indicators relating to label ISR constraints are also reported at fund level from page 52 onwards. The use of forward-looking climate scenario is irrelevant for the PAI described above.

# Accounting for EU Taxonomy

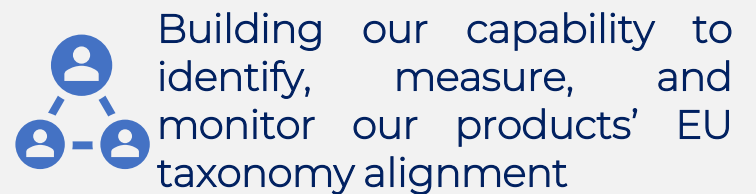
While the EU Taxonomy is still underway, with the delegated acts for the four remaining environmental objectives being defined, and the Social Taxonomy still being drafted, we monitor these regulatory developments and prepare for its eventual full enforcement.

The EU taxonomy is a classification system, establishing a list of environmentally and socially sustainable economic activities. It was designed to provide guiding principles and definitions to support the EU's goal to scale up sustainable investments and implement the European green deal. It aims to provide companies, investors and policymakers with appropriate definitions for which economic activities can be considered environmentally and socially sustainable.

The Taxonomy Regulation established six environmental objectives: climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and the protection and restoration of biodiversity and ecosystems. The Regulation requires the EU Commission to come up with the list of environmentally sustainable activities by defining technical screening criteria for each objective through delegated acts. As of end of 2022, only the delegated act for the first two objectives have been published and enforced. The delegated act for the remaining four objectives are currently underway.

In addition, works on the EU Social Taxonomy is also underway. In February 2022, the Platform on Sustainable Finance published its final report on extension of the existing EU taxonomy to include a social taxonomy.

The report proposes a structure for a social taxonomy within the present EU legislative environment on sustainable finance and sustainable governance. The suggested structure of a social taxonomy consists of three objectives, each of which addresses a different group of stakeholders: decent work (including for value-chain workers); adequate living standards and wellbeing for end-users; and inclusive and sustainable communities and societies. It is unknown at this time when the EU Commission will publish its own report and put into effect an EU Social Taxonomy.



What we have done to date is testing and assessing various EU taxonomy Alignment data currently available in the market. As of today, most if not all data sets are still in the development phase and focus on the first two objectives of the Environmental Taxonomy. As data becomes more available and more importantly more reliable, it is expected that the calculation of the alignment of financial products with the sustainable activities as defined in the Taxonomy Regulation will be made available to investors.

# Sustainability Performance





## Notes on data

- Unless specified, the sustainability performance data on this report refers to the period between 01 January 2022 and 31 December 2022, for all seven active strategies –Thematics AI & Robotics, Thematics Meta, Thematics Safety, Thematics Subscription Economy, Thematics Water, Thematics Wellness, and Thematics AAA European Selection. For the Thematics Climate Selection strategy, reporting covers the period from the launch on 30 October 2022 to 31 December 2022. Thematics AAA European Selection, formerly named as Thematics AAA Consumer, was repurposed on October 2022.
- Each strategy (except Climate Selection) has its own universe that reflects the theme, defined by Thematics Portfolio Managers and reviewed annually. The weights in the universe are adjusted to reflect the market capitalization breakdowns of each strategy.

### Sustainable or Positive Contributions

Contributions to the sustainable investment objective or positive contributions of the strategy is based on Thematics AM internal thematic definition and scope. We report on these sustainability or positive contributions using our internal accounting method. Each of the environmental or social objectives is matched to the most aligned UN SDGs.

We also provide third-party SDG contributions data from ISS only for the purpose of allowing comparison with the reference index. The Opportunities chart plots the percentage of the fund's assets under management that has impact to the Sustainable Development Goals using weighted average, aggregated at segment and fund level, as well as goals type level - environmental and social. The calculation is based on the underlying revenue streams of each company from products or services that have impact to the SDGs using a scale of -10 to 10, where -10 indicates that 100% of sales contribute negatively to one or several SDGs, and 10 indicates that 100% of sales contribute positively to one or several SDGs. For the breakdown, Significant means that 50% or more of the company's revenue is contributing (+) or obstructing (-) to the objectives, limited means 20 to 50%, and Neutral means up to 20%. Revenue data is sourced from ISS ESG Sustainable Solutions Assessment. To note, ISS methodology does not cover company revenue contributions to goals 8,9 and 17. ISS SDG data are updated at least once a year. Thematics AM retrieves the most up-to-date information on a monthly basis. These assessments do not guarantee a profit or protect against a loss.

### Manage ESG Risks

ESG risk score refers to the weighted average ESG Risk score from Sustainalytics (or ISS for Thematics Water prior to October 2022).

### Product-Based Exclusions

Activities monitored are those that are covered by Thematics AM Exclusion Policy. Unconventional oil and gas covers shale energy, tar sands, and arctic exploration. Illegal weapons include anti-personnel mines, cluster munitions, biological and chemical weapons. Controversial weapons include nuclear weapons, white phosphorous, depleted uranium. Percent of exposure refers to the weighted average of the estimated revenue exposure to the contemplated areas. Our exclusion policy covers full systems and tailor-made key components and essential services. Our exclusion list is informed by Sustainalytics. The full details of our exclusion policy can be found our Responsible Investment Policy, accessible [here](#).

### Behaviour-Based Exclusions

Behaviours monitored are those that are covered by Thematics AM Exclusion Policy. Our strategies exclude all companies whose overall behaviour is not aligned with international standards and norms on sustainable business. These are companies whose governance are insufficient and therefore considered non-compliant to sustainability standards and norms, including the UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

## Controversies

The chart plots the percentage of the fund's assets under management exposed to incidents that have negative environmental, social, and governance implications in a 5-scale impact level, from 1 (Low impact) to 5 (Severe impact). The data is sourced from Sustainalytics Controversies Research, which monitors and screens published controversial news stories involving companies on a daily basis across global platforms. The analyses focus on material ESG pillars, including Environmental supply chain, Social incidents, and Business ethics, among others. The highest level of controversy is attributed to a company in case it is subject to several controversies. The numbers presented are the most up to date available at the time of the report.

## Label ISR Indicators

SDG Environmental/Social: Weighted average SDG Environmental/Social Score (ISS). This score assesses the overall, aggregated impact of an issuer's product portfolio on the achievement of Environmental/Social objectives. For corporate issuers, the SDG Solutions Score considers only the most distinct objective scores, i.e., the highest positive and/or the lowest negative score, based on contributing and obstructing impacts on Environmental/Social objectives. The SDG Solutions Score is calculated as the sum of the highest positive and the lowest negative objective score and ranges on a scale from -10.0 to 10.0.

Governance controversies: Weighted average of Governance controversy scores (Sustainalytics). Governance controversy score corresponds the highest level of governance-related controversies (Business Ethics, Governance or Public Policy incidents).

Human Rights controversies: Weighted average of Human Rights controversy scores (Sustainalytics). Human Rights controversy score corresponds the highest level of human rights-related controversies (Employees Human Rights, Employees Human Rights – Supply Chain, Society Human Rights, Society Human Rights – Supply Chain).

## Carbon indicators

Carbon exposure analysis offers a systematic assessment of the carbon risks within a portfolio or index at a point in time. The analysis quantifies greenhouse gas emissions (GHG) embedded within a portfolio presenting these as tonnes of carbon dioxide equivalents (tCO<sub>2</sub>e). Comparing the total GHG emissions of each holding relative to either company's revenues or capital invested, gives a measure of carbon exposure that enables comparison between companies, irrespective of size or geography. GHG emissions are divided into three scopes:

- Scope 1 emissions are direct emissions from owned or controlled sources.
- Scope 2 emissions are indirect emissions from the generation of purchased energy (electricity, steam, heat, or cooling).

For Scope 1 and 2 emissions, S&P Trucost leverages reported data and, when it is not available, it uses sector averages.

- Scope 3 emissions are all indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions.

The data used by S&P Trucost leverages reported data if the CDP disclosure is verified and relevant. For other companies Trucost methodology on Scope 3 upstream emissions leverages an environmentally extended input-output model (EEI-O). For Scope 3 downstream emissions, they use a bottom-up approach based on physical outputs for some sectors (Oil and Gas, Coal, Automobiles); or a top-down model using emissions intensity factors depending on other GICS subsectors.

In this report, we publish the following two backward-looking climate metrics:

- Carbon Footprint (tonnes CO<sub>2</sub>e/\$m invested)

The Carbon Footprint par \$m invested gives an indication of the tonnes of CO<sub>2</sub>e “emitted” by each \$m invested into the portfolio or index. Emissions attributed to an investor are apportioned by the Enterprise Value of the company. It is an indicator of an investor's contribution to climate change.

- WACI (tonnes CO<sub>2</sub>e/\$m revenues)

The Weighted Average Carbon Intensity measures the sensitivity of the portfolio or index to carbon-intensive companies. It circumvents the need for apportioning ownership of carbon to individual holdings.

## Evolution of WACI Scope 1-2

We break down the evolution of the WACI Scope 1-2 between two years into two components:

- The weight effect, which measures the impact of changing weights to the overall WACI

$$\text{Weight effect} = \sum CI_{i,t} \times (w_{i,t} - w_{i,t-1})$$

- The carbon intensity effect, which measures the impact of changes in carbon intensities to the overall WACI

$$\text{Carbon Intensity effect} = \sum w_{i,t-1} \times (CI_{i,t} - CI_{i,t-1})$$

$CI_{i,t}$ : Carbon Intensity of company i at date t (latest available data, carbon data may lag 1-3 years from the reporting year)

$CI_{i,t-1}$ : Carbon Intensity of company i at date t-1 (latest available data minus one year)

$w_{i,t}$ : Weight of company i in the portfolio at date t

$w_{i,t-1}$ : Weight of company i in the portfolio at date t-1

## Green Revenues

Evaluation of Thematics AM's investment strategies' performance across different sustainable development themes, in particular those relating to climate transition and environmental protection, indicates its sustainable outcome contributions.

We use third-party independent scoring from ISS to assess the % revenue exposure that contributes positively to environmental themes.

As defined by our third-party SDG data provider (ISS):

- Significant contributions mean products or services that by their intended purpose, address the root causes of a sustainability challenge, such as climate change.
- Limited contributions refer to products or services which help or promote the achievement of a sustainable development goal, without necessarily addressing the root cause. In the case of climate change mitigation, examples of contributing products are renewable energy, battery technology, and insulating materials. Products with limited contributions are those that enable energy efficiency, for example rail and bus transport, LEDs, nuclear power.

## Transition Risk

The Carbon Earnings at Risk report allows investors to understand potential earnings at risk from carbon pricing on a portfolio level. The analysis is the calculation of the Unpriced Carbon Cost, which is defined as the difference between what a company pays for carbon today and what it may pay at a given future date based on its sector, operations, and a given price policy scenario.

## Physical Risk

S&P Trucost analyzes a portfolio's exposure to physical risks resulting from climate change. Some can be acute (driven by an event such as a flood or storm) or chronic (arising from longer term shifts in climate patterns) and may have financial implications for organizations such as damage to assets, interruption of operations and disruption to supply chains. To better understand these risks, S&P Trucost uses a physical risk assessment framework and dataset linking over 500,000+ built assets to 15,000+ companies. Assets are then assessed on their exposure and sensitivity to seven key risk types: water stress, wildfire, flood, heatwave, coldwave, hurricane, and coastal flood. Assessments are made across three climate change scenarios (high, moderate and low) and three future reference years (2020 or other base years, 2030 and 2050). Companies are scored 1 to 100 for each of the seven risk types, and spanning all scenarios and years (100 indicates the highest possible exposure and sensitivity to a given risk, while 1 indicates the lowest). The seven scores are then averaged to arrive at a company-level 'composite' physical risk score. The 'raw' Physical Risk Exposure Score speaks to the relative exposure of an asset, company or portfolio to each risk indicator relative to global conditions, but it does not speak to the degree to which the manifestation of each risk may be consequential to the operation of the asset or company. Alongside these scores, S&P Trucost also provides a 'sensitivity adjusted' physical risk score in order to adjust for the potential materiality of the events to the asset owners' business. Raw scores were adjusted using 'sensitivity factors' calculated by S&P Trucost by linking each physical risk indicator to a set of tangible business impacts and a metric that can be measured at the company level to reflect the relative sensitivity of each company to each risk indicator and its impacts.



## Implied Temperature Rise

The implied temperature rise metric measures the alignment of a company with a given climate scenario defined by the Intergovernmental Panel on Climate Change or the International Energy Agency.

S&P Trucost's suggested approach uses two methods:

- (i) The Sectoral Decarbonization Approach (SDA) for issuers whose business is largely conducted in carbon-intensive sectors. This method is based on the carbon budgets of the scenarios outlined by the International Energy Agency (IEA) in the 2017 Energy Technology Perspectives (ETP) report, which provide SDA analysis parameters consistent with 1.75°C, 2°C and 2.7°C warming levels.
- (ii) Greenhouse gas Emissions per unit of Value Added (GEVA) for issuers in diversified or low-carbon intensive sectors. This method is based on the Representative Concentration Pathway (RCP) scenarios used by the Intergovernmental Panel on Climate Change (IPCC) in its fifth Assessment Report (AR5). Such scenarios provide analysis parameters consistent with warming levels between 2°C and 5°C. S&P Trucost also uses a 1.5°C scenario aligned with recent SBTi recommendations and the European Union Paris-Aligned Benchmark requirements.

Both methods conduct a transition pathway assessment of each portfolio issuer. Moreover, they review the adequacy of projected emission reductions compared against a carbon budget that is compatible with a range of temperature increase scenarios. Issuers' scope 3 emissions are not taken into account. The difference between issuer trajectory and target scenario is then converted into an equivalent temperature. Each issuer's trajectory assessment uses historic data collected over nine years (business activity and carbon emissions) and forward-looking projections over a ten-year timeframe. When applied to aggregated asset management portfolios, S&P Trucost's research method produces results measured in a temperature range: <1.5°C and 1.75°C, <2°C, <2.7°C and 3°C, >3°C.

Investing in a Paris-Aligned Portfolio does not necessarily lead to a real-world GHG emissions reduction.

## Decarbonization Targets

To reach the climate objective of the Paris Agreement, companies must cut their GHG emissions dramatically. To do so, companies must measure their GHG emissions and set targets to reduce them. We monitor companies that disclosed targets in their sustainable or CDP reports, as well as SBTi (Science Based Target initiative) website. The SBTi is a partnership between CDP, the United Nations Global Compact,

World Resources Institute (WRI) and the World Wide Fund for Nature (WWF) that sets science-based standards for companies to decarbonize at a rate compatible with reaching a temperature well below 2°C or 1.5°C by 2100.

We note the higher percentage of companies that have set SBTi targets for the Consumer strategy, due to its bias towards European companies that are more advanced in this field.

## Biodiversity

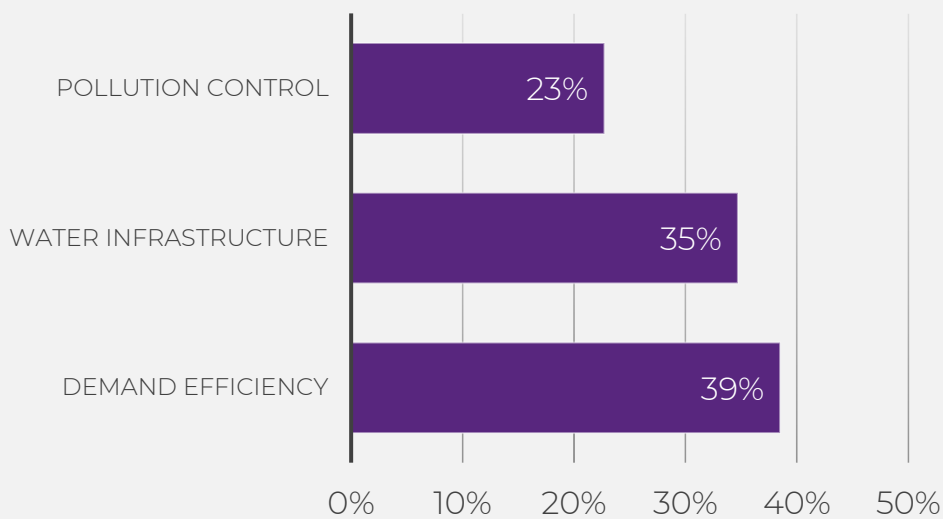
Since 1970, according to the OECD, the world has lost 60% of its global vertebrate population, while in parallel more than 40% of insect species are declining rapidly. The planet is possibly facing its sixth mass extinction, arguably one of the most significant threats to society. If this isn't a stark enough warning, the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) has stated that 'nature is declining globally at rates unprecedented in human history, and the rate of species extinctions is accelerating, with grave impacts on people around the world now likely.'

At Thematics AM, we are at the beginning of our biodiversity journey. Despite data coverage around biodiversity is limited, we leverage Sustainalytics data to assess our funds' exposure to activities negatively affecting biodiversity.

# Thematics Water

Sustainable investments

Subsegments and AUM



E & S Objectives

Associated SDGs

Water pollution prevention and control



Universal provision of clean water



Sustainable use and protection of all water resources



Figure 22.a. Percentage distribution of AuM per subsegment and the related E/S contributions and associated SDGs; Thematics AM as of 31/12/2022

As an Article 9 product, the Water strategy commits to invest 100% of its equity assets in solutions contributing to its sustainable investment objectives. Specifically, the strategy commits to a minimum of 30% to its environmental objectives and 10% to its social objectives.

In 2022, about 62% of the assets contributed to the objectives around sustainable management of water resources (E), from the the Pollution Control and Demand Efficiency subsegments. About 35% contributed to enabling increased access to water as an essential human need (S), from the Water Infrastructure subsegment. The remaining assets are cash.

The Demand Efficiency segment is the largest of the Water strategy, accounting for almost 40%. The companies generally provide solutions around advanced household water treatment equipment, plumbing infrastructure, water-efficient landscaping equipment and services, as well as industrial steam recirculation, industrial water chemicals, fittings and pumps. Their contributions center on enabling water usage efficiency and sustainable water withdrawals solutions. The Water infrastructure segment accounts for 35% of the strategy, with companies contributing to increase water distribution capacity, enforcement of regulations on water quality, as well as wastewater collection and treatment. In the Pollution Control segment, the sustainability contributions are mainly about ensuring safety of water for drinking and sanitation, preventing and reducing marine pollution, and ultimately

improve water quality and reduce water scarcity.

Majority of the companies in the portfolio are pure-plays (60%), or with a highly material exposure to the theme (32%), in particular within the water infrastructure and the demand efficiency segments.

Four companies in the portfolio are currently classified as leaders (revenues related to the theme below 20%) accounting for about 8% of the strategy. These are companies whose solutions are around water analytical tools (3), and digital twins and virtualization software for water infrastructure modeling and planning (1). These are new and advanced technologies that offer compelling sustainable contributions and growth opportunities.

## Materiality distribution

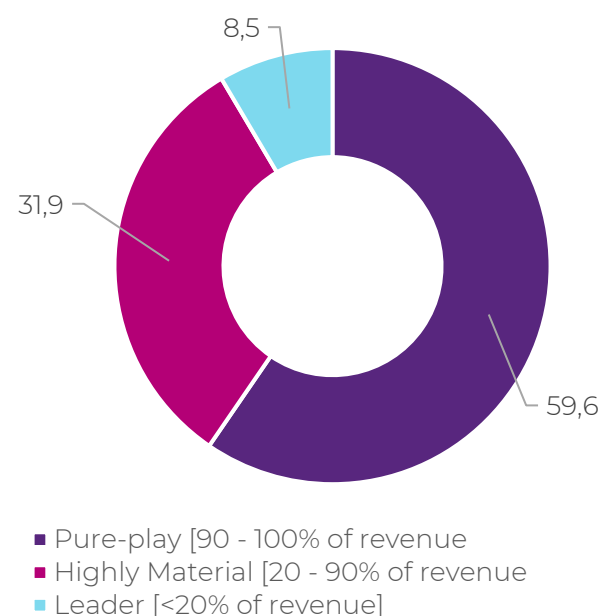


Figure 22.b. Percent Distribution of the strategy's materiality level; Thematics AM as of 31/12/2022

## Sustainability Contributions – UN SDGs

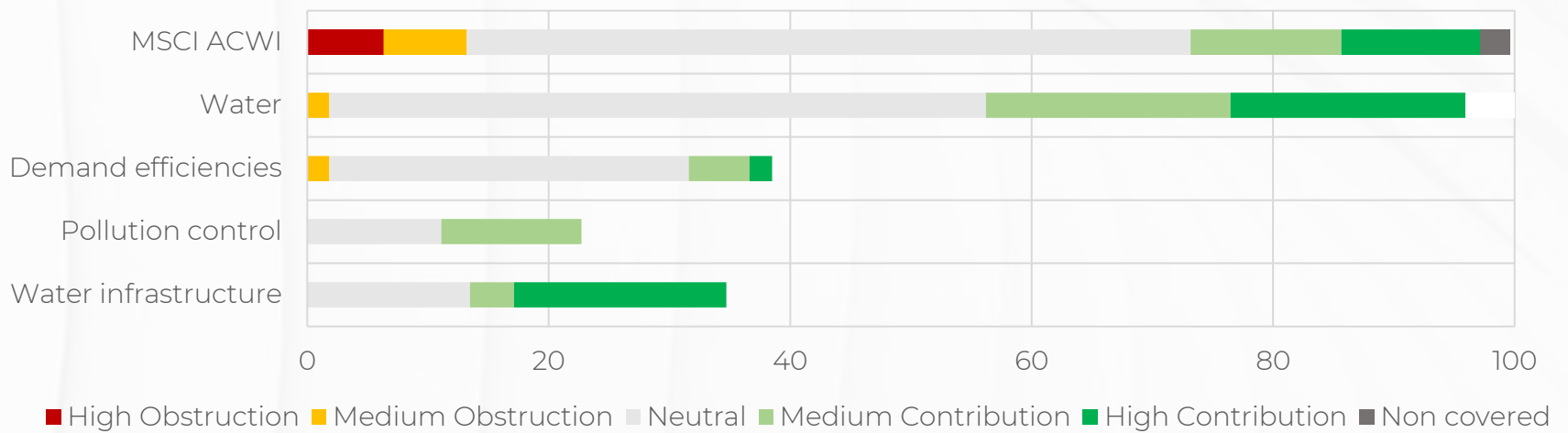


Figure 22.c. SDG Performance; Thematics AM & ISS as of 31/12/2022

## Evolution of SDG Scores

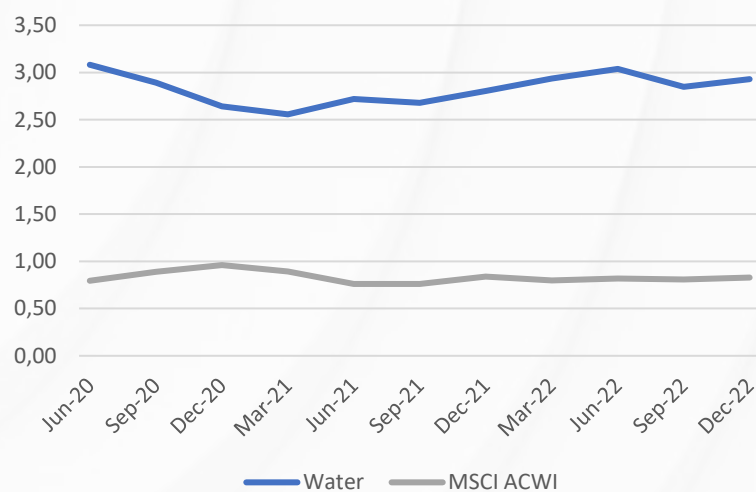


Figure 22.d . Evolution of SDG Performance; Thematics AM & ISS as of 31/12/2022

Overall, the strategy has a higher contribution to sustainability themes than the reference index. The main contributors are in the Water Infrastructure segment which contributes to the “Conserving Water” and “Ensuring Health” objectives through the provision of clean drinking water. Over the year, the overall SDG score improved by 4%.

## Manage ESG Risks

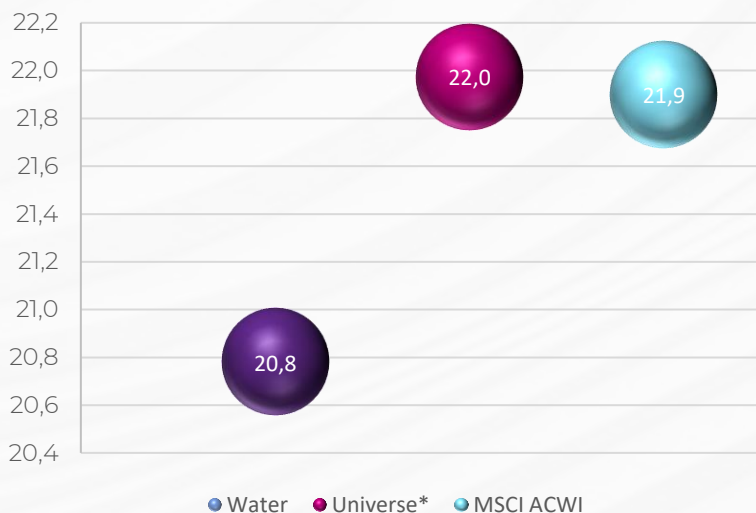


Figure 22.e. Weighted Average ESG Risk vs Universe & Reference Index Thematics AM & Sustainalytics as of 31/12/2022

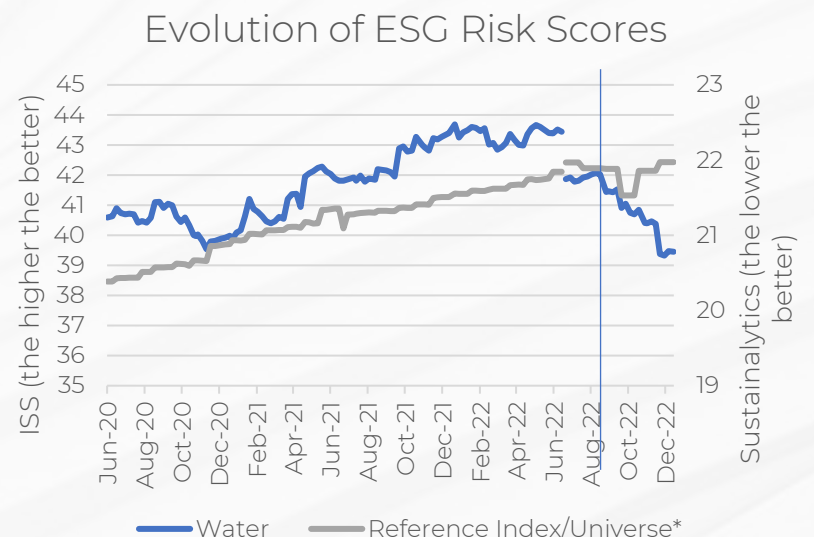


Figure 22.f. Evolution of Weighted Average ESG Risk vs Universe or Reference Index Thematics AM & ISS/Sustainalytics as of 31/12/2022

\*Starting from October 2022, Universe’s score is measured as the rolling 3 months average of the weekly score, after eliminating at least 20% of the worst-rated securities. Prior to that, the strategy’s score was compared to the reference index’s score, after eliminating at least 20% of the worst-rated securities.

From July 2022, we switched from ISS ESG Score to Sustainalytics ESG Risk Score for the Water Strategy. The strategy continued to outperform both the reference index and the universe after eliminating 20% of the worst rated securities. In absolute terms, the strategy is penalized by its higher

exposure to Utilities, which has a higher ESG Risk than other sectors, but companies in the strategy rank well versus their peers. The ESG risk score improved by one point during the second half of the year. Companies in the strategy have reinforced their reporting and ESG management practices over the year. The top improver was Elis, whose ESG Risk score decreased from 24.6 to 15.5.



## Product-Based Exclusions

	Areas	% Exposure
	Fossil Fuels	0.3
	Unconventional Oil & Gas	0
	Conventional Oil & Gas	0.3
	Illegal Weapons	0
	Controversial Weapons	0
	Conventional Weapons	0.2
	Small Arms	0
	Tobacco	0

Figure 22.g. Exposure to controversial or adverse activities. Thematics AM Internal Assessment & Sustainalytics screening as of 31/12/2022

The minimal exposure to fossil fuels is from one utility company which owns a power plant that uses coal as a fuel, besides biomass. However, it is estimated that this represents less than 1% of the company's revenue and that in addition, the company has stated that it is planning on substituting thermal coal-fueled power plants with renewable energies.

## Behaviour-Based Exclusions

Norms & Standards	Non-compliance
UN Global Compact	0
OECD Guidelines for Multinational Enterprises Chapters	0
UN Guiding Principles on Business and Human Rights	0

Figure 22.h. Exposure to non-compliant securities. Thematics AM & Sustainalytics as of 31/12/2022

## Label ISR indicators

	% Covered	SDG Environmental	SDG Social	% Covered	Governance Controversies	Human Rights Controversies
Water	100	2.33	1.65	100	0.40	0.35
Universe	89	0.96	0.89	100	0.59	0.61

Figure 22.j. Controversies & SDG scores, Thematics AM & ISS & Sustainalytics as of 31/12/2022

## Controversies

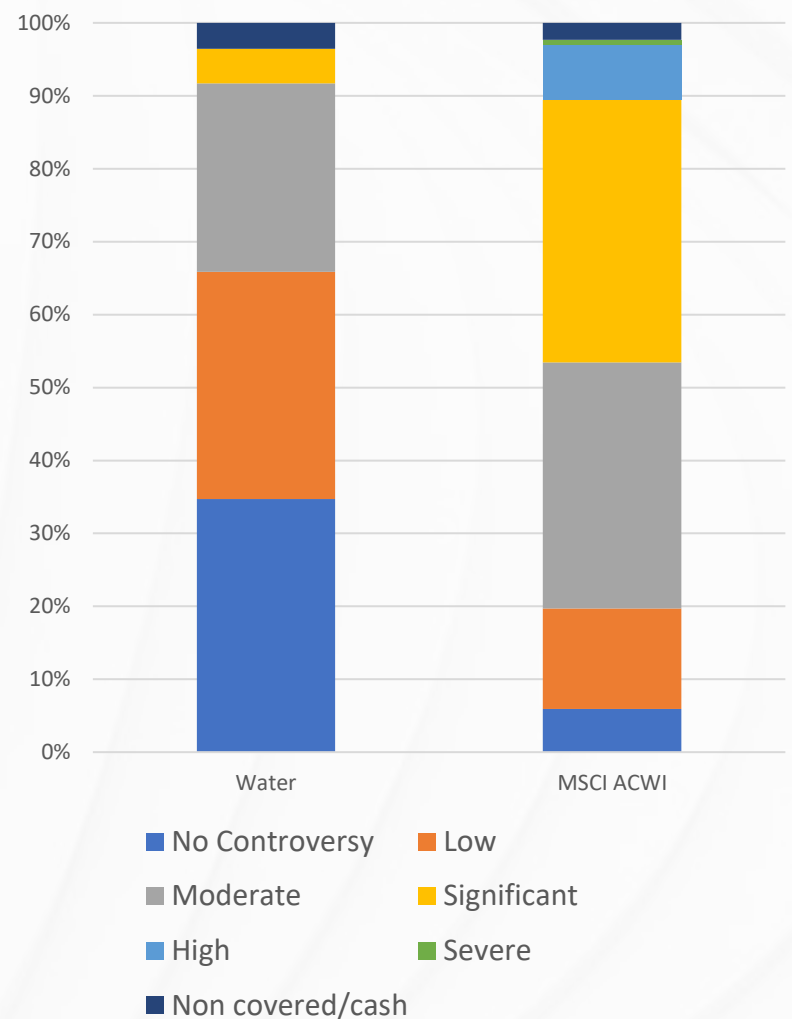


Figure 22.i Exposure to controversies. Thematics AM & Sustainalytics as of 31/12/2022

In terms of exposure to controversies, the strategy performs better than its reference index. The strategy has no high or severe controversy and only two companies representing less than 5% of the strategy are exposed to significant controversies on Human Rights or Quality and Safety incidents. Thematics AM has discussed with these companies and they have provided assurances that the allegations are isolated and not systemic, with specific actions implemented. We actively monitor the evolutions of these controversies and their associated risks, as well as the companies' risk mitigation measures.

## Carbon Footprint (tonnes CO<sub>2</sub>e/\$m invested)

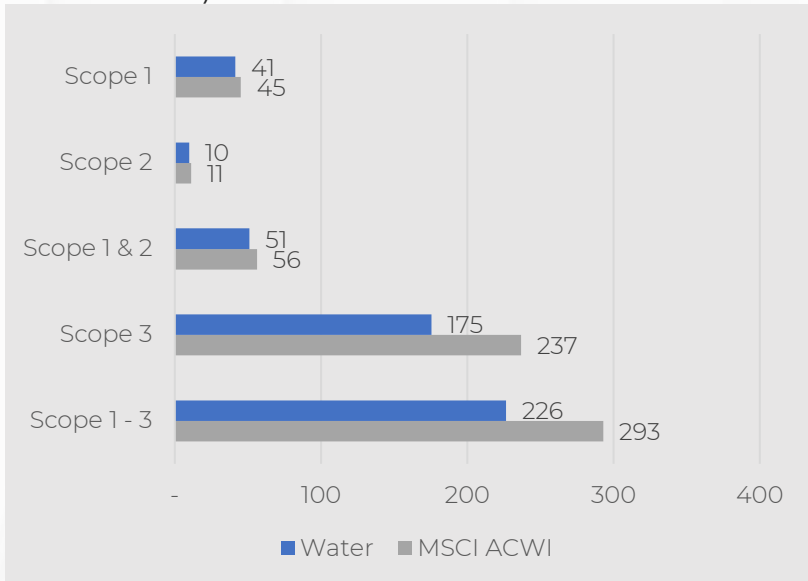


Figure 22.k. Carbon Footprint Scope 1-3 (in tonnes CO<sub>2</sub>e/USD million invested). Thematics AM & S&P Trucost as of 31/12/2022  
Coverage: Scope 1,2,3 – 95,7% ; Index – 95,42%

## WACI (tonnes CO<sub>2</sub>e/\$m revenues)

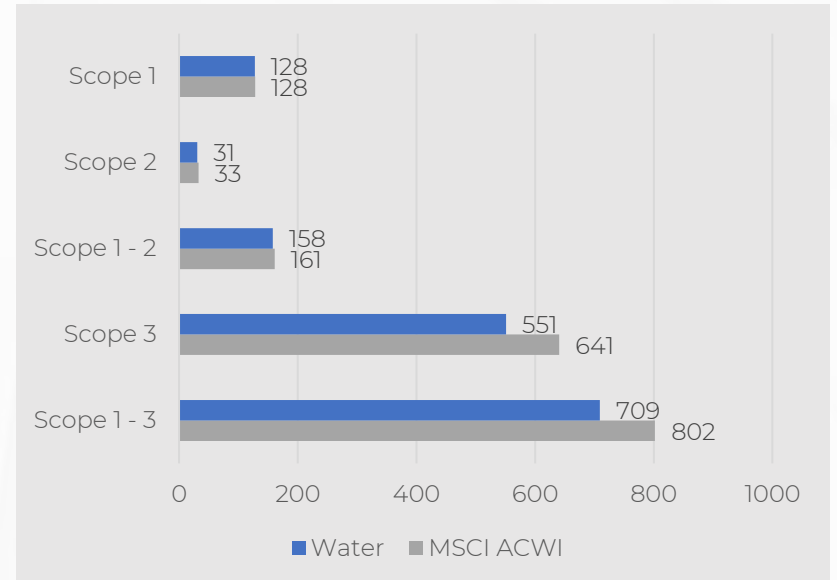


Figure 22.l. Weighted Average Carbon Intensity Scope 1-3 (in tonnes CO<sub>2</sub>e/USD million revenues). Thematics AM & S&P Trucost as of 31/12/2022  
Coverage: Scope 1,2 – 99% ; Scope 3 – 99% ; Index Scope 1,2 – 97,55% ; Scope 3 – 97,49%

## Evolution of WACI Scope 1-2

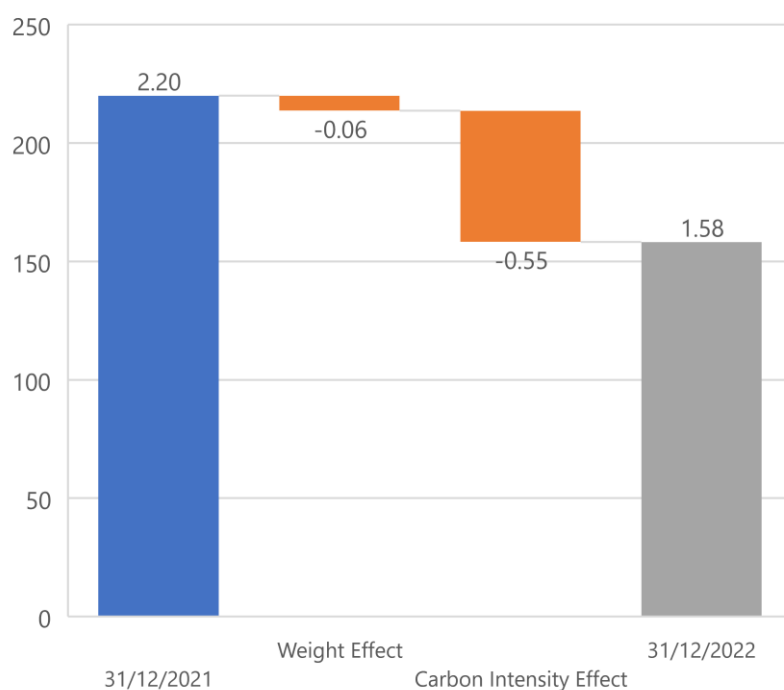


Figure 22.m. Evolution of WACI Scope 1-2 (in tonnes CO<sub>2</sub>e/USD million revenues)  
Thematics AM & S&P Trucost as of 31/12/2022

In terms of Scope 1&2 emissions intensity, companies are in line with the reference index. The strategy has a negative allocation due to its high relative proportion of utilities, but it is compensated by a positive selection effect. The most carbon intensive companies are in the waste management business, due to their high methane emissions (anaerobic digestion of organic wastes).

WACI Scope 1 & 2 decreased over the year, both from a decrease in the weight of most emitting companies and from an organic reduction in carbon intensity. Pennon was one of the main contributor to the decrease in emissions due to the sale in 2020 of its waste activities.

Most of the Scope 3 emissions come from the Downstream part (74%) and more specifically from Scope 3.11. “Use of Sold Products”. The most carbon intensive companies in terms of Scope 3 emissions are companies that sell water boilers or pumps.

## Green Revenues

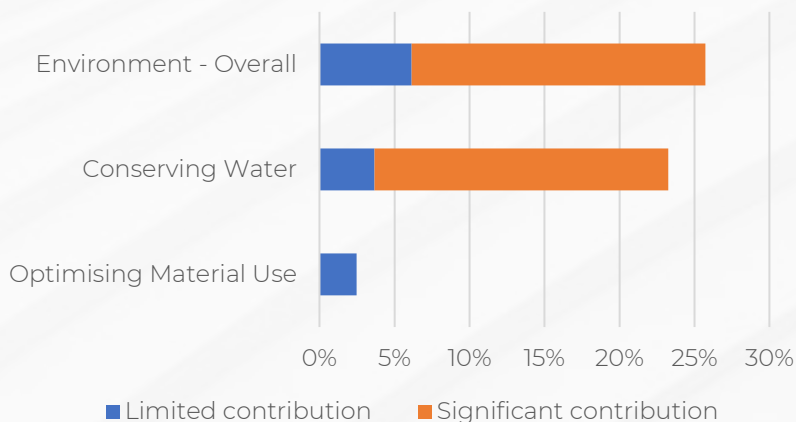


Figure 22.n. Breakdown of the strategies' positive contribution revenue exposure by environmental theme, as a share of total revenue, using weighted average method.  
ISS, Thematics AM, 31/12/2022

Based on ISS methodology, most of the green revenues at the fund level come from the Water Infrastructure segment that contributes significantly to the environmental objective “Conserving Water”. Because of the scope and limitations of this methodology, which does not capture solutions contributing to the SDGs 9 and 11, the green revenue third-party score has not captured the strategy’s solutions around pollution control and demand efficiency that are mainly new and innovative solutions driving water efficiency and use across industries.

## Scenario Analysis

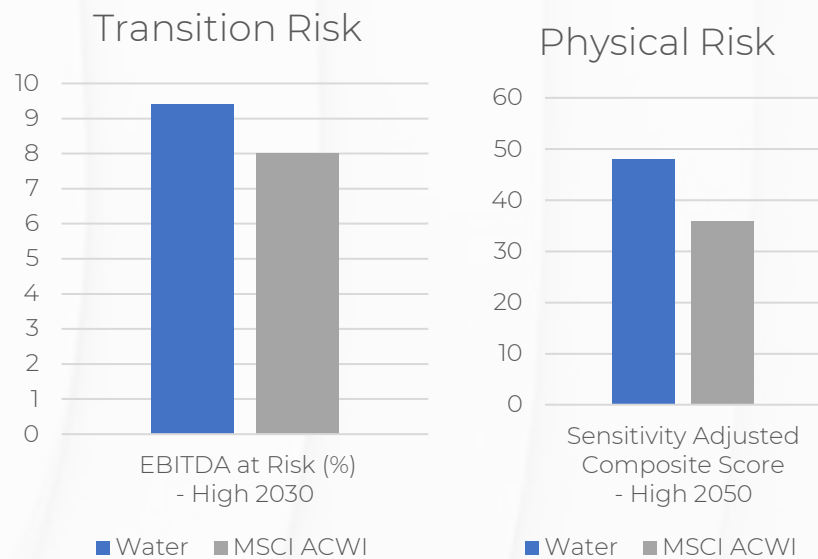


Figure 22.o EBITDA at Risk and Sensitivity Adjusted Composite Score S&P Trucost, Thematics AM, 31/12/2022

The Carbon Earnings at Risk is higher than the reference index, mainly driven by the overexposure to Industrials and Utilities companies.

The Physical Risk is higher than the reference index too. The most exposed sectors in the portfolio are Utilities and Consumer Staples.

## Implied Temperature Rise

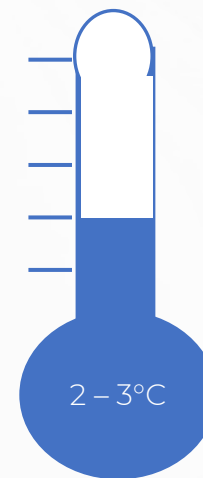


Figure 22.p. Implied Temperature Rise. Thematics AM & Trucost as of 31/12/2022

The implied temperature rise metric decreased from over 5°C in 2021 to between 2°C and 3°C in 2022. This change was mainly driven by the decrease of emissions of China Everbright Environment, that decreased its emissions intensity by 60% between 2019 and 2020 (reporting lag). Other factors of reduction include the dataset update that gives more weight to forward-looking emissions (2012-2030) compared to the previous dataset (2012-2025).

## Decarbonization Targets

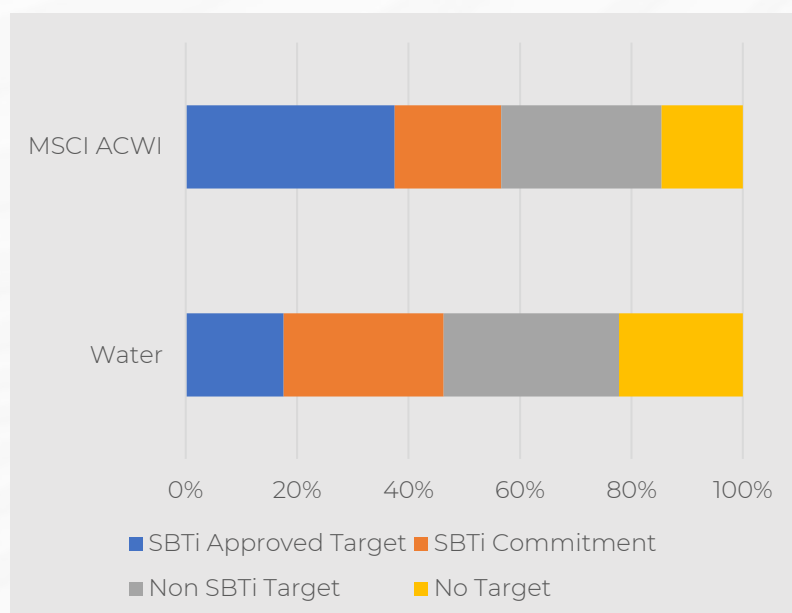


Figure 22.q. Breakdown the companies in the portfolios that have set GHG emissions reductions targets SBTi, Thematics AM, 31/12/2022

Almost half of the portfolio (46%) have either an approved or committed SBTi target, which is higher than previous year (36%) but lower than the MSCI ACWI (57%). It could in part be explained by the small and mid-cap tilt of the strategy, as larger companies tend to lead such initiatives.

## Biodiversity

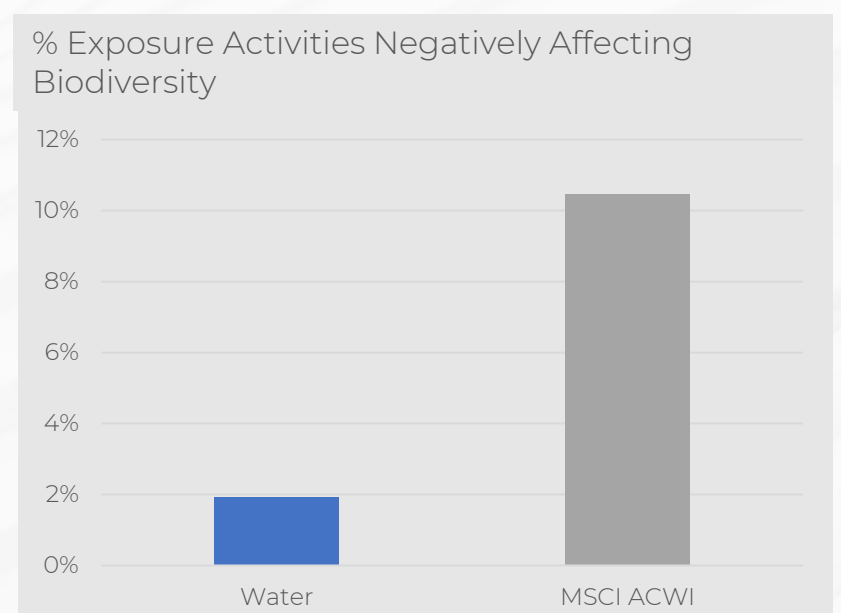


Figure 22.r. Exposure to activities negatively affecting biodiversity Sustainalytics, Thematics AM, 31/12/2022

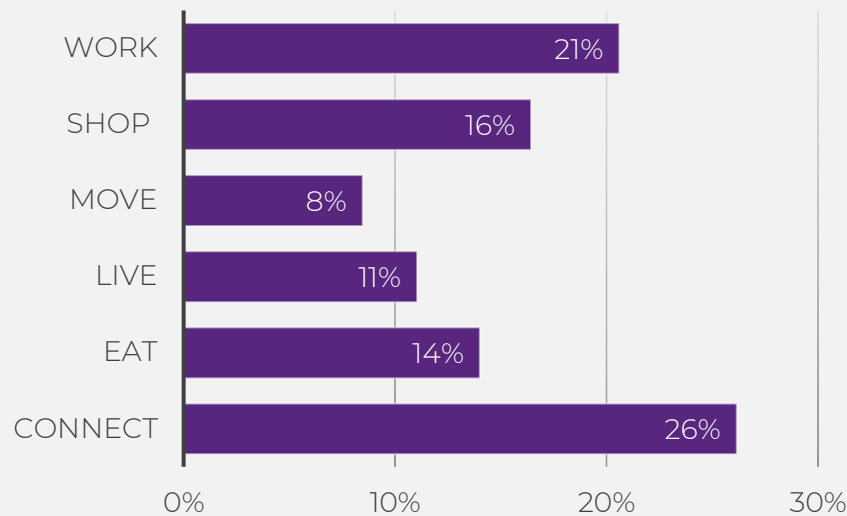
In terms of exposure to activities negatively affecting biodiversity, the strategy performs better than the index, with only one company involved in an activity negatively affecting biodiversity. Aecom (Consulting) is involved in a project in Great Nicobar Island.



# Thematics Safety

## Sustainable investments

### Subsegments and AUM



## Social Objectives

Enable safety and protection of people's health, assets, data, and goods

## Associated SDGs



Figure 23.a. Percentage distribution of AuM per subsegment and the related E/S contributions and associated SDGs; Thematics AM as of 31/12/2022

As an Article 9 product, the Thematics Safety strategy commits to invest 100% of its equity assets in solutions contributing to its social sustainable investment objectives. In 2022, 100% of the equity assets contributed to objectives around enabling safety and protection of people's health, assets, data, and goods. remaining assets are cash.

Companies in the Digital segment (Connect and Shop subsegments above) account for about 42% of the Safety strategy. These companies generally provide solutions such as data protection and secured data centers, fraud detection, software integrity, and safe and secure digital-based payment services. These subsegments' sustainability contributions mainly centre on enabling customer safety and data protection amidst the global transition to digital economy.

In the Physical segment (made of the Eat, Move, Live and Work subsegments above), companies account for 54% of the strategy, the solutions are primarily around protective clothing and equipment, hazard detectors, infrastructure inspection and control, environmental analyses services, as well as disaster alerting. Of note, within the subsegment focusing on safety at work, the contributions relate to protecting labour rights and promoting safe working environment for all workers.

Around 38% of the companies are pureplay, mainly from the Connect segment, primarily software

services and IT companies. Of the 62% of companies that have highly material exposure to the Safety theme, two-thirds have revenues from safety-related solutions greater than 50% (of their total revenues). These are mainly companies in the Shop segment whose solutions are mostly secure payment systems.

The strategy does not have any company qualifying through the Leadership criteria (revenue from contributing products below 20% of the total revenue).

### Materiality distribution

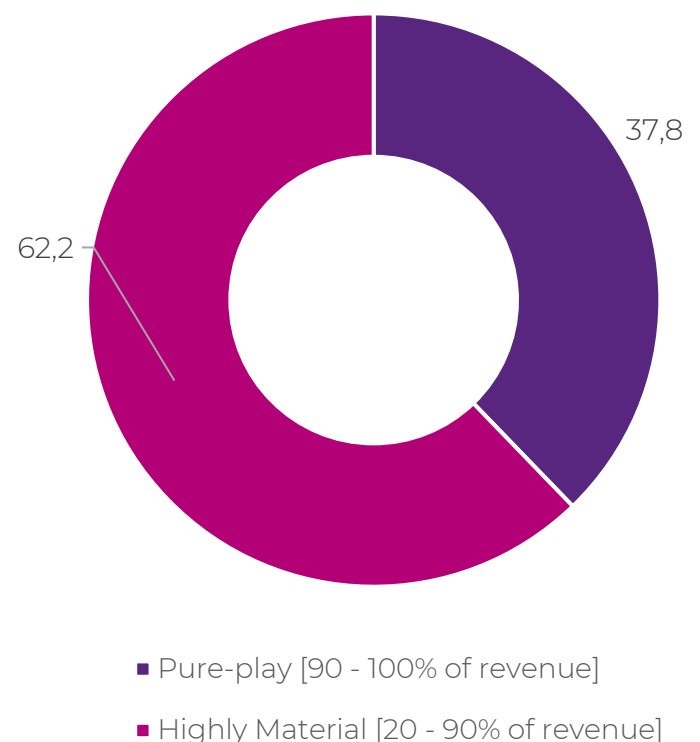


Figure 23.b. Percent Distribution of the strategy's materiality level; Thematics AM as of 31/12/2022

## Sustainability Contributions – UN SDGs

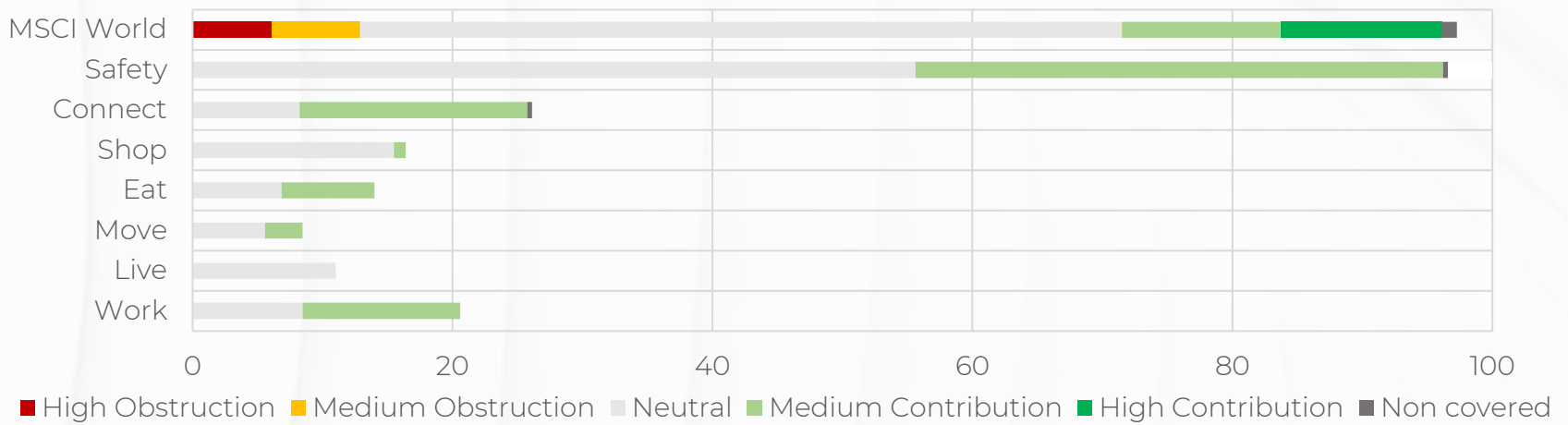


Figure 23.c SDG Performance; Thematics AM & ISS as of 31/12/2022

### Evolution of SDG Scores

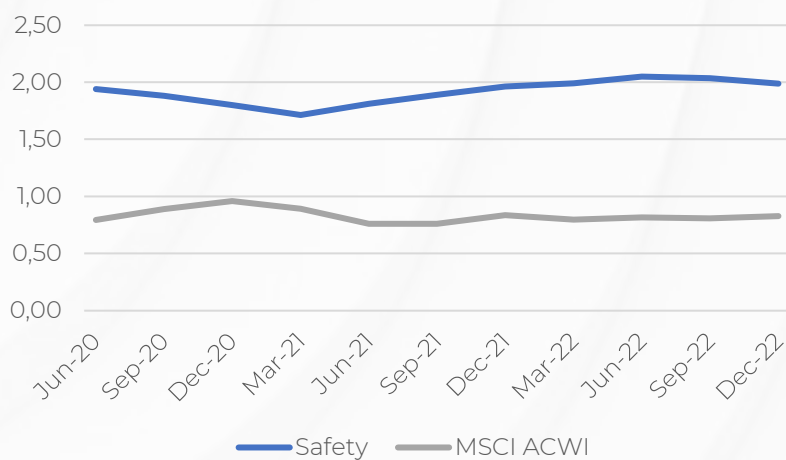


Figure 23.d Evolution of SDG Performance; Thematics AM & ISS as of 31/12/2022

Overall, the strategy has a higher contribution to sustainability themes than the reference index. The main contributors are in the Work segment which contributes to the “Ensuring Health” through safety equipment for workers but also the Connect segment which contributes to “Sustainable Energy Use” through online data center services which are more energy efficient than on-premise ones. Over the year, the overall SDG score remained stable.

## Manage ESG Risks

### ESG Risk Scores

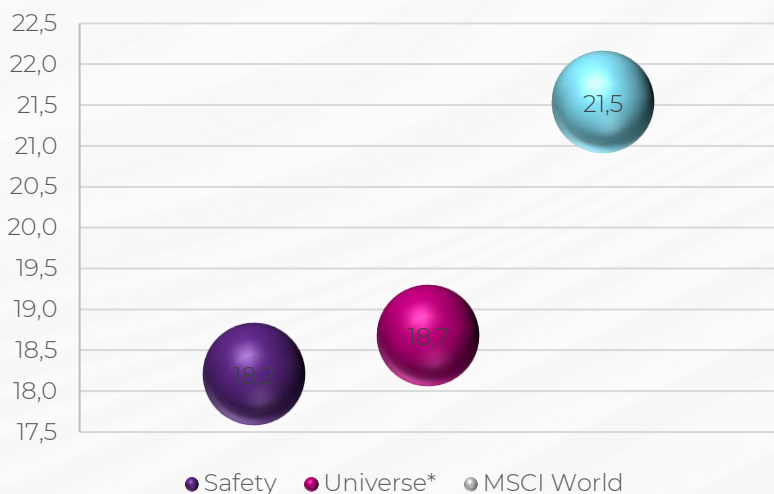


Figure 23.e Weighted Average ESG Risk vs Universe & Reference Index Thematics AM & Sustainalytics as of 31/12/2022

\*Starting from October 2022, Universe’s score is measured as the rolling 3 months average of the weekly score, after eliminating at least 20% of the worst-rated securities. Prior to that, the strategy’s score was compared to the reference index’s score, after eliminating at least 20% of the worst-rated securities.

### Evolution of ESG Risk Scores

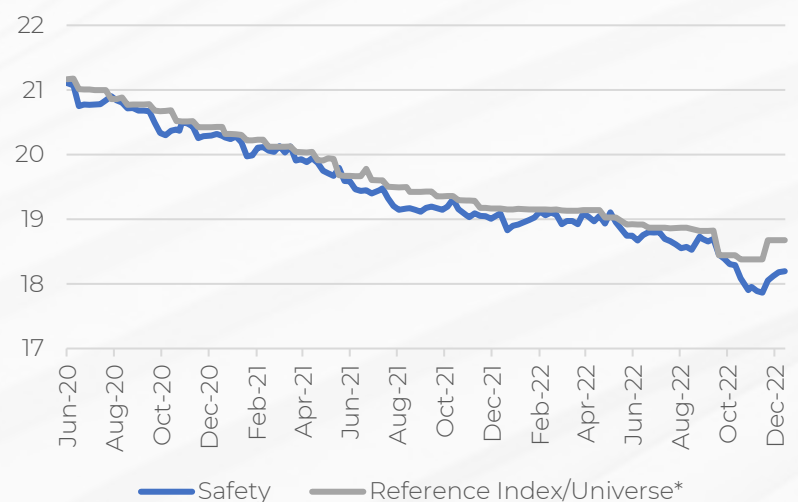


Figure 23.f Evolution of Weighted Average ESG Risk vs Universe or Reference Index. Thematics AM & Sustainalytics as of 31/12/2022

The strategy outperforms both the reference index and the universe after eliminating 20% of the worst rated securities, and its ESG Risk Score is one of the lowest among Thematics strategies. Over the year, the ESG Risk Score decreased by 0.9 point. The best improver was

Wabtec Corp, a provider of technology-based products and services for the rail industry whose ESG Risk Score improved by 9 points on better management score. The worst improver was MSA Safety, a supplier of safety products whose ESG Risk Score deteriorated by 10 points due to sub-industry reclassification from Sustainalytics.

## Product-Based Exclusions

Areas	% Exposure
Fossil Fuels	0.13
Unconventional Oil & Gas	0
Conventional Oil & Gas	0.08
Illegal Weapons	0
Controversial Weapons	0
Conventional Weapons	0.15
Small Arms	0
Tobacco	0

Figure 23.g Exposure to controversial or adverse activities  
Thematics AM Internal Assessment & Sustainalytics as of 31/12/2022

The minimal fossil fuel exposure of the strategy comes from a company supplying actuating cylinders used for coal mining operations, the revenue of which represents less than 1% of the company's total. The conventional weapons exposure comes from companies which supplies equipment or components to the defense sector. The products include ballistic helmets, gas masks, and jet aircraft pilot helmets, as well as threat identification and response programs. The companies' revenue from these solutions are less than 5% of their total, a very small segment of their operations and is within the 5% threshold of Thematics AM exclusion policy.

## Behaviour-Based Exclusions

Norms & Standards	Non-compliance
UN Global Compact	0
OECD Guidelines for Multinational Enterprises Chapters	0
UN Guiding Principles on Business and Human Rights	0

Figure 23.h. Exposure to non-compliant securities. Thematics AM & Sustainalytics as of 31/12/2022

## Controversies

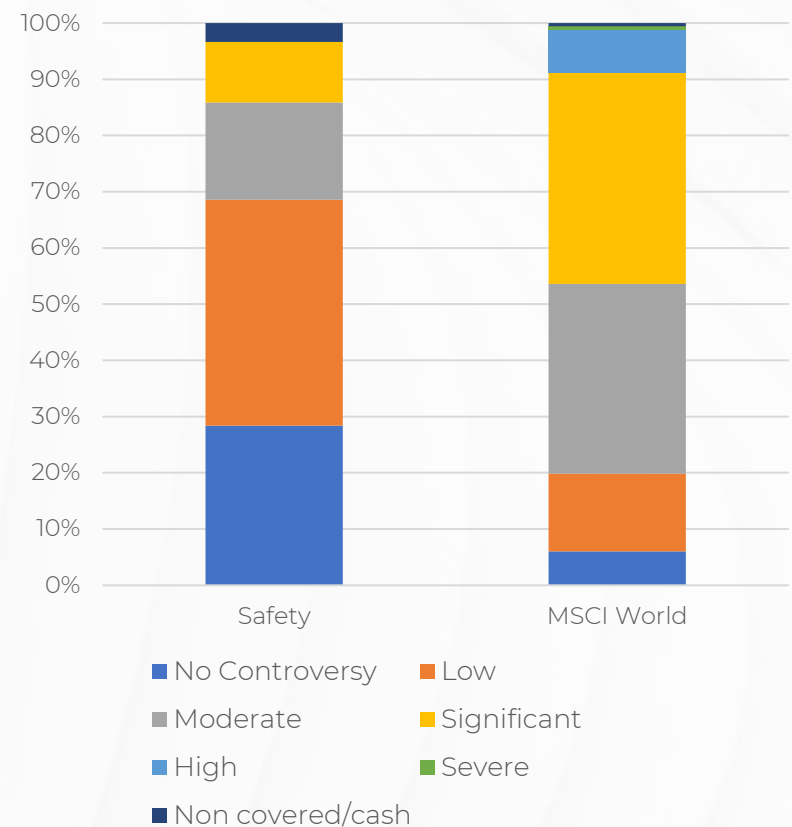


Figure 23.i Exposure to controversies. Thematics AM & Sustainalytics as of 31/12/2022

In terms of exposure to controversies, the strategy performs better than its reference index. It has no exposure to high or severe controversy.

Four companies representing 10% of the strategy are exposed to significant level (3) controversies, these are in areas relating to Anti-Competitive Practices, Data Privacy and Security, and Human Rights. As part of our risk management, we conducted engagements with these companies, as well as with our third-party assessment provider (Sustainalytics) to better understand the rationale of the rating. The concerned companies have also provided assurances, including information on risk mitigation measures they have implemented. We will continue to monitor these issues and any potential evolution of risks will be assessed accordingly.

## Label ISR indicators

	% Covered	SDG Environmental	SDG Social	% Covered	Governance Controversies	Human Rights Controversies
Safety	100	1.19	1.21	100	0.64	0.38
Universe	91	0.21	0.62	100	0.78	0.51

Figure 23.j Controversies & SDG scores. Thematics AM & ISS & Sustainalytics as of 31/12/2022



## Carbon Footprint (tonnes CO<sub>2</sub>e/\$m invested)

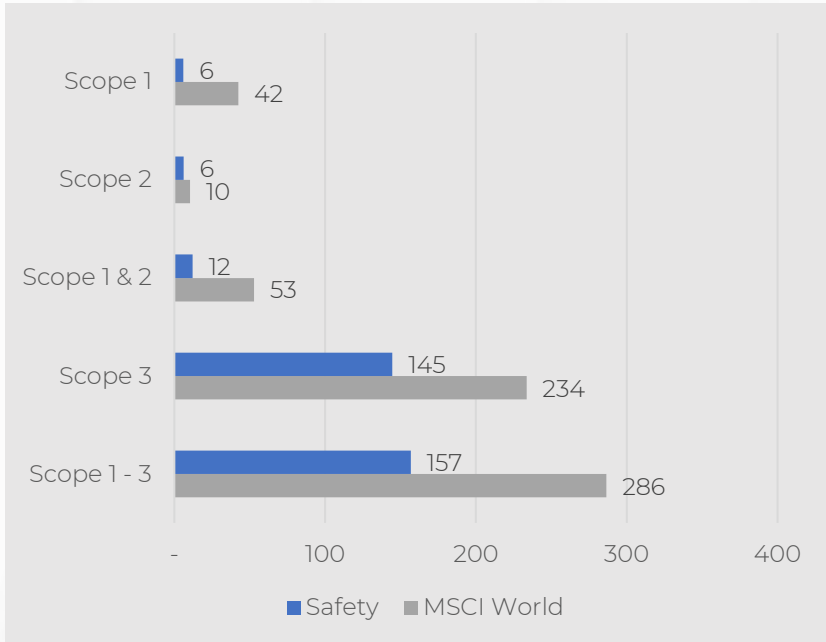


Figure 23.k. Carbon Footprint Scope 1-3 (in tonnes CO<sub>2</sub>e/USD million invested) Thematics AM & S&P Trucost as of 31/12/2022  
Coverage: Scope 1,2,3 – 100%; Index – 97,47%

## WACI (tonnes CO<sub>2</sub>e/\$m revenues)

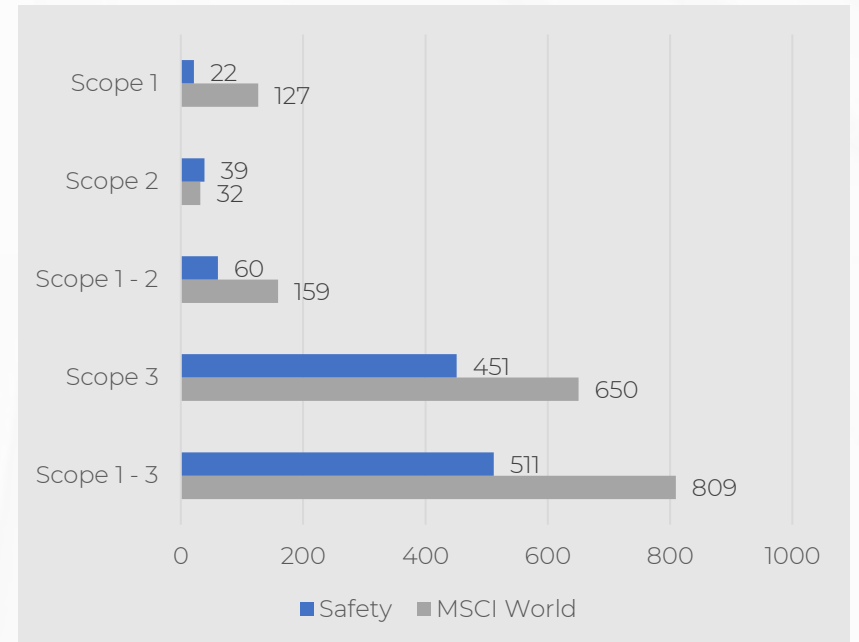


Figure 23.l. Weighted Average Carbon Intensity Scope 1-3 (in tonnes CO<sub>2</sub>e/USD million revenues). Thematics AM & S&P Trucost as of 31/12/2022  
Coverage: Scope 1,2 – 100%; Scope 3 – 100%; Index Scope 1,2 – 98,37%; Scope 3 – 98,29%

## Evolution of WACI Scope 1-2

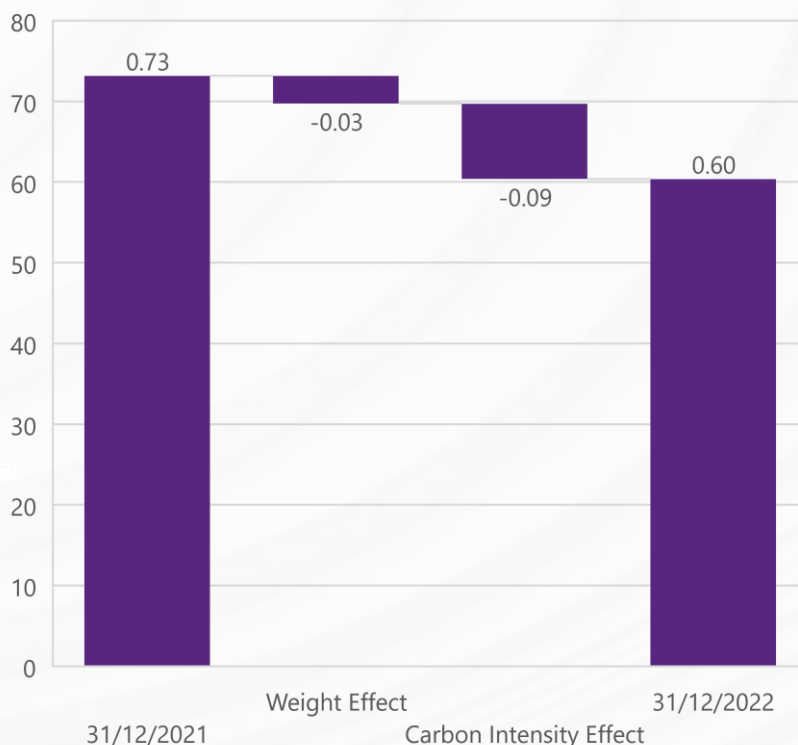


Figure 23.m Evolution of WACI Scope 1-2 (in tonnes CO<sub>2</sub>e/USD million revenues). Thematics AM & S&P Trucost as of 31/12/2022

Scope 1 emissions intensity is relatively low compared to the index while Scope 2 emissions intensity is relatively higher. This is driven by the data centers which use a large amount of electricity to run their operations.

WACI Scope 1 & 2 decreased over the year, both from a decrease in the weight of most emitting companies and from an organic reduction in carbon intensity. Digital Realty Trust was the top contributor, with an increase in renewable electricity.

Most of the Scope 3 emissions come from the Downstream part (75%) and more specifically from the Use of Sold Products. Companies like Johnson Controls International have high Scope 3 emissions due to its HVAC business.

## Green Revenues

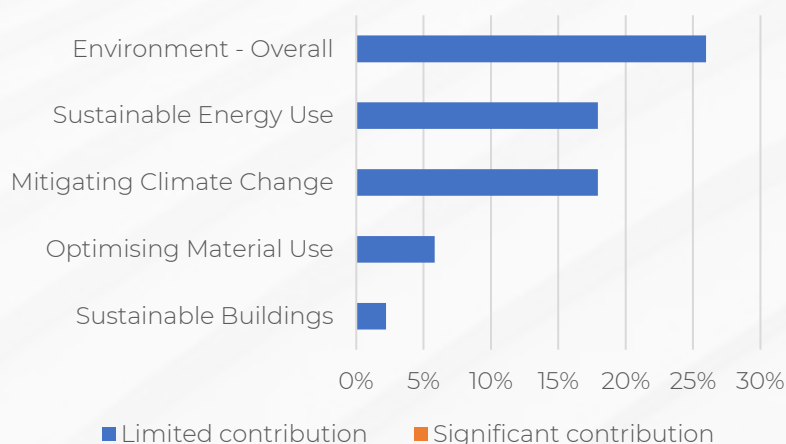


Figure 23.n Breakdown of the strategies' positive contribution revenue exposure by environmental theme, as a share of total revenue, using weighted average method. ISS, Thematics AM, 31/12/2022

Based on ISS methodology, most of the green revenues at the fund level come from cloud-based solutions companies that can lead to energy savings compared to poorly-managed on-premise solutions and thus contribute to both Sustainable Energy Use and Mitigating Climate Change objectives.

Because of the scope and limitations of this methodology, which does not capture solutions contributing to the SDGs 9 and 11, the green revenue third-party score has not captured the strategy's solutions around pollution control and demand efficiency that are mainly new and advanced technologies.

## Scenario Analysis

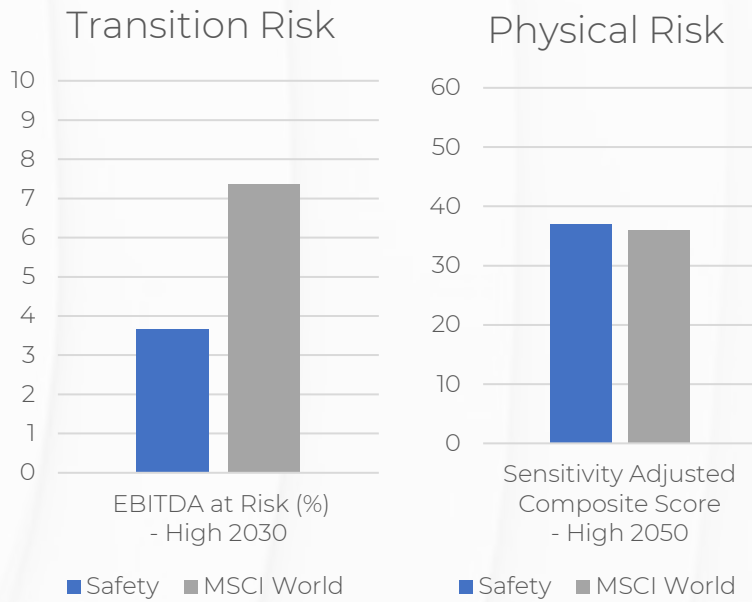


Figure 23.o EBITDA at Risk and Sensitivity Adjusted Composite Score S&P Trucost, Thematics AM, 31/12/2022

The Carbon Earning at Risk of the strategy is lower than the reference index. This is mainly driven by the limited exposure to Energy and Utility companies, as well as to lower exposed companies in the Materials sector.

The Physical Risk is higher than the reference index. The most exposed sectors in the portfolio are Materials and Industrials.

## Decarbonization Targets

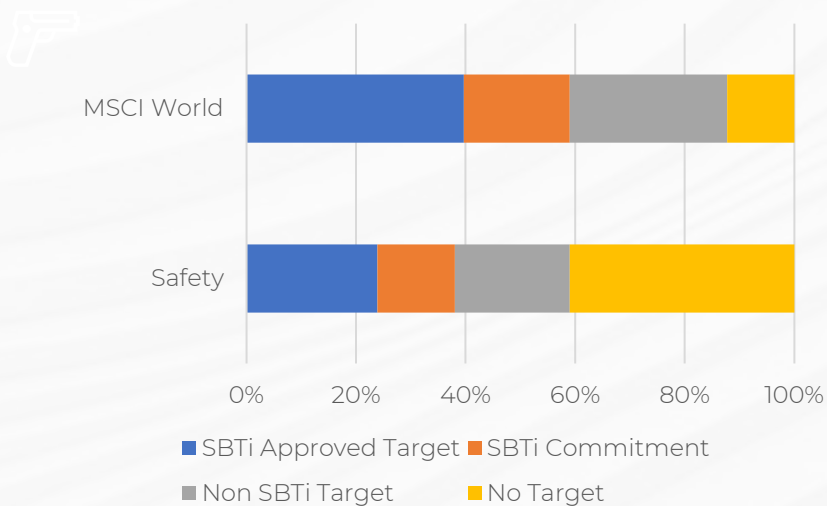


Figure 23.q Breakdown the companies in the portfolios that have set GHG emissions reductions targets SBTi, Thematics AM, 31/12/2022

More companies have an SBTi target either approved or committed compared to last year (38% vs 31%), but it remains behind the MSCI World (59%). It could in part be explained by the small and mid-cap tilt of the strategy, as larger companies tend to lead such initiatives.

## Implied Temperature Rise

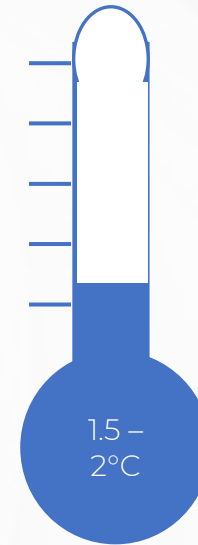


Figure 23.p Implied Temperature Rise. Thematics AM & Trucost as of 31/12/2022

We excluded two companies from the analysis due to data issues from our third-party data manager:

- Digital Realty Trust. In the S&P Trucost model, GHG emissions (Scope 1&2) increased from an estimated 26,274 tCO<sub>2</sub>e in 2016 to a reported 1,781,680tCO<sub>2</sub>e in 2017 (68x)
- Avantor. In the model, GHG emissions (Scope 1&2) increased from an estimated 215,849tCO<sub>2</sub>e in 2019 to a reported 3,067,026tCO<sub>2</sub>e in 2020 (14x)

By removing these two companies, the implied temperature rise remained constant compared to last year.

## Biodiversity

### % Exposure Activities Negatively Affecting Biodiversity

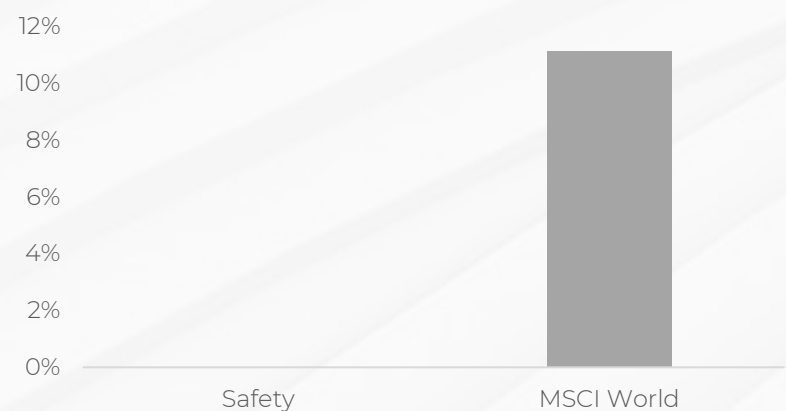


Figure 23.r Exposure to activities negatively affecting biodiversity Sustainalytics, Thematics AM, 31/12/2022

The strategy is not involved in activities negatively affecting biodiversity.

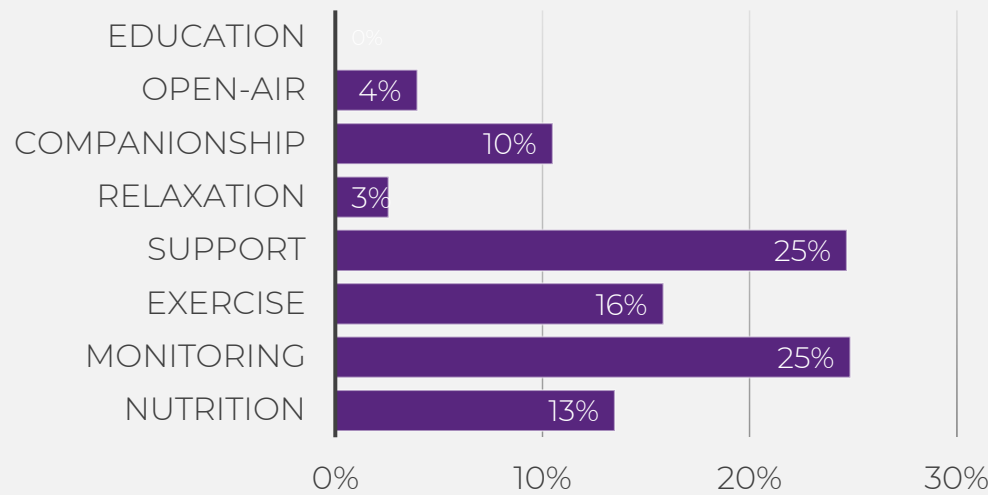
# Thematics Wellness

## Sustainable investments

## Social Objectives

## Associated SDGs

### Subsegments and AUM



Foster healthy living and promote wellbeing for all at all ages



Figure 24.a. Percentage distribution of AuM per subsegment and the related E/S contributions and associated SDGs; Thematics AM as of 31/12/2022

As an Article 9 product, the Thematics Wellness strategy commits to invest 100% of its equity assets in solutions contributing to its social sustainable investment objectives. In 2022, 100% of the equity assets contributed to objectives around ensuring health and promoting wellbeing at all ages.

The Support and Monitoring segments account for half of the Wellness strategy. These are mostly companies in the healthcare and consumer discretionary sectors whose solutions are around assistive technologies, affordable insurance, hygiene and grooming products, health data tracking and monitoring device, digital and wearable health monitoring services. They contribute to enabling access to basic health services, promoting disease prevention and early detection, enabling healthy living, increasing access to basic hygiene products, and enabling decent and dignified life.

Almost 70% of the companies in the strategy are pure-play companies. About half of these are from the Exercise and Monitoring segments, primarily sport facilities and healthcare equipment developers.

For companies in the Highly Material category, about 80% are in the upper end, generating more than 50% of their revenue (but less than 90%) from solutions contributing to the Wellness theme. Of the remaining 20% (3 companies) whose revenue is less than 50% (but above 20%), they are a mix of pharmaceutical company that develops vaccines (accounting for a

smaller portion of their bigger pharmaceutical business), food company with plant-based or healthier product portfolio (as a portion of their much bigger food products), and a medical device company developing assistive technologies, on top of their other medical equipment business.

The strategy does not have any company qualifying through the Leadership criteria (revenue from contributing products below 20% of the total revenue).

### Materiality distribution

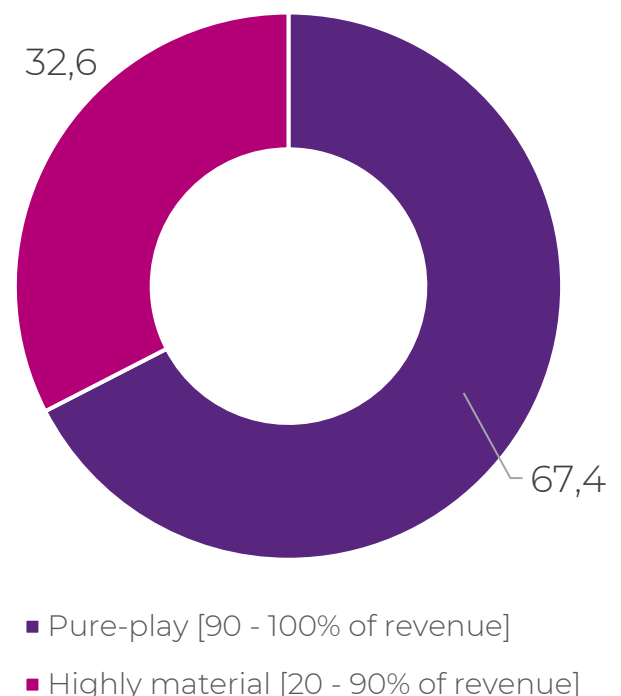


Figure 24.b. Percent Distribution of the strategy's materiality level; Thematics AM as of 31/12/2022



## Sustainability Contributions – UN SDGs

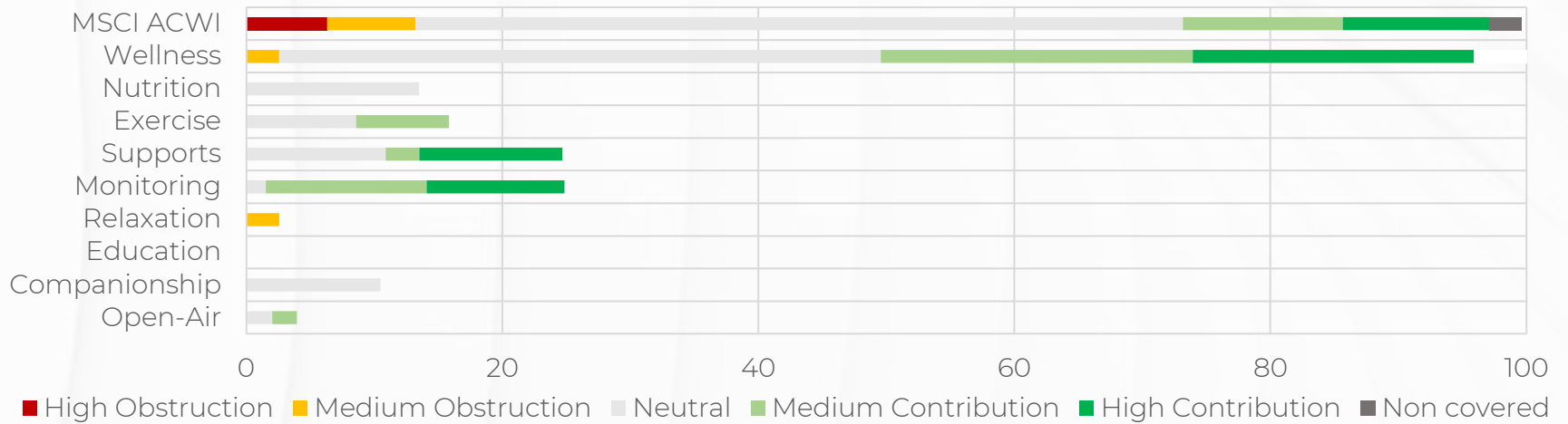


Figure 24.c. SDG Performance; Thematics AM & ISS as of 31/12/2022

## Evolution of SDG Scores

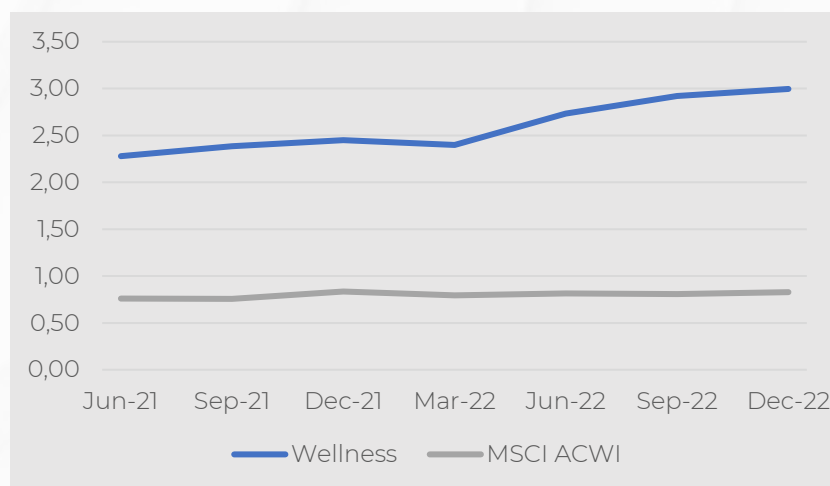


Figure 24.d. Evolution of SDG Performance; Thematics AM & ISS as of 31/12/2022

About half of the strategy has positive contributions (46%) to environmental or social themes SDGs within the scope of ISS research. The main contributors are companies in the Monitoring and Support segments whose solutions contribute to the “Ensuring Health” goal. These solutions are primarily diagnostics or pharmaceutical products. Over the year, the overall SDG score of the strategy has improved by 22%.

## Manage ESG Risks

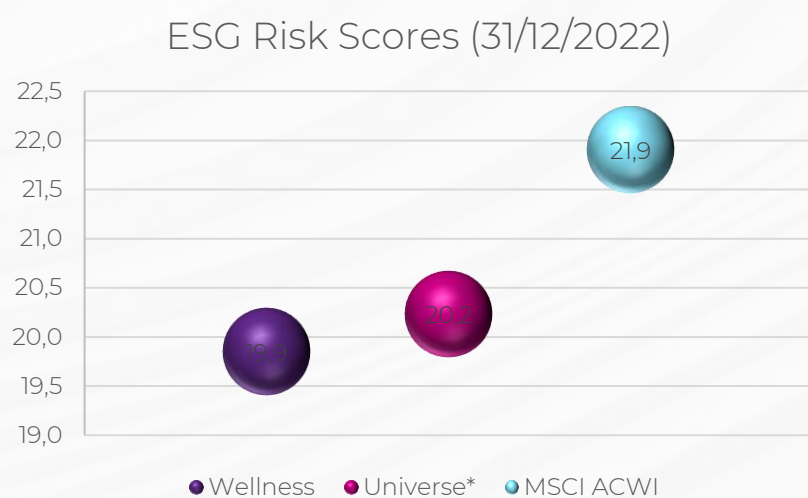


Figure 24.e. Weighted Average ESG Risk vs Universe & Reference Index Thematics AM & Sustainalytics as of 31/12/2022

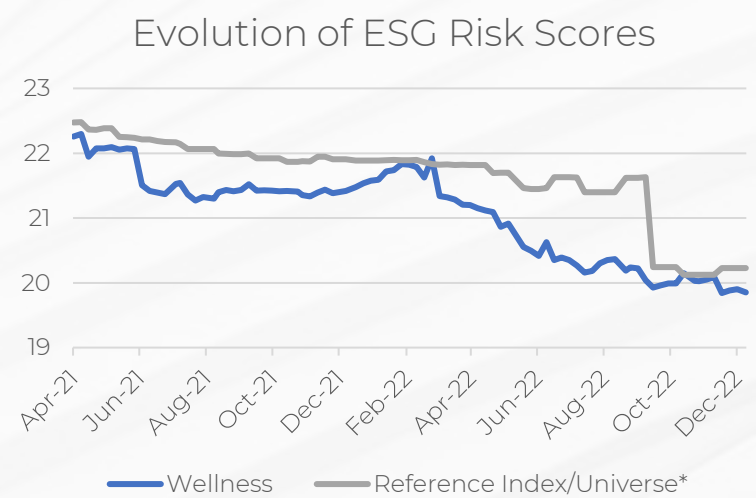


Figure 24.f. Evolution of Weighted Average ESG Risk vs Universe or Reference Index Thematics AM & Sustainalytics as of 31/12/2022

\*Starting from October 2022, Universe's score is measured as the rolling 3 months average of the weekly score, after eliminating at least 20% of the worst-rated securities. Prior to that, the strategy's score was compared to the reference index's score, after eliminating at least 20% of the worst-rated securities.

The strategy continued to outperform both the reference index and the universe after eliminating 20% of the worst rated securities. Over the year, the ESG Risk Score decreased by 1.6 points. The best improver was Alcon, a manufacturer of eye care products whose ESG Risk Score improved by 10 points following demonstration of board

level responsibility for overseeing ESG issues and implementation of ESG programs. The worst improver was Laboratory Corp of America Holdings, an independent clinical laboratory whose ESG Risk Score deteriorated by 3 points due to higher sub-industry's ESG risk exposure.

## Product-Based Exclusions

Areas	% Exposure
Fossil Fuels	0
Unconventional Oil & Gas	0
Conventional Oil & Gas	0
Illegal Weapons	0
Controversial Weapons	0
Conventional Weapons	0
Small Arms	0
Tobacco	0

Figure 24.g. Exposure to controversial or adverse activities  
Thematics AM Internal Assessment & Sustainability as of 31/12/2022

The strategy does not have any exposure to any of the harmful activities within the scope of the Thematics AM's exclusion.

## Behaviour-Based Exclusions

Norms & Standards	Non-compliance
UN Global Compact	0
OECD Guidelines for Multinational Enterprises Chapters	0
UN Guiding Principles on Business and Human Rights	0

Figure 24.h. Exposure to non-compliant securities  
Thematics AM & Sustainability as of 31/12/2022

## Label ISR indicators

	% Covered	SDG Environmental	SDG Social	% Covered	Governance Controversies	Human Rights Controversies
Wellness	100	0.06	3.04	100	1.07	1.19
Universe	97	-0.12	3.28	100	1.23	1.04

Figure 24.j. Controversies & SDG scores. Thematics AM & ISS & Sustainability as of 31/12/2022

## Controversies

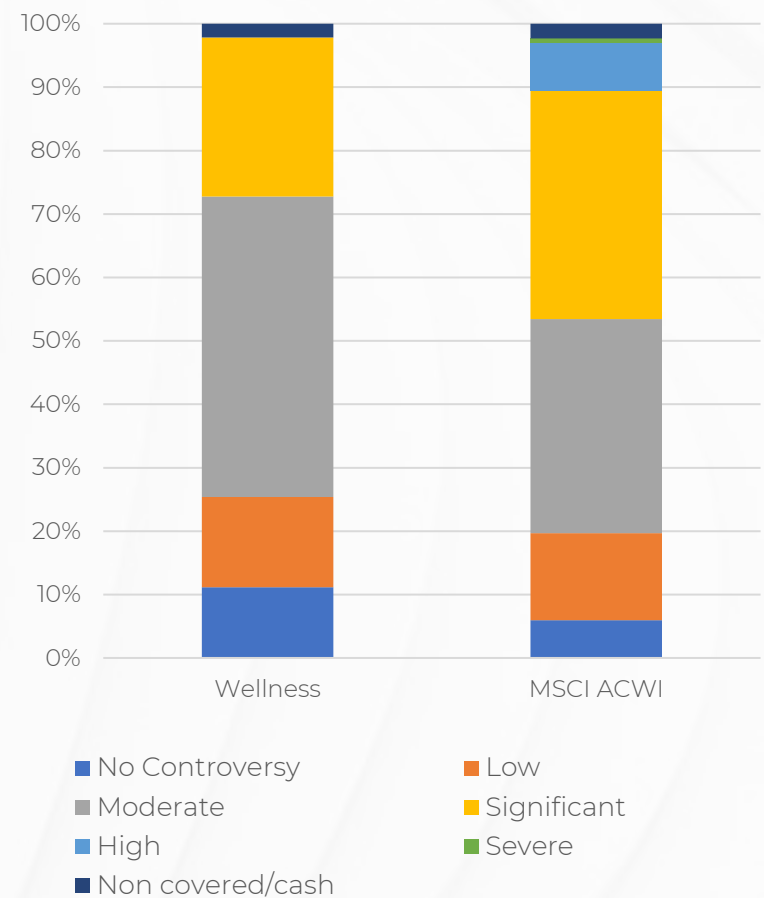


Figure 24.i. Exposure to controversies. Thematics AM & Sustainability as of 31/12/2022

In terms of exposure to controversies, the strategy performs better than its reference index. The strategy has no high or severe controversy, while 25% are exposed to significant risk level controversies. Most of the companies concerned are in the healthcare segment and the controversies are mostly related to Quality and Safety incidents. Given the nature of their operations, companies in this sector have high exposure to this risk. We have factored this into our ESG scoring and we continuously monitor the evolution of these events.

## Carbon Footprint (tonnes CO<sub>2</sub>e/\$m invested)

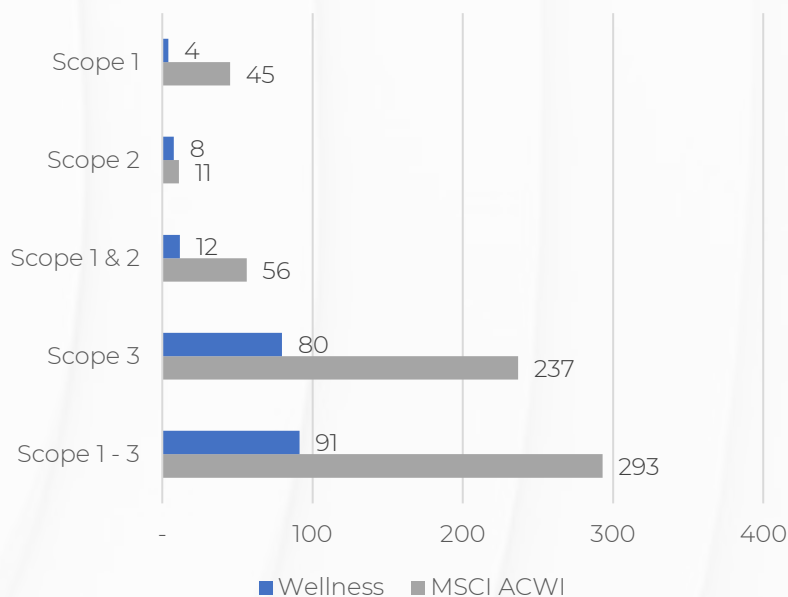


Figure 24.k. Carbon Footprint Scope 1-3 (in tonnes CO<sub>2</sub>e/USD million invested). Thematics AM & S&P Trucost as of 31/12/2022  
Coverage: Scope 1,2,3 – 100 %; Index – 95,42%

## WACI (tonnes CO<sub>2</sub>e/\$m revenues)

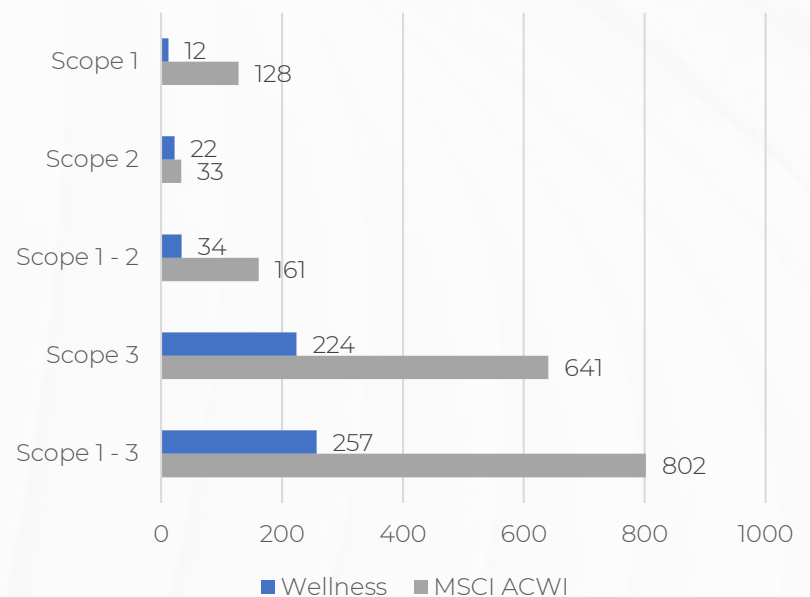


Figure 24.l. Weighted Average Carbon Intensity Scope 1-3 (in tonnes CO<sub>2</sub>e/USD million revenues). Thematics AM & S&P Trucost as of 31/12/2022  
Coverage: Scope 1,2 – 100%; Scope 3 – 100%; Index Scope 1,2 – 97,55%; Scope 3 – 97,49%

## Evolution of WACI Scope 1-2

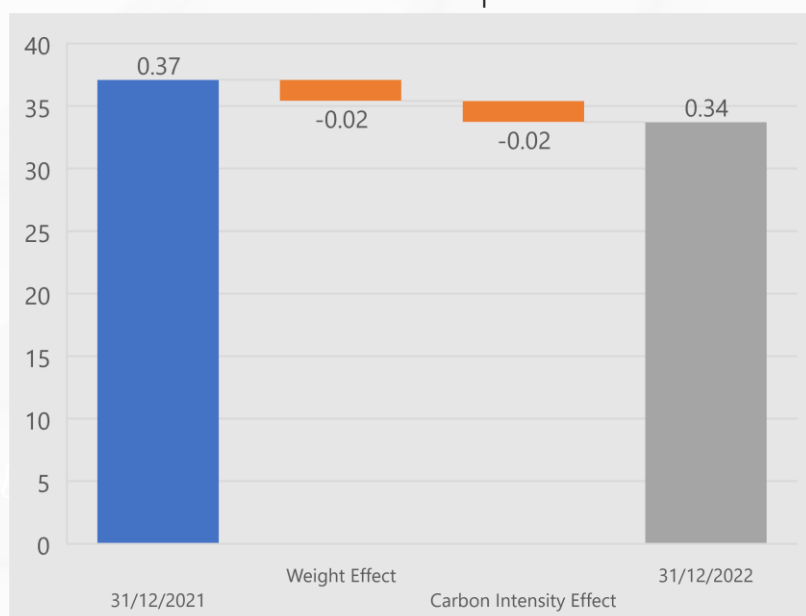


Figure 24.m. Evolution of WACI Scope 1-2 (in tonnes CO<sub>2</sub>e/USD million revenues)  
Thematics AM & S&P Trucost as of 31/12/2022

In terms of Scope 1&2 emissions, companies are relatively carbon efficient compared to the index. The most carbon intensive companies are in the ingredient business.

WACI Scope 1 & 2 decreased over the year, both from a decrease in the weight of most emitting companies and from an organic reduction in carbon intensity. DSM was the main contributor to this reduction, due to an increase in renewable energy consumption.

Most of the Scope 3 emissions come from the Upstream part (72%). Companies in the Consumer Staples sector like Nestlé concentrate most of these emissions, due to their high emissions from Scope 3.1 Purchased Goods and Services.

## Green Revenues

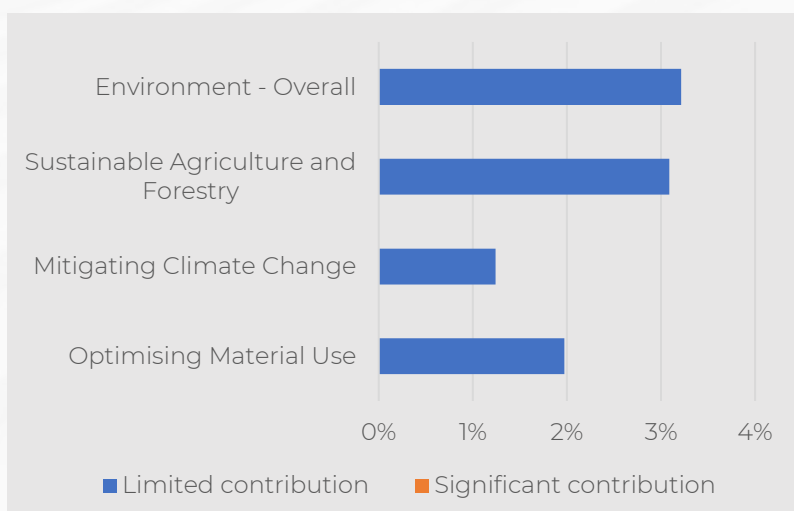


Figure 24.n. Breakdown of the strategies' positive contribution revenue exposure by environmental theme, as a share of total revenue, using weighted average method. ISS, Thematics AM, 31/12/2022

As this strategy is primarily contributing to social objectives, the green revenue is limited. It primarily comes from companies producing plant-based, organic foods.



## Scenario Analysis

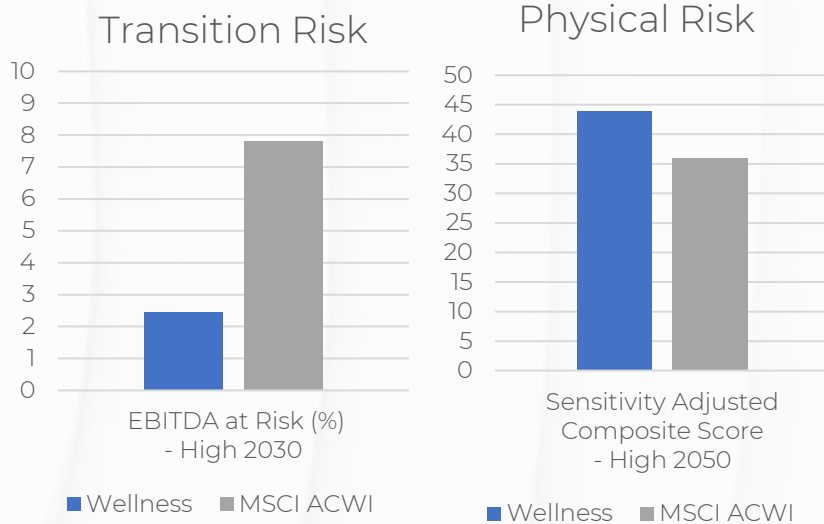


Figure 24.o. EBITDA at Risk and Sensitivity Adjusted Composite Score S&P Trucost, Thematics AM, 31/12/2022

The Carbon Earnings at Risk are lower than the reference index, mainly driven by the lack of Energy and Utility companies, but also to lower exposed companies in the Materials sector.

The Physical Risk is higher than the reference index. The most exposed sectors in the portfolio are Consumer Staples and Materials.

## Implied Temperature Rise

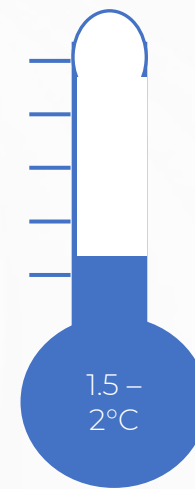


Figure 24.p Implied Temperature Rise.. Thematics AM & Trucost as of 31/12/2022

The implied temperature rise metric remained constant compared to last year (1.5°C-2°C). DSM, which is the top contributor to the WACI Scope 1&2, has decreased its emissions intensity over the years and has also set an SBTi target.

## Decarbonization Targets

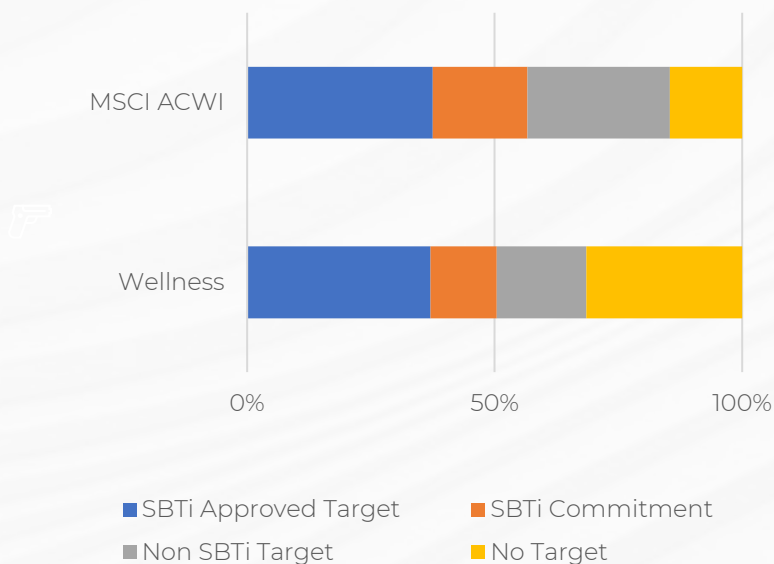


Figure 24.q. Breakdown the companies in the portfolios that have set GHG emissions reductions targets SBTi, Thematics AM, 31/12/2022

While the % of companies that have an approved SBTi target is in line with the reference index, fewer companies overall have published a GHG emission reduction target. It could in part be explained by the small and mid-cap tilt of the strategy, as larger companies tend to lead such initiatives. However, this proportion of companies without target have decreased over the year (39% to 31%).

## Biodiversity

### % Exposure Activities Negatively Affecting Biodiversity

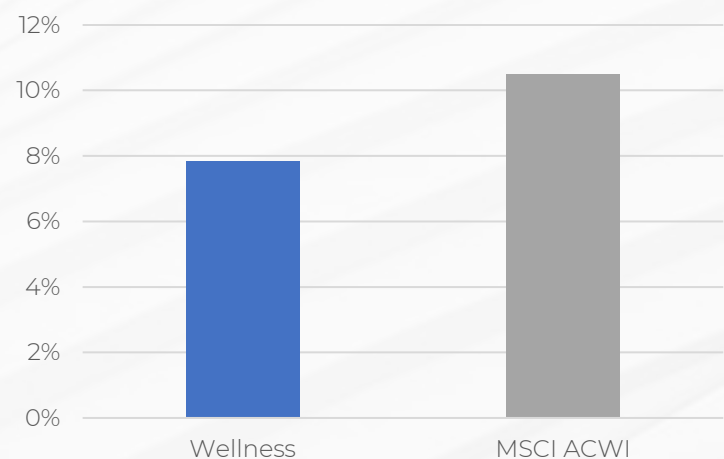


Figure 24.r. Exposure to activities negatively affecting biodiversity Sustainalytics, Thematics AM, 31/12/2022

In terms of exposure to activities negatively affecting biodiversity, the strategy performs better than the index, with three company involved in an activity negatively affecting biodiversity: Nestlé (Packaged Food), Merck (Pharmaceuticals) and Vail Resorts (Ski Resorts).

# Thematics AI & Robotics

## ESG Characteristics

### Subsegments and AUM

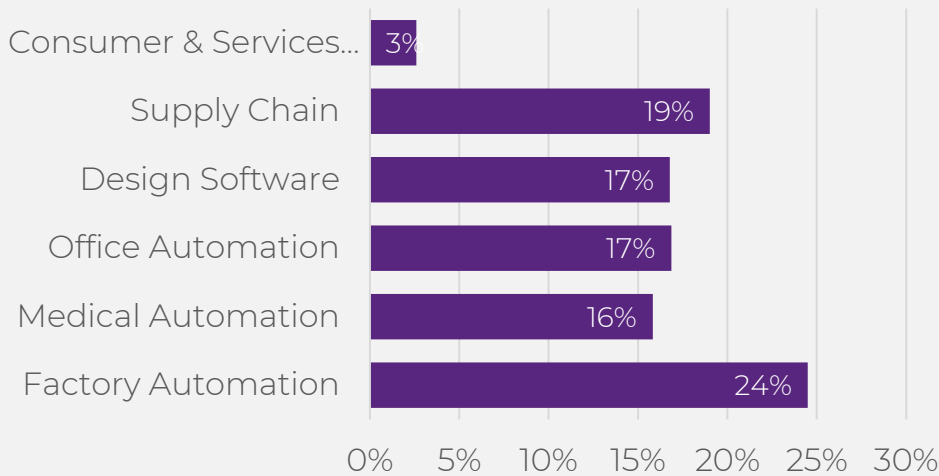


Figure 25.a. Percentage distribution of AUM per subsegment and the related E/S contributions and associated SDGs; Thematics AM as of 31/12/2022

## Positive contributions

## Associated SDGs

- Smart home and cities
- Resource use optimization
- Climate resilience
- Improved healthcare quality and access
- Workers' health and safety



As an Article 8 product, the AI & Robotics strategy aims to promote ESG characteristics through selecting companies exposed to the artificial intelligence and robotics theme, avoiding companies exposed to controversial activities, non-compliant companies to global sustainability standards and norms, exposed to high with negative outlook to severe ESG controversies, maintaining better ESG score than the Investable Universe, and actively voting and engaging with investee companies.

The strategy invests in the artificial intelligence theme, in particular around its applications in the automation of essential industries, including medical, factory, office, consumer and services, as well as supply chain and design. It is our view that these are positive themes that contribute to one or more of the following sustainability targets: resource use optimization, climate mitigation and resilience, health and safety, improved healthcare quality and access, and smart home and cities.

The Factory Automation segment accounts for about 25% of the AI & Robotics strategy, the highest. These are companies whose solutions are around automated storage, transport, sorting and picking systems in intralogistics; sensors, measuring systems, laser markers, microscopes and machine vision system; computerized numerical controls, servos and laser oscillators; robots and robomachines; highly engineered connectivity and sensing products for electric vehicles, aircrafts, digital factories, smart homes and medical care; material handling solutions; and other industrial systems incorporating IoT and AI.

Their contributions centre on improving quality of industrial outputs and supply chain flexibility, improving workplace safety, upgrading infrastructure and retrofit industries to make

them sustainable, as well as enabling smart and connected cities. While we do not commit to a minimum % of sustainable investment, the fund partially invests in sustainable activities contributing to the objectives around enabling access to and sustainable management of water resources, fostering health and well-being, and enabling safety of people, assets, goods and data.

Majority of the companies are pureplay, accounting for about 65% of the portfolio. These companies are primarily small and mid-capitalization companies, majority of them are from the Factory Automation segment, followed by companies in the Design Software segment. Companies in the Highly Material category are mainly large capitalization companies, primarily in the industrial sector and part of the Supply Chain segment. Only one company in the portfolio is currently qualifying through the Leadership criteria (revenue from contributing products below 20% of the total revenue).

### Materiality distribution

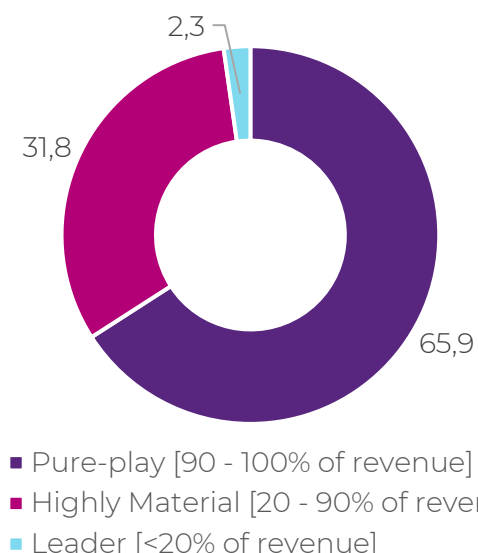


Figure 25.b. Percent Distribution of the strategy's materiality level; Thematics AM as of 31/12/2022

## Sustainability Contributions – UN SDGs

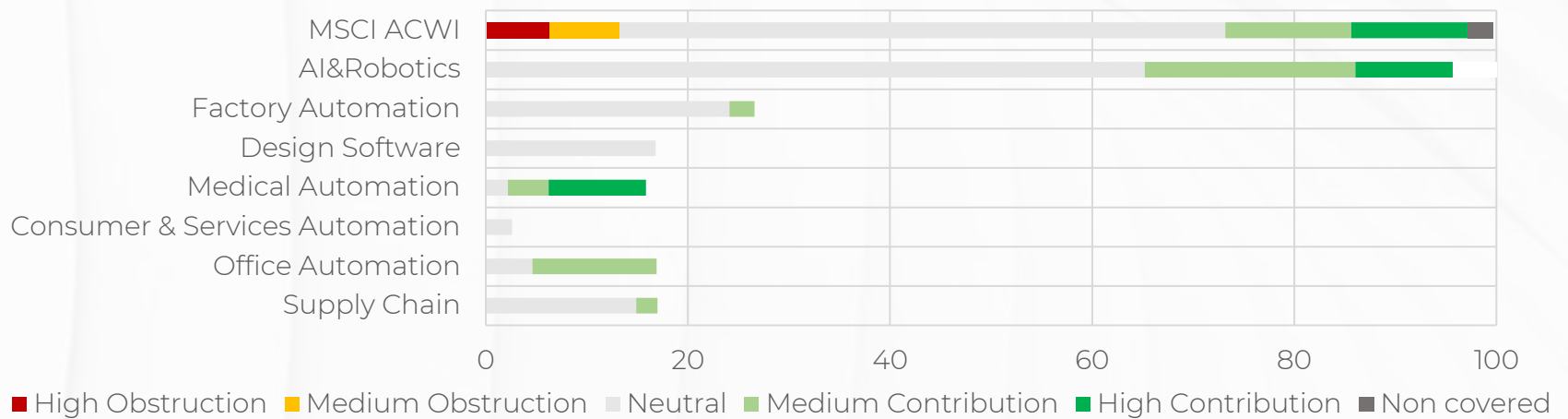


Figure 25.c. SDG Performance; Thematics AM & ISS as of 31/12/2022

### Evolution of SDG Scores

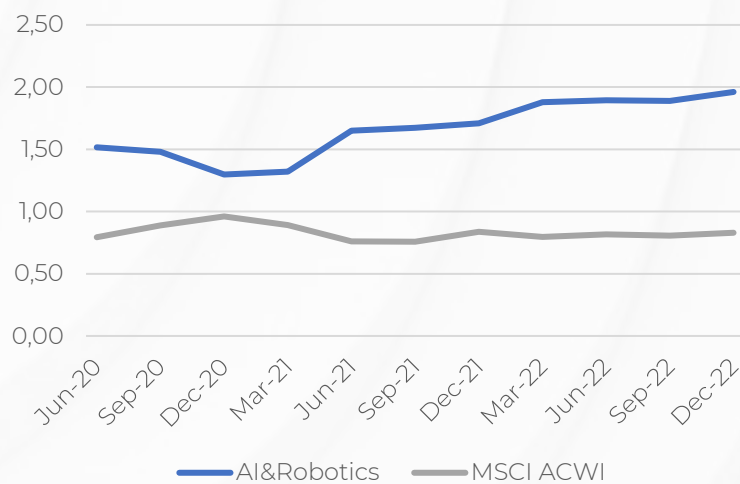


Figure 25.d. Evolution of SDG Performance; Thematics AM & ISS as of 31/12/2022

Overall, the strategy has a higher contribution to sustainability themes than the reference index. The main contributors are companies in the Medical Automation segment which contribute to the “Ensuring Health” goal through medical equipment. In addition, Office Automation segment also contributes to “Sustainable Energy Use” goal through solutions around online data center services that are more energy efficient than on-premise ones. Over the year, the overall SDG score improved by 15%.

## Manage ESG Risks

### ESG Risk Scores

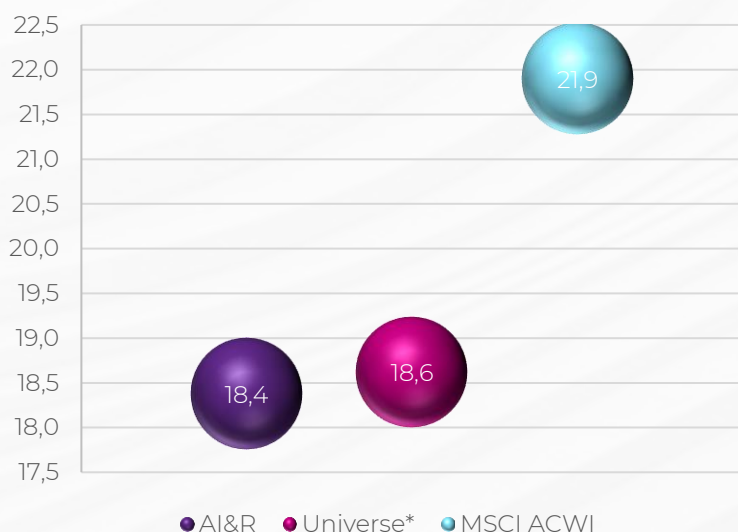


Figure 25.e. Weighted Average ESG Risk vs Universe & Reference Index Thematics AM & Sustainalytics as of 31/12/2022

\*Starting from October 2022, Universe’s score is measured as the rolling 3 months average of the weekly score, after eliminating at least 20% of the worst-rated securities. Prior to that, the strategy’s score was compared to the reference index’s score, after eliminating at least 20% of the worst-rated securities.

The strategy continued to outperform both the reference index and the universe after eliminating 20% of the worst rated securities. Over the year, the ESG Risk Score decreased by 0.9 points. The best improver was Kardex, a provider of automated storage solutions whose

### Evolution of ESG Risk Scores

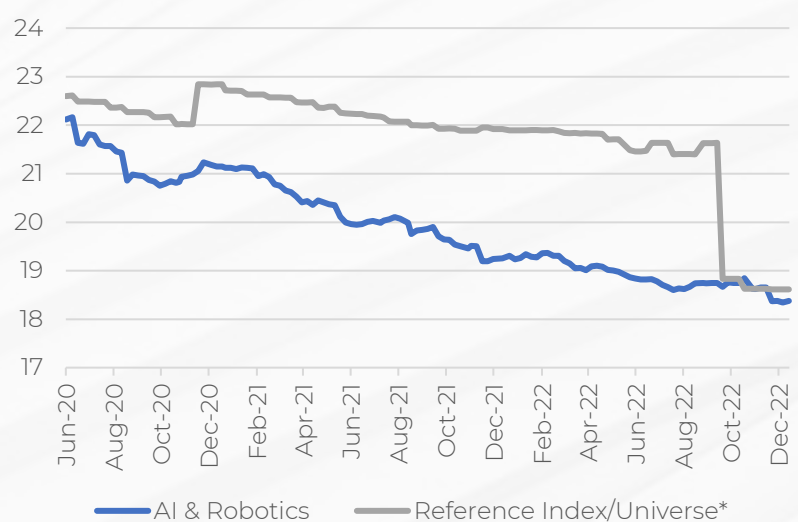


Figure 25.f. Evolution of Weighted Average ESG Risk vs Universe or Reference Index. Thematics AM & Sustainalytics as of 31/12/2022

ESG Risk Score improved by 11 points following better ESG disclosures. The worst evolution was CrowdStrike Holdings, a cloud-based cybersecurity programme whose ESG Risk Score deteriorated by 6 points due to higher sub-industry’s ESG risk exposure and lack of ESG disclosures.



## Product-Based Exclusions

Areas	% Exposure
Fossil Fuels	0.02
Unconventional Oil & Gas	0
Conventional Oil & Gas	0.01
Illegal Weapons	0
Controversial Weapons	0
Conventional Weapons	0.36
Small Arms	0
Tobacco	0

Figure 25.g. Exposure to controversial or adverse activities  
Thematics AM Internal Assessment & Sustainalytics as of 31/12/2022

## Behaviour-Based Exclusions

Norms & Standards	Non-compliance
UN Global Compact	0
OECD Guidelines for Multinational Enterprises Chapters	0
UN Guiding Principles on Business and Human Rights	0

Figure 25.h. Exposure to non-compliant securities  
Thematics AM & Sustainalytics as of 31/12/2022

## Controversies

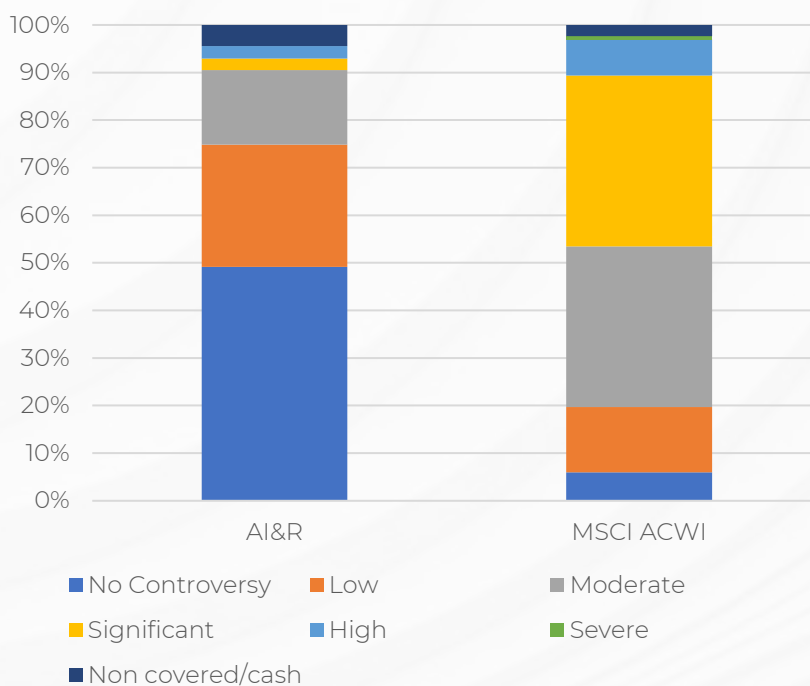


Figure 25.i. Exposure to controversies  
Thematics AM & Sustainalytics as of 31/12/2022

The exposure to fossil fuel comes from one company that exports, transports, and stores different types of coal, including steam coal and thermal coal. However, revenue from this business account for less than 1% of the company's total revenue.

For its conventional weapons exposure, this comes from a few companies providing components of components of combat-related systems and weapons. Again, revenues of companies from these products represent less than 1% of their total revenue, a very minimal or negligible exposure.

In terms of exposure to controversies, the strategy performs better than its reference index. The combined high and significant controversies represent 5% of the strategy. Alphabet is exposed to a high controversy related to anti-competitive allegations and investigations globally. The outlook for this controversy is neutral, indicating that the company has put in place sufficient risk mitigation measures and the exposure is not likely to deteriorate in the next 12 to 24 months.

## Label ISR indicators

	% Covered	SDG Environmental	SDG Social	% Covered	Governance Controversies	Human Rights Controversies
AI & Robotics	100	0.77	1.38	100	0.56	0.30
Universe	95	0.51	0.53	100	0.88	0.56

Figure 25.j. Controversies & SDG scores  
Thematics AM & ISS & Sustainalytics as of 31/12/2022

## Carbon Footprint (tonnes CO2e/\$m invested)

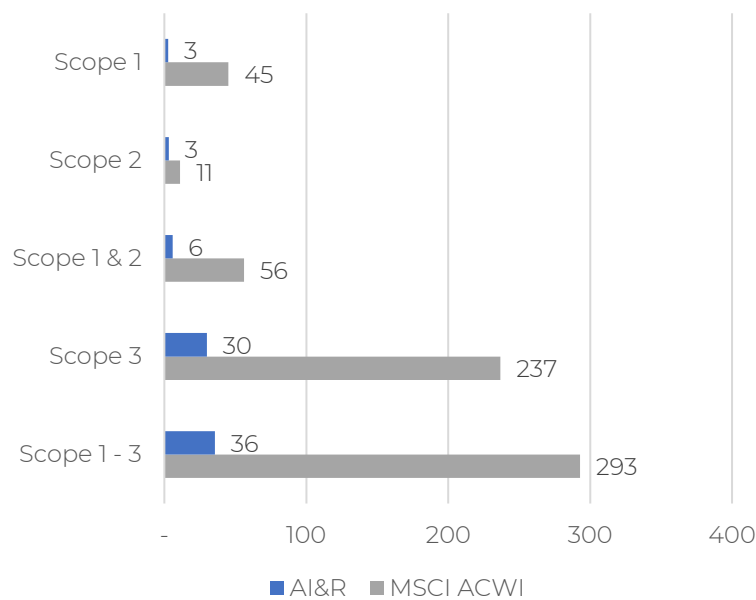


Figure 25.k. Carbon Footprint: Scope 1-3 (in tonnes CO2e/USD million invested). Thematics AM & S&P Trucost as of 31/12/2022  
Coverage: Scope 1,2,3 – 100%; Index – 95,42%

## WACI (tonnes CO2e/\$m revenues)

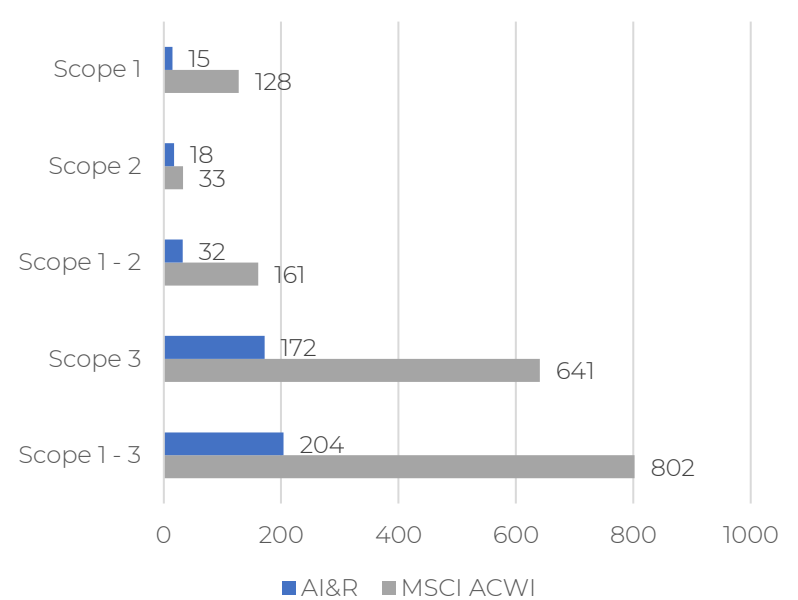


Figure 25.j. Weighted Average Carbon Intensity Scope 1-3 (in tonnes CO2e/USD million revenues). Thematics AM & S&P Trucost as of 31/12/2022  
Coverage: Scope 1,2 – 100%; Scope 3 – 100%; Index Scope 1,2 – 97,55%; Scope 3 – 97,49%

## Evolution of WACI Scope 1-2

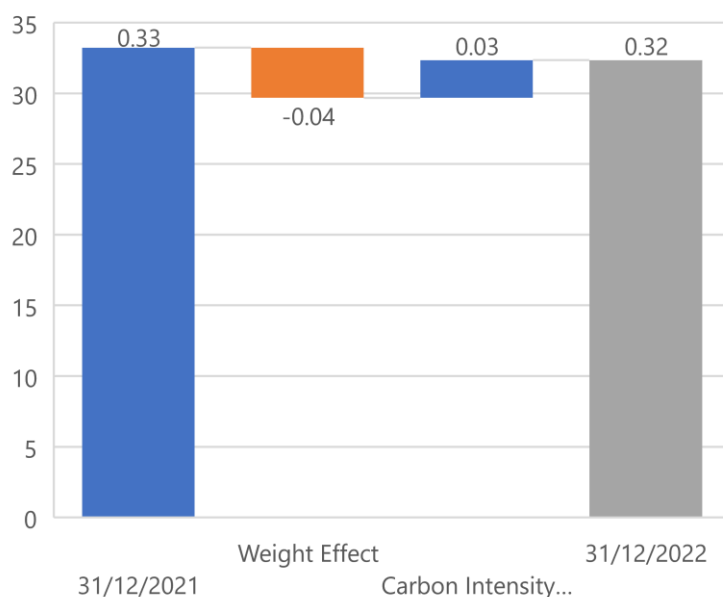


Figure 25.m. Evolution of WACI Scope 1-2 (in tonnes CO2e/USD million revenues). Thematics AM & S&P Trucost as of 31/12/2022

The strategy has very low Scope 1 and 2 emission intensities, due to its overweight of the Information Technology sector which is less carbon intensive. Most of the emissions come from the manufacturing of semiconductors which emits large quantities of fluorinated gases (PFCs, SF<sub>6</sub>, NF<sub>3</sub>)

WACI Scope 1 & 2 slightly decreased over the year from a change in weight but increased from an organic effect. The main contributor was ON Semiconductors which saw its intensity increase due to a change in output.

Most of the Scope 3 emissions come from the Upstream part (72%). Fabless semiconductor companies contribute the most through their Scope 3.1 emissions “Purchased Goods and Services”.

## Green Revenues

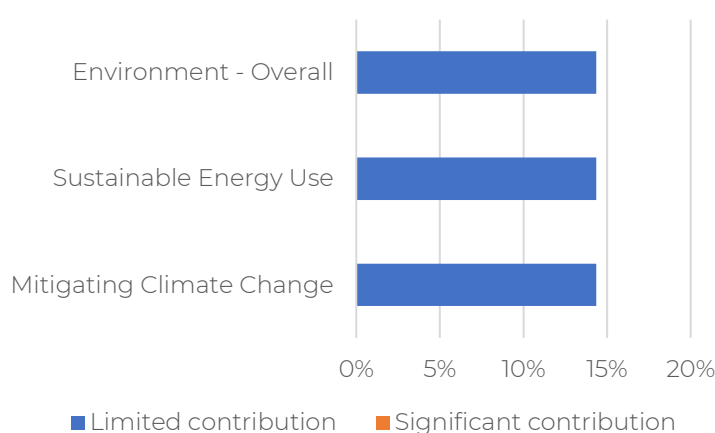


Figure 25.n. Breakdown of the strategies' positive contribution revenue exposure by environmental theme, as a share of total revenue, using weighted average method. ISS, Thematics AM, 31/12/2022

Based on third-party assessment (ISS SDG) most of the green revenues come from cloud-based solutions that enable energy savings compared to poorly-managed on-premise solutions and thus contribute to both Sustainable Energy Use and Mitigating Climate Change objectives.

Because of the scope and limitations of this methodology, which does not capture solutions contributing to the SDGs 9 and 11, the green revenue third-party score has not captured the strategy's solutions around resource optimization, that are mainly new and advanced technologies.

## Scenario Analysis

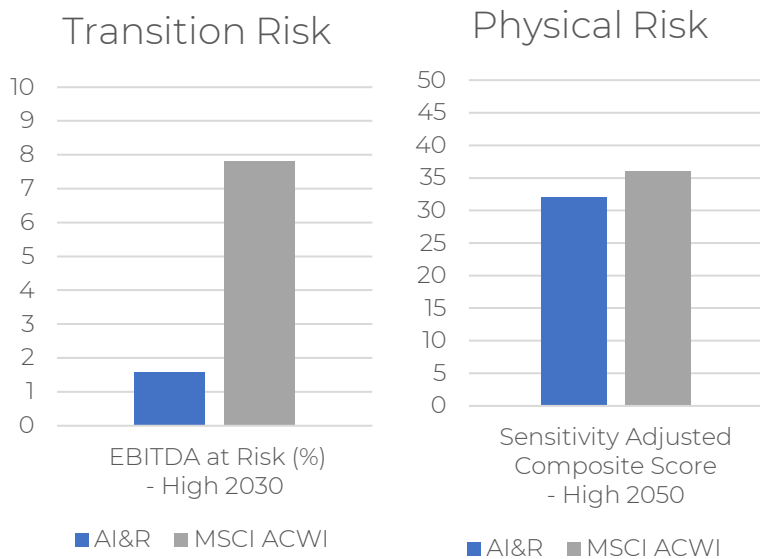


Figure 25.o. EBITDA at Risk and Sensitivity Adjusted Composite Score S&P Trucost, Thematics AM, 31/12/2022

The Carbon Earning at Risk are lower than the reference index, mainly driven by the overexposure to Information Technology companies that have lower risk.

The Physical Risk is lower than the reference index. The most exposed sectors in the portfolio are Health Care and Industrials.

## Decarbonization Targets

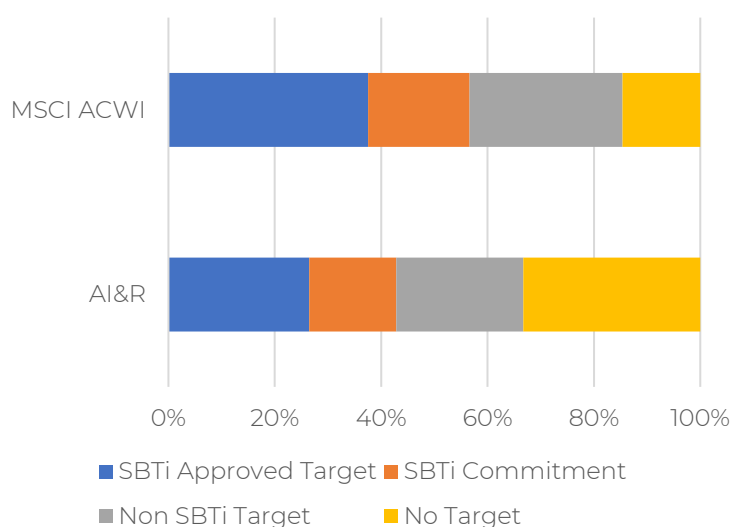


Figure 25.q. Breakdown the companies in the portfolios that have set GHG emissions reductions targets SBTi, Thematics AM, 31/12/2022

The proportion of companies without targets have remained stable compared to last year, but the proportion of companies with either an approved or committed SBTi target has doubled (43% vs 22%). There is a higher proportion of companies without target versus the reference index. It could in part be explained by the small and mid-cap tilt of the strategy, as larger companies tend to lead such initiatives.

## Implied Temperature Rise

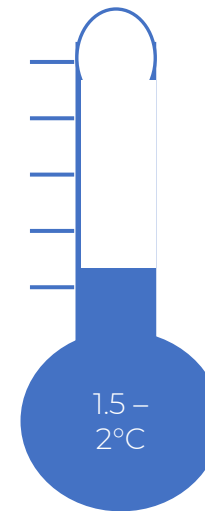


Figure 25.p. Implied Temperature Rise. Thematics AM & Trucost as of 31/12/2022

We excluded one company from the analysis due to data issues from our third-party data manager:

- Omnicell. In the S&P Trucost model, GHG emissions (Scope 1&2) increased from an estimated 18,891 tCO<sub>2</sub>e in 2019 to a reported 245,598tCO<sub>2</sub>e in 2020 (19x)

When removing this company, the implied temperature rise metric improved from between 2°C and 3°C in 2021 to between 1.5°C and 2°C in 2022. This decrease was partly driven by TSMC whose emissions intensity decreased by 24% between 2019 and 2020.

## Biodiversity

% Exposure Activities Negatively Affecting Biodiversity

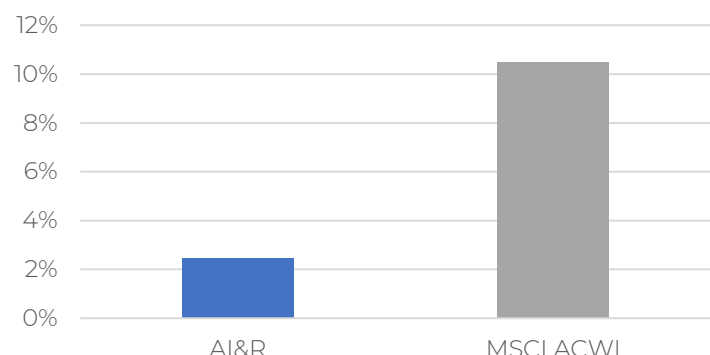


Figure 25.r. Exposure to activities negatively affecting biodiversity Sustainalytics, Thematics AM, 31/12/2022

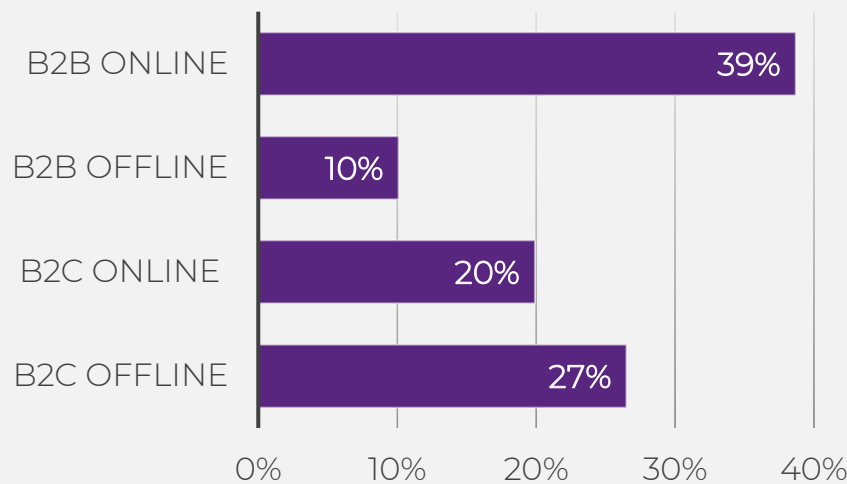
In terms of exposure to activities negatively affecting biodiversity, the strategy performs better than the index, with only one company involved in an activity negatively affecting biodiversity. Siemens AG (Industrial Conglomerate) is involved in an Australian coal mine project.



# Thematics Subscription Economy

## ESG Characteristics

### Subsegments and AUM



## Positive contributions

- Responsible and sustainable consumption
- Resource-efficient circular economy
- Climate resilience
- Improved access to services, such as education and digital economy

## Associated SDGs



Figure 26.a. Percentage distribution of AuM per subsegment and the related E/S contributions and associated SDGs; Thematics AM as of 31/12/2022

As an Article 8 product, the Subscription Economy strategy aims to promote ESG characteristics through selecting companies exposed to the subscription economy theme, avoiding companies exposed to controversial activities, non-compliant companies to global sustainability standards and norms, exposed to high with negative outlook to severe ESG controversies, maintaining better ESG score than the Investable Universe, and actively voting and engaging with investee companies.

It invests in companies whose solutions are offered on a subscription-based model, that in our view, contributes to one or more of the following positive contributions: promoting responsible and sustainable consumption, resource-efficient circular economy, climate resilience, and improved access to basic services, such as education and digital economy.

The strategy is almost distributed half in business-to-business (BtoB) and half in business-to-consumer (BtoC). B2B online takes the bigger pie accounting for about 40%, which are mostly financial, professional, and real-estate information providers; SaaS; Office tools providers; and marketing and customer relationship management providers, all offered in a subscription-based. These solutions for businesses help increase access to digital economy, as well as supporting materials efficiency brought by the resource-sharing nature of these operations.

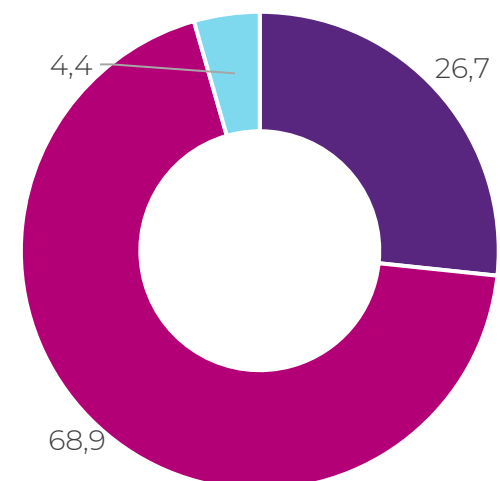
While we do not commit to a minimum % of sustainable investment, the fund partially invests in sustainable activities contributing to the objectives around enabling access to and sustainable management of water resources and fostering health and well-being.

Majority of the companies in the portfolio have Highly Material exposure to the theme, accounting for about 70%. More than one-third of this come from the B2C offline segment, with products range from water supply, continuous glucose monitoring equipment, business equipment rental, as well as sports and fitness memberships.

Companies in the Pure-play category come from the B2B online segment as well.

Only two companies in the portfolio is currently qualifying through the Leadership criteria (revenue from contributing products below 20% of the total revenue).

## Materiality distribution



- Pure-play [90 - 100% of revenue]
- Highly material [20 - 90% of revenue]
- Leader [<20% of revenue]

Figure 26.b. Percent Distribution of the strategy's materiality level; Thematics AM as of 31/12/2022

## Sustainability Contributions – UN SDGs

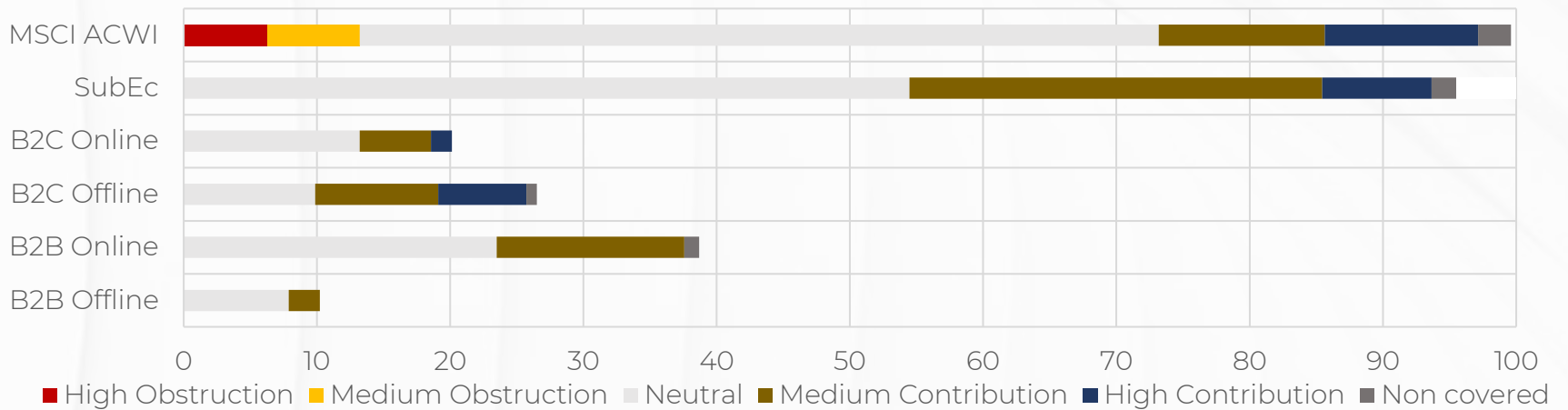


Figure 26.c. SDG Performance; Thematics AM & ISS as of 31/12/2022

## Evolution of SDG Scores

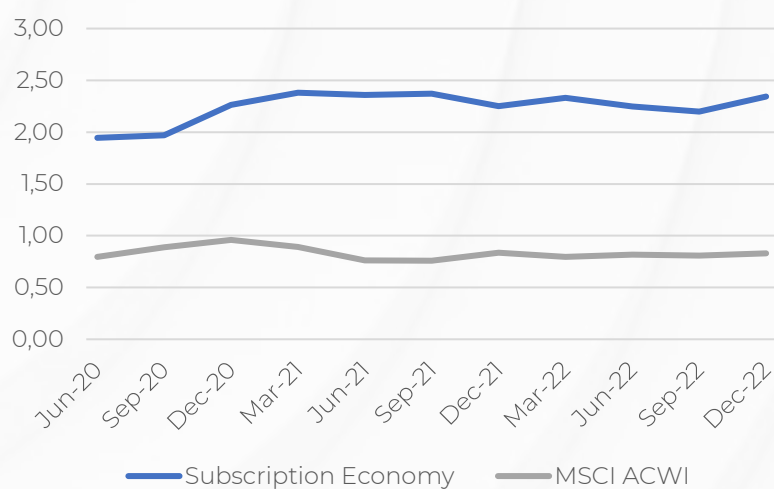


Figure 26.d. Evolution of SDG Performance; Thematics AM & ISS as of 31/12/2022

Overall, the strategy has a higher contribution to sustainability themes than the reference index. The main contributors are in the B2C Offline segment which contributes to the “Ensuring Health” through health care supplies but also the B2B Online segment which contributes to “Sustainable Energy Use” through online data center services which are more energy efficient than on-premise ones. Over the year, the overall SDG score improved by 4%.

## Manage ESG Risks



Figure 26.e. Weighted Average ESG Risk vs Universe & Reference Index Thematics AM & Sustainalytics as of 31/12/2022

\*Starting from October 2022, Universe's score is measured as the rolling 3 months average of the weekly score, after eliminating at least 20% of the worst-rated securities. Prior to that, the strategy's score was compared to the reference index's score, after eliminating at least 20% of the worst-rated securities.

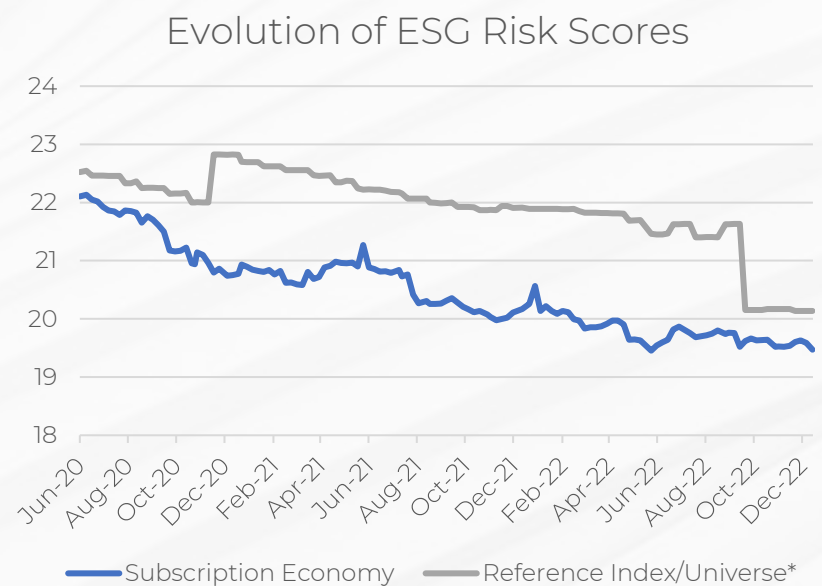


Figure 26.f. Evolution of Weighted Average ESG Risk vs Universe or Reference Index. Thematics AM & Sustainalytics as of 31/12/2022

The strategy continued to outperform both the reference index and the universe after eliminating 20% of the worst rated securities. Over the year, the ESG Risk Score decreased by 0.7 points. The best improver was Clarivate, an information service and analytics company

whose ESG Risk Score improved by 9 points following better ESG disclosures. The worst improver was Wolters Kluwer, a global information services company whose ESG Risk Score deteriorated by 8 points due to sub-industry reclassification from Sustainalytics.

## Product-Based Exclusions

Areas	% Exposure
Fossil Fuels	0
Unconventional Oil & Gas	0
Conventional Oil & Gas	0
Illegal Weapons	0
Controversial Weapons	0
Conventional Weapons	0.0
Small Arms	0
Tobacco	0

Figure 26.g. Exposure to controversial or adverse activities  
Thematics AM Internal Assessment & Sustainability as of 31/12/2022

The strategy does not have any exposure to harmful activities within the scope of Thematics AM's exclusion policy.

## Behaviour-Based Exclusions

Norms & Standards	Non-compliance
UN Global Compact	0
OECD Guidelines for Multinational Enterprises Chapters	0
UN Guiding Principles on Business and Human Rights	0

Figure 26.h. Exposure to non-compliant securities. Thematics AM & Sustainability as of 31/12/2022

## Controversies

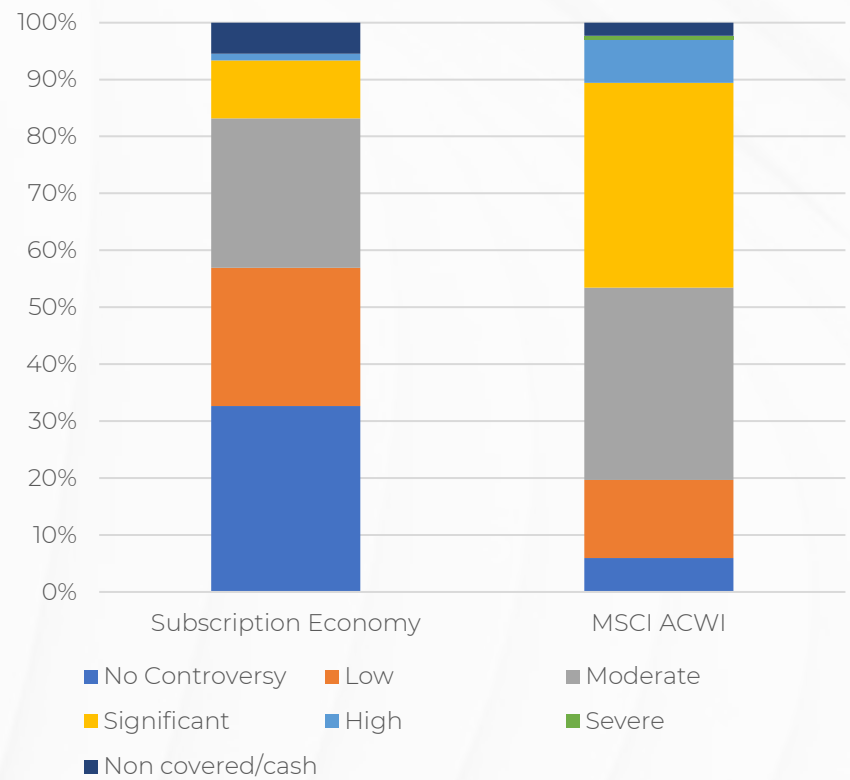


Figure 26.i. Exposure to controversies. Thematics AM & Sustainability as of 31/12/2022

In terms of exposure to controversies, the strategy performs better than its reference index. The combined high and significant controversies represent 11% of the strategy. Activision Blizzard is exposed to a high controversy related to labour practices. The outlook for this controversy is neutral indicating that the company has put in place sufficient measures to mitigate the risk exposure and is not expected to deteriorate in the next 12 to 24 months. We have been monitoring the issue, including the announced acquisition of the company by Microsoft, and what it commits to do to address the concerns surrounding workplace safety.

## Label ISR indicators

	% Covered	SDG Environmental	SDG Social	% Covered	Governance Controversies	Human Rights Controversies
Subscription Economy	98	1.05	1.53	100	0.61	0.58
Universe	96	0.75	1.10	100	1.00	0.81

Figure 26.j. Controversies & SDG scores. Thematics AM & ISS & Sustainability as of 31/12/2022



## Carbon Footprint (tonnes CO<sub>2</sub>e/\$m invested)

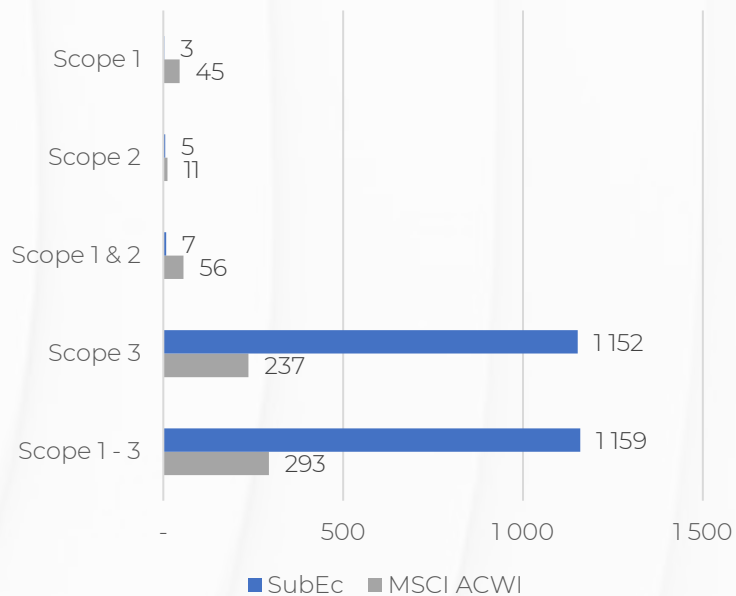


Figure 26.k. Carbon Footprint Scope 1-3 (in tonnes CO<sub>2</sub>e/USD million invested). Thematics AM & S&P Trucost as of 31/12/2022. Coverage: Scope 1,2,3 – 98,8% ; Index – 95,42%

## WACI (tonnes CO<sub>2</sub>e/\$m revenues)

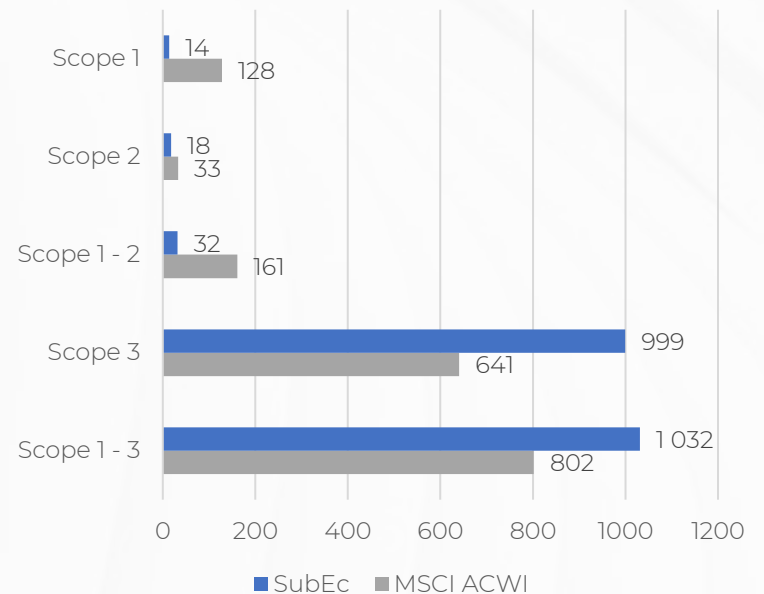


Figure 26.l. Weighted Average Carbon Intensity Scope 1-3 (in tonnes CO<sub>2</sub>e/USD million revenues). Thematics AM & S&P Trucost as of 31/12/2022. Coverage: Scope 1,2 – 100% ; Scope 3 – 100% ; Index Scope 1,2 – 97,55% ; Scope 3 – 97,49%

## Evolution of WACI Scope 1-2

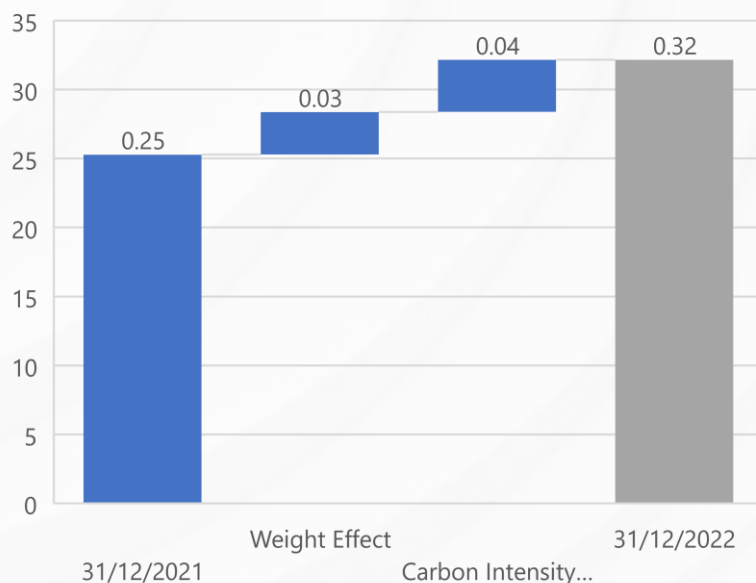


Figure 26.m. Evolution of WACI Scope 1-2 (in tonnes CO<sub>2</sub>e/USD million revenues) Thematics AM & S&P Trucost as of 31/12/2022

In terms of Scope 1&2 emissions, companies are relatively carbon efficient compared to the index. The most carbon intensive company is a utility company.

WACI Scope 1 & 2 increased over the year, both from an increase in the weight of most emitting companies and from an organic increase in carbon intensity.

Scope 3 emissions intensity is higher than the reference index. It is driven by Signify which contributes significantly to these emissions through its Scope 3.11 emissions “Use of Sold Products”. On the flip side, the company offers energy efficient solutions such as LED lamps.

## Green Revenues

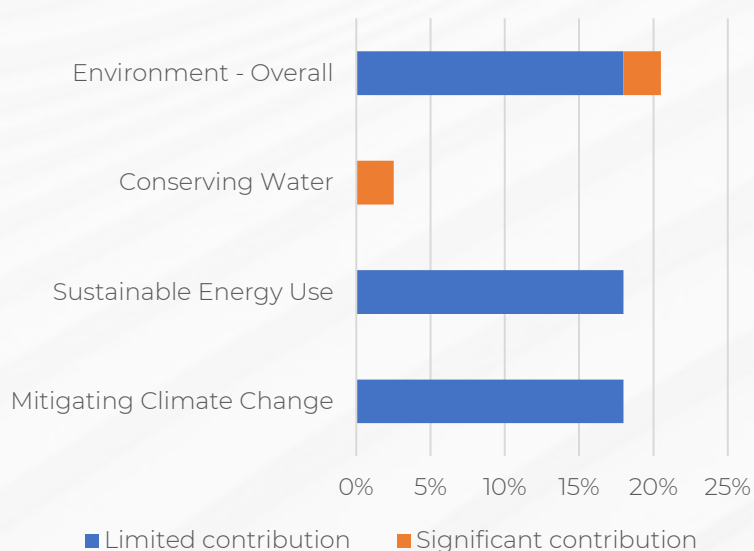


Figure 26.n. Breakdown of the strategies' positive contribution revenue exposure by environmental theme, as a share of total revenue, using weighted average method. ISS, Thematics AM, 31/12/2022

Based on ISS methodology, most of the green revenues of the strategy come from one water utility company that contributes significantly to the Conserving Water objective. Other contributions are attributable to cloud-based solutions companies that can lead to energy savings compared to poorly-managed on-premise solutions and thus contribute to both Sustainable Energy Use and Mitigating Climate Change objectives.

Because of the scope and limitations of this third-party methodology, which does not capture solutions contributing to the SDGs 9 and 11, the green revenue score has not captured the strategy's overall contribution to circular economy and resource optimization inherent to businesses that provide solutions in a subscription-based model.

## Scenario Analysis

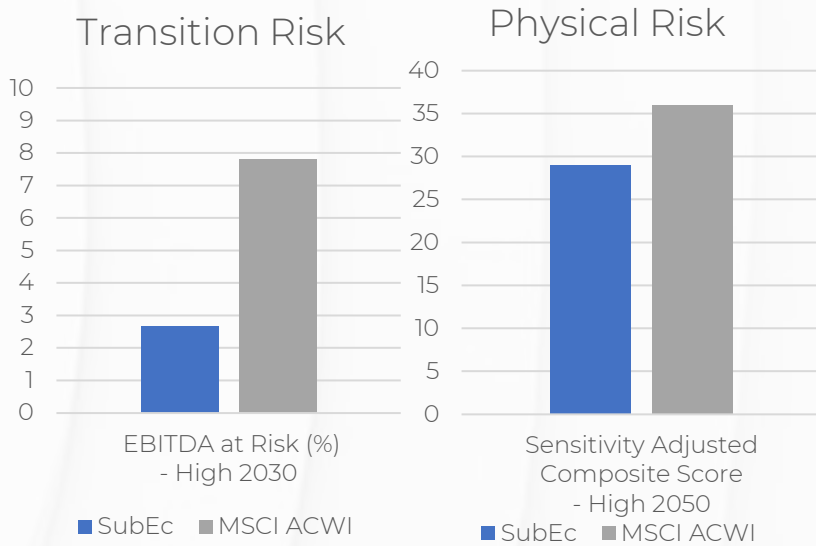


Figure 26.o. EBITDA at Risk and Sensitivity Adjusted Composite Score S&P Trucost, Thematics AM, 31/12/2022

The Carbon Earnings at Risk are lower than the reference index, mainly driven by the lack of Energy and Materials companies, but also to lower exposed companies in the Utilities sector.

The Physical Risk is lower than the reference index. The most exposed sectors in the portfolio are Utilities and Consumer Discretionary.

## Decarbonization Targets

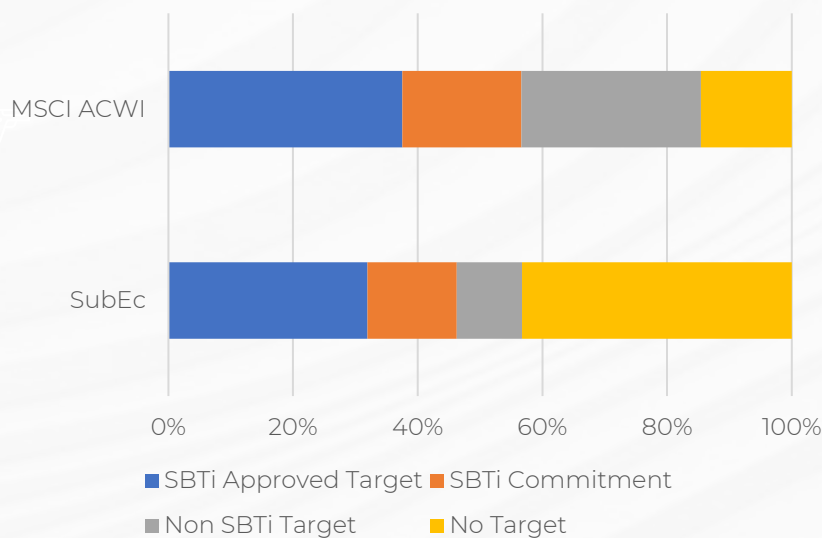


Figure 26.q. Breakdown the companies in the portfolios that have set GHG emissions reductions targets SBTi, Thematics AM, 31/12/2022

Almost half of companies have either an SBTi approved or committed target (46%), this ratio has slightly improved compared to last year (41%). There is a higher proportion of companies without target versus the reference index. It could in part be explained by the small and mid-cap tilt of the strategy, as larger companies tend to lead such initiatives.

## Implied Temperature Rise

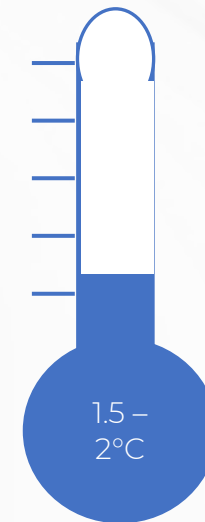


Figure 26.p. Implied Temperature Rise.. Thematics AM & Trucost as of 31/12/2022

The implied temperature rise metric remained constant compared to last year (1.5°C-2°C)

## Biodiversity

### % Exposure Activities Negatively Affecting Biodiversity

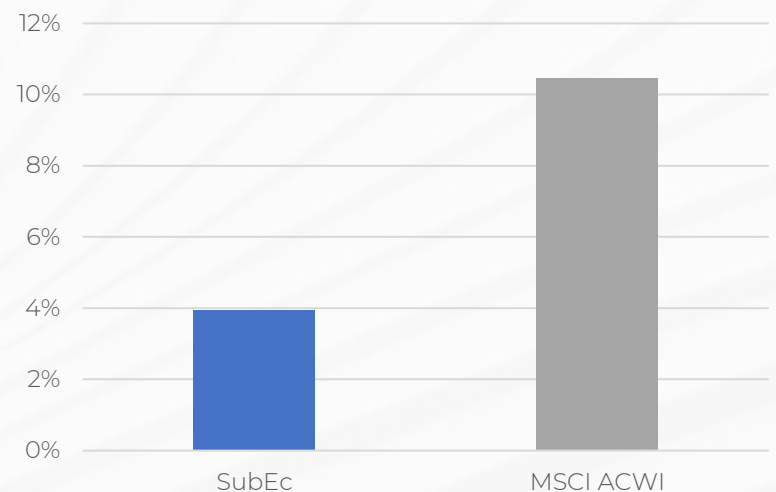


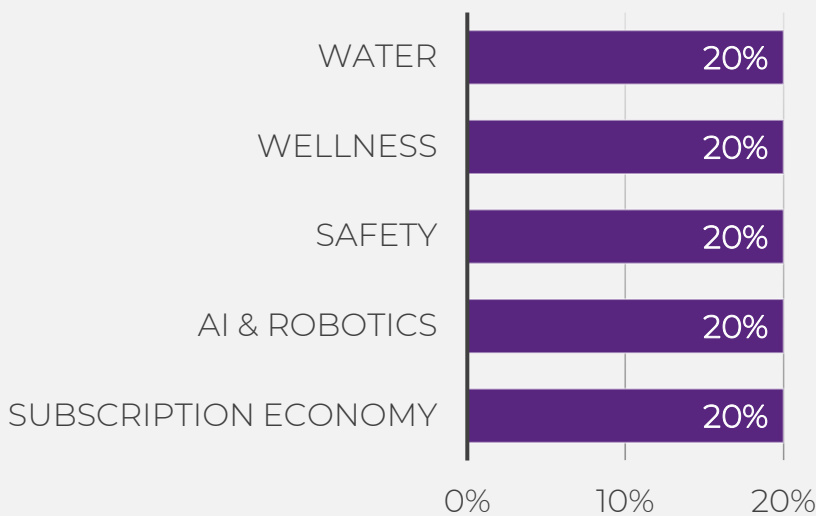
Figure 26.r. Exposure to activities negatively affecting biodiversity Sustainalytics, Thematics AM, 31/12/2022

In terms of exposure to activities negatively affecting biodiversity, the strategy performs better than the index, with only two companies involved in an activity negatively affecting biodiversity. Those 2 companies are Vail Resorts (ski resort) and BJ's Wholesale (warehouse club).

Companies in the tourism sector rely on the appeal of natural attractions to attract customers and are therefore exposed to Land Use and Biodiversity issues.

# Thematics Meta

## Partial Sustainable Investments Subsegments and AUM



## Positive contributions

- Access to and sustainable management of water resources
- Foster health and well-being
- Enable safety of people, assets, goods and data
- Resource efficiency and optimization
- Improved access to services
- Workers' health and safety

## Associated SDGs



Figure 27.a. Percentage distribution of AuM per subsegment and the related E/S contributions and associated SDGs; Thematics AM as of 31/12/2022

As an Article 8 product with partial sustainable investments, the Meta strategy commits to invest 50% of its equity assets in solutions contributing to its environmental and social sustainable investment objectives. Specifically, the strategy commits to a minimum of 10% to its social objectives and 5% to its environmental objectives. In 2022, 60% of the equity assets contributed to the objectives around enabling access to and sustainable management of water resources, fostering health and well-being, and enabling safety of people, assets, goods and data.

In addition to the above partial sustainable investments, the strategy also aims to promote ESG characteristics through selecting companies exposed to the artificial intelligence and subscription economy themes, avoiding companies exposed to controversial activities, non-compliant companies to global sustainability standards and norms, exposed to high with negative outlook to severe ESG controversies, maintaining better ESG score than the Investable Universe, and actively voting and engaging with investee companies.

The solutions around artificial intelligence, in particular around its applications in the automation of essential industries, including medical, factory, office, consumer and services, and supply chain and design, as well as those whose solutions are offered on a subscription-based model, in our view, contribute to one or more of the following positive contributions: resource-use optimization, climate resilience, workers' health and safety, improved healthcare quality and access, and

smart home and cities, promoting responsible and sustainable consumption, circular economy, and improved access to basic services, such as education and digital economy.

Thematics Meta combines all theme strategies managed within our thematic franchise in one single fund. As such, it is a multi-thematic strategy. Its positive contributions to sustainability is the collective contributions of all the five strategies, equally weighted.

In terms of materiality distribution, just a little over half of the strategy are pure-play companies, most of which come from the Wellness and AI & Robotics.

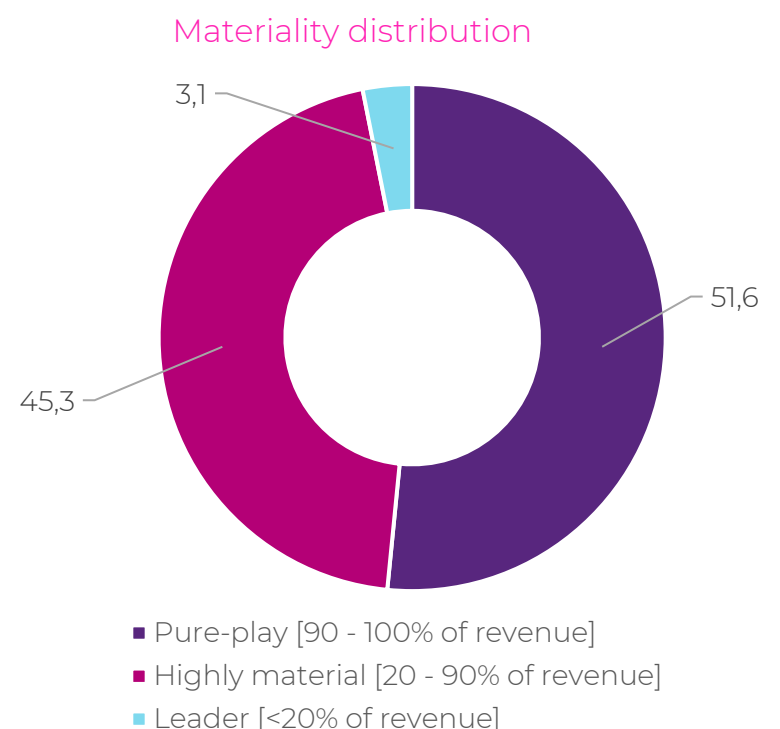


Figure 27.b. Percent Distribution of the strategy's materiality level; Thematics AM as of 31/12/2022

## Sustainability Contributions – UN SDGs

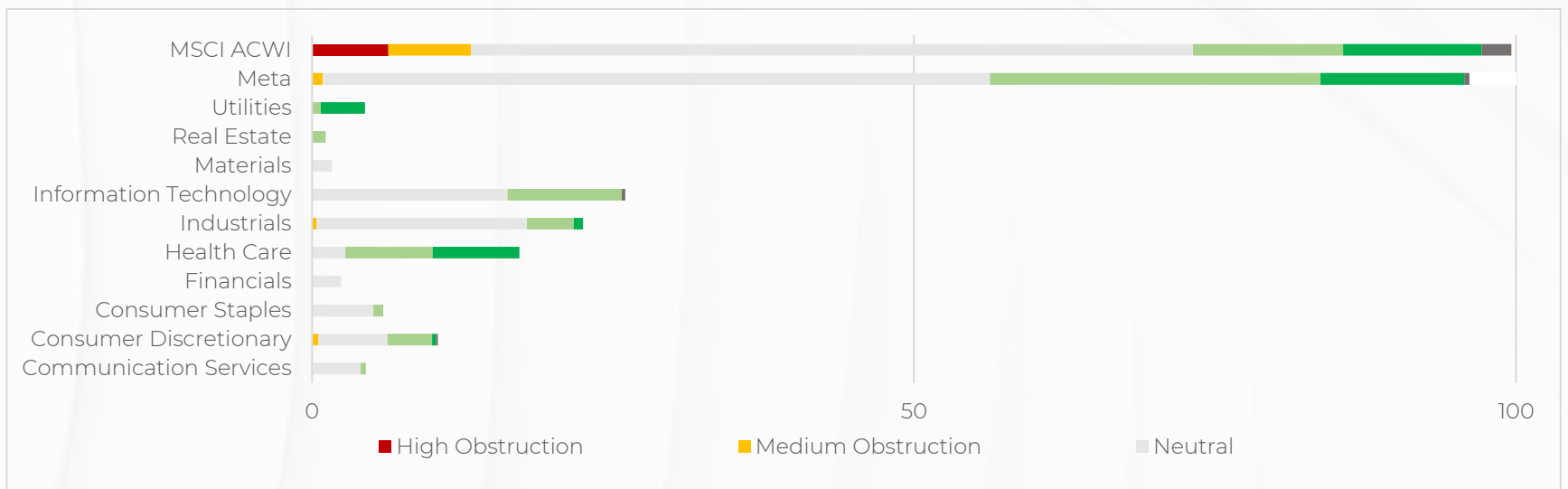


Figure 27.c. SDG Performance; Thematics AM & ISS as of 31/12/2022

## Evolution of SDG Scores

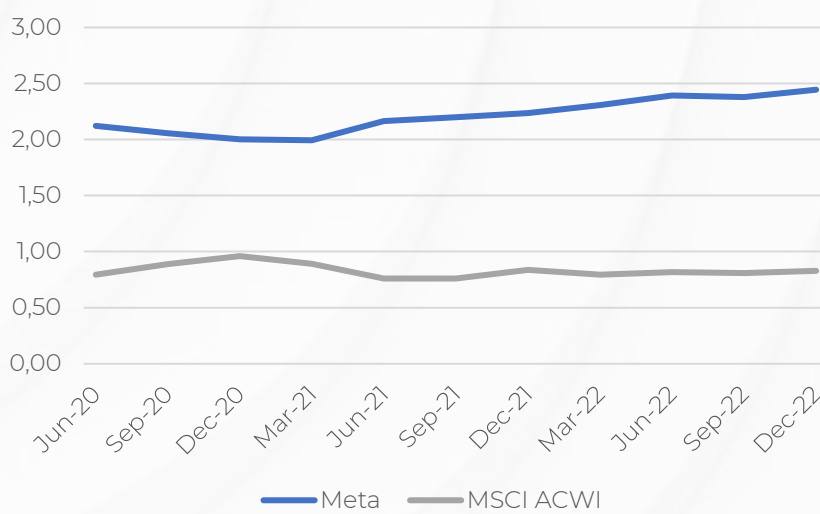


Figure 27.d. Evolution of SDG Performance; Thematics AM & ISS as of 31/12/2022

Overall, the strategy has a higher contribution to sustainability themes than the reference index. The main contributors are in the Healthcare sector which contributes to the “Ensuring Health” goal through their diagnostics or pharmaceutical products. The Utilities contribute to the “Conserving Water” and “Ensuring Health” objectives through the provision of clean drinking water. The information Technology sector contributes to “Sustainable Energy Use” through online data center services which are more energy efficient than on-premise ones. Over the year, the overall SDG score improved by 9%.

## Manage ESG Risks



Figure 27.e. Weighted Average ESG Risk vs Universe & Reference Index Thematics AM & Sustainalytics as of 31/12/2022

\*Starting from October 2022, Universe's score is measured as the rolling 3 months average of the weekly score, after eliminating at least 20% of the worst-rated securities. Prior to that, the strategy's score was compared to the reference index's score, after eliminating at least 20% of the worst-rated securities.

The strategy continued to outperform both the reference index and the universe after eliminating 20% of the worst rated securities. Over the year, the ESG Risk Score decreased by 1.5 points. The best improver was Kardex, a provider of automated storage solutions whose ESG Risk

## Evolution of ESG Risk Scores

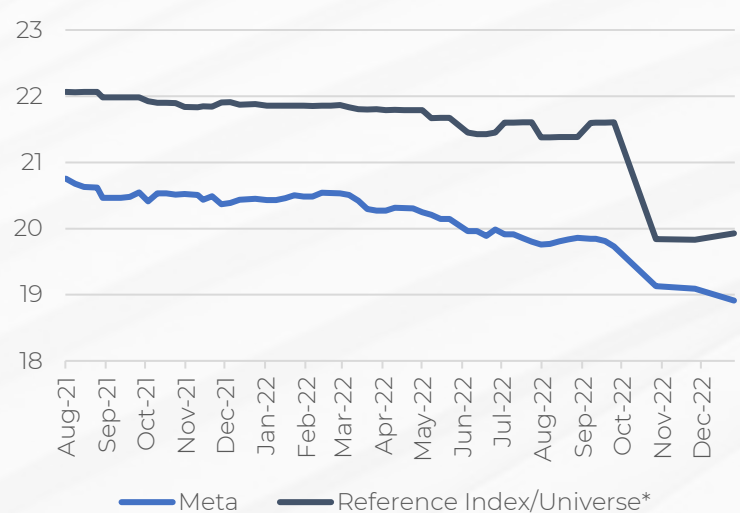


Figure 27.f. Evolution of Weighted Average ESG Risk vs Universe or Reference Index. Thematics AM & Sustainalytics as of 31/12/2022

Score improved by 11 points following better ESG disclosures. The worst improver was MSA Safety, a supplier of safety products whose ESG Risk Score deteriorated by 10 points due to sub-industry reclassification from Sustainalytics.



## Product-Based Exclusions

	Areas	% Exposure
	Fossil Fuels	0.17
	Unconventional Oil & Gas	0
	Conventional Oil & Gas	0.12
	Illegal Weapons	0
	Controversial Weapons	0
	Conventional Weapons	0.15
	Small Arms	0
	Tobacco	0

Figure 27.g. Exposure to controversial or adverse activities  
Thematics AM Internal Assessment & Sustainalytics as of 31/12/2022

Exposure to harmful activities above are from the strategies forming the Thematic Meta. See the discussions in the individual strategy section.

## Behaviour-Based Exclusions

Norms & Standards	Non-compliance
UN Global Compact	0
OECD Guidelines for Multinational Enterprises Chapters	0
UN Guiding Principles on Business and Human Rights	0

Figure 27.h. Exposure to non-compliant securities  
Thematics AM & Sustainalytics as of 31/12/2022

## Controversies

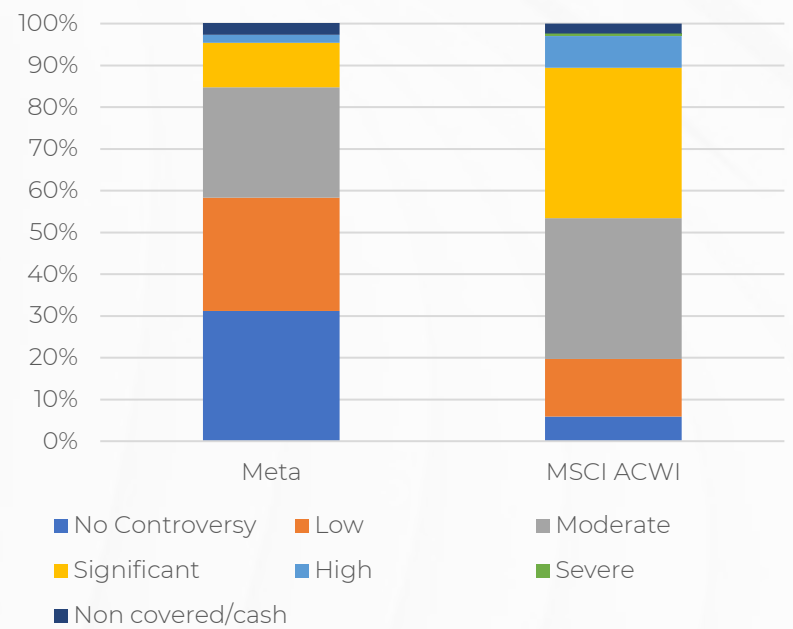


Figure 27.i. Exposure to controversies. Thematics AM & Sustainalytics as of 31/12/2022

In terms of exposure to controversies, the strategy performs better than its reference index. 13% of the strategy is exposed to high or significant controversies. Companies exposed to a high controversy are Alphabet due to anti-competitive allegations and investigations globally, and Activision Blizzard due to labour practices. See the discussion in the relevant section of the individual strategy.

## Label ISR indicators

	% Covered	SDG Environmental	SDG Social	% Covered	Governance Controversies	Human Rights Controversies
Meta	100	1.08	1.76	100	0.66	0.56
Universe	94	0.46	1.28	100	0.90	0.71

Figure 27.j. Controversies & SDG scores. Thematics AM & ISS & Sustainalytics as of 31/12/2022

## Carbon Footprint (tonnes CO2e/\$m invested)

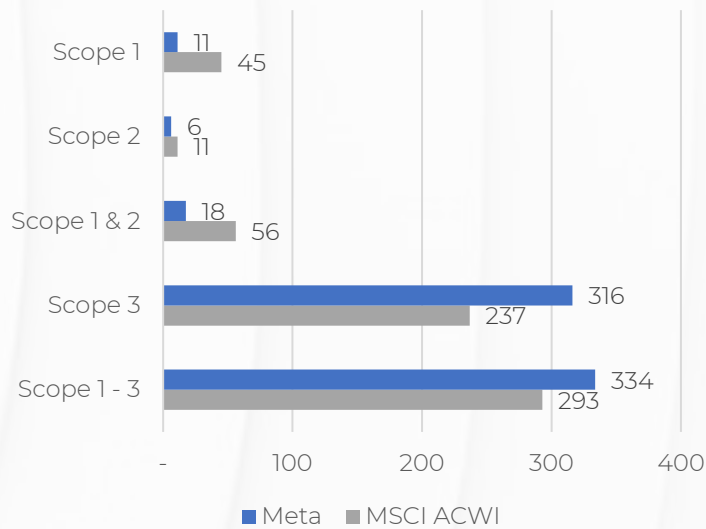


Figure 27.k. Carbon Footprint - Scope 1-3 (in tonnes CO2e/USD million invested). Thematics AM & S&P Trucost as of 31/12/2022  
Coverage: Scope 1,2,3 – 98,9% ; Index – 95,42%

## WACI (tonnes CO2e/\$m revenues)

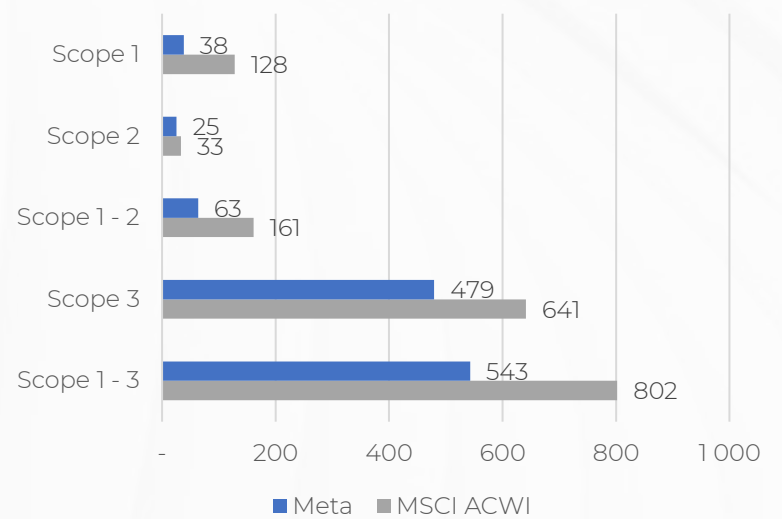


Figure 27.l. Weighted Average Carbon Intensity Scope 1-3 (in tonnes CO2e/USD million revenues). Thematics AM & S&P Trucost as of 31/12/2022. Coverage: Scope 1,2 – 99,8% ; Scope 3 – 99,8% ; Index Scope 1,2 – 97,55% ; Scope 3 – 97,49%

## Evolution of WACI Scope 1-2

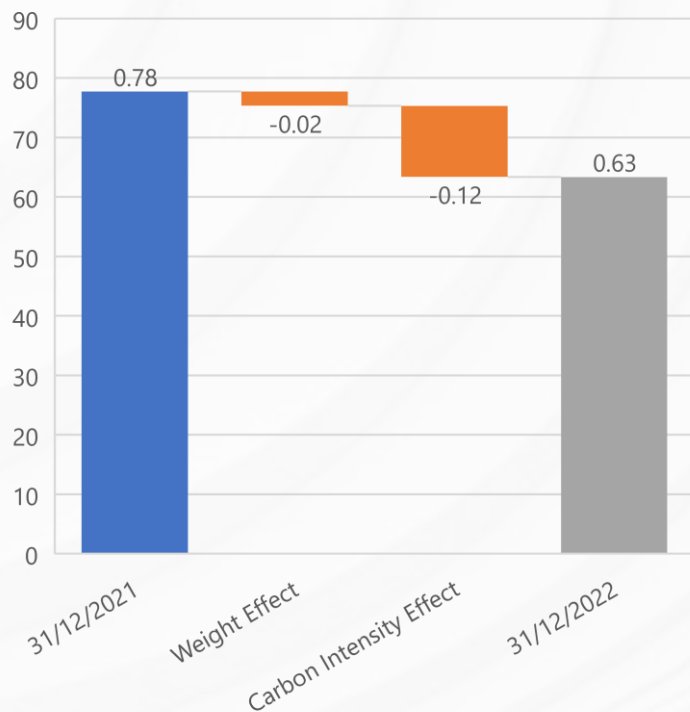


Figure 27.m. Evolution of WACI Scope 1-2 (in tonnes CO2e/USD million revenues). Thematics AM & S&P Trucost as of 31/12/2022

In terms of Scope 1&2 emissions, companies are relatively carbon efficient compared to the index. The most carbon intensive companies are in the water utilities business.

Overall, WACI Scope 1 & 2 decreased over the year; both from a weight effect and a change in organic carbon intensity.

Scope 3 emissions intensity is lower than the reference index. Most of the Scope 3 emissions come from the downstream part (75%). It is mostly driven by a single company, Signify, which contributes significantly to these emissions through its Scope 3.11 emissions “Use of Sold Products”. On the flip side, the company offers energy efficient solutions such as LED lamps.

## Green Revenues

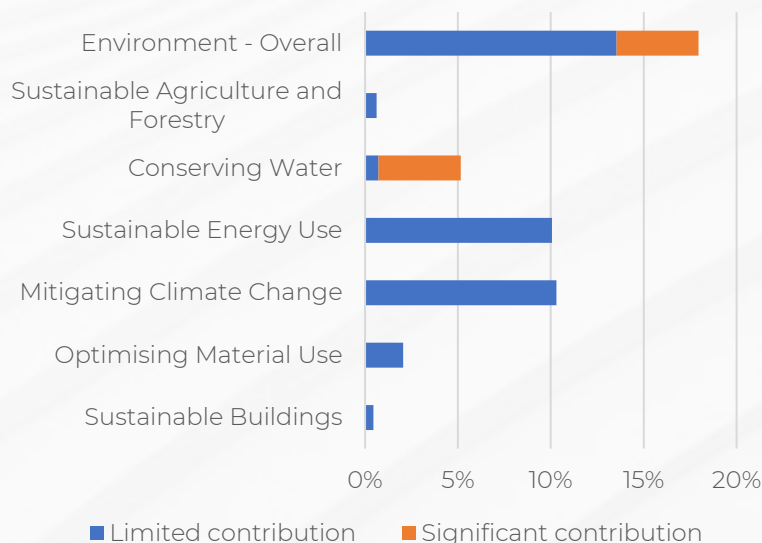


Figure 27.n. Breakdown of the strategies' positive contribution revenue exposure by environmental theme, as a share of total revenue, using weighted average method. ISS, Thematics AM, 31/12/2022

Most of the green revenues come from water utility companies that contributes significantly to the Conserving Water objective. Other contributions are attributable to cloud-based solutions companies that can lead to energy savings compared to poorly-managed on-premise solutions and thus contribute to both Sustainable Energy Use and Mitigating Climate Change objectives.

## Scenario Analysis

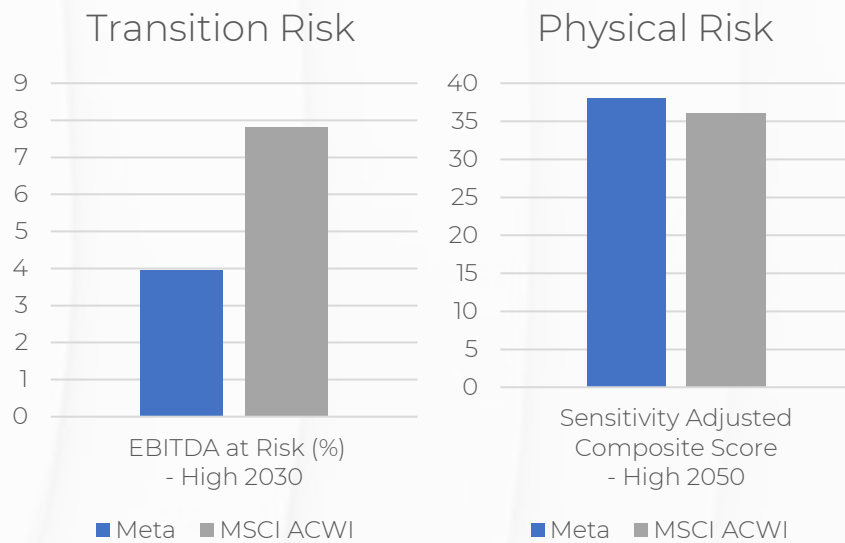


Figure 27.o. EBITDA at Risk and Sensitivity Adjusted Composite Score S&P Trucost, Thematics AM, 31/12/2022

The Carbon Earning at Risk are lower than the reference index, mainly driven by the lack of Energy companies but also to lower exposure to companies in the Materials and Utilities sector.

The Physical Risk is higher than the reference index. The most exposed sectors in the portfolio are Utilities and Materials.

## Decarbonization Targets

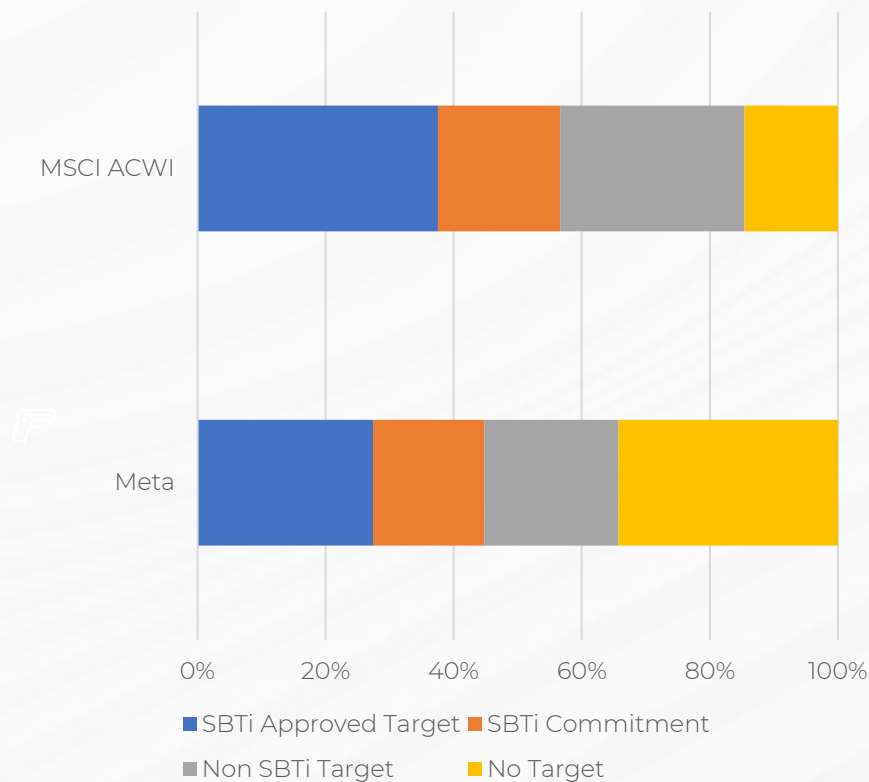


Figure 27.q. Breakdown the companies in the portfolios that have set GHG emissions reductions targets SBTi, Thematics AM, 31/12/2022

Almost half of the strategy has an SBTi target (45%), which is higher than previous year (34%), but still below the MSCI ACWI (57%).

## Implied Temperature Rise

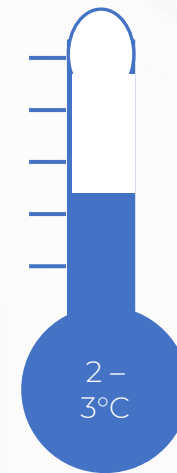


Figure 27.p. Implied Temperature Rise. Thematics AM & Trucost as of 31/12/2022

The implied temperature rise metric remained constant compared to last year (2°C-3°C)

## Biodiversity

% Exposure Activities Negatively Affecting Biodiversity

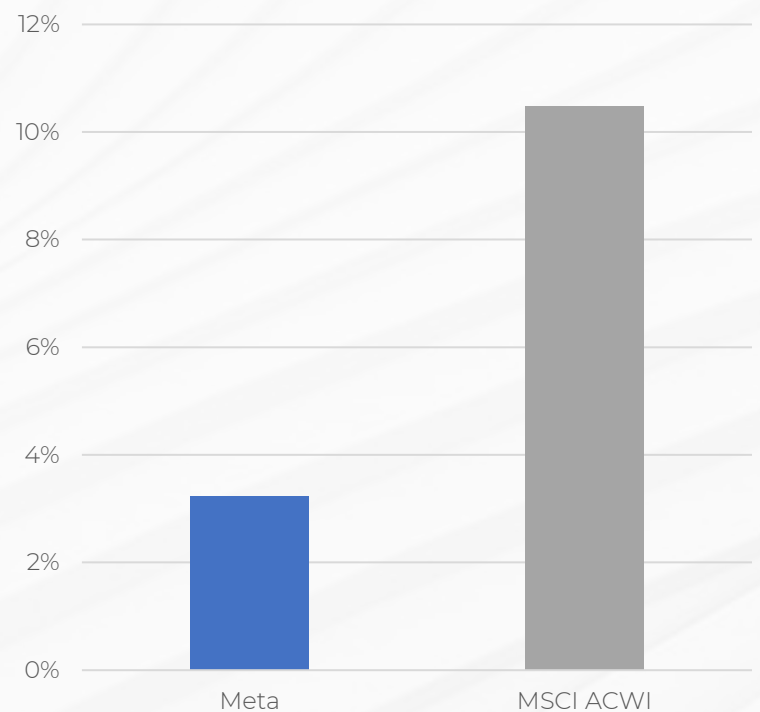


Figure 27.r. Exposure to activities negatively affecting biodiversity Sustainalytics, Thematics AM, 31/12/2022

In terms of exposure to activities negatively affecting biodiversity, the strategy performs better than the index, with only 3.23% of the strategy involved.

# Thematics AAA European Selection

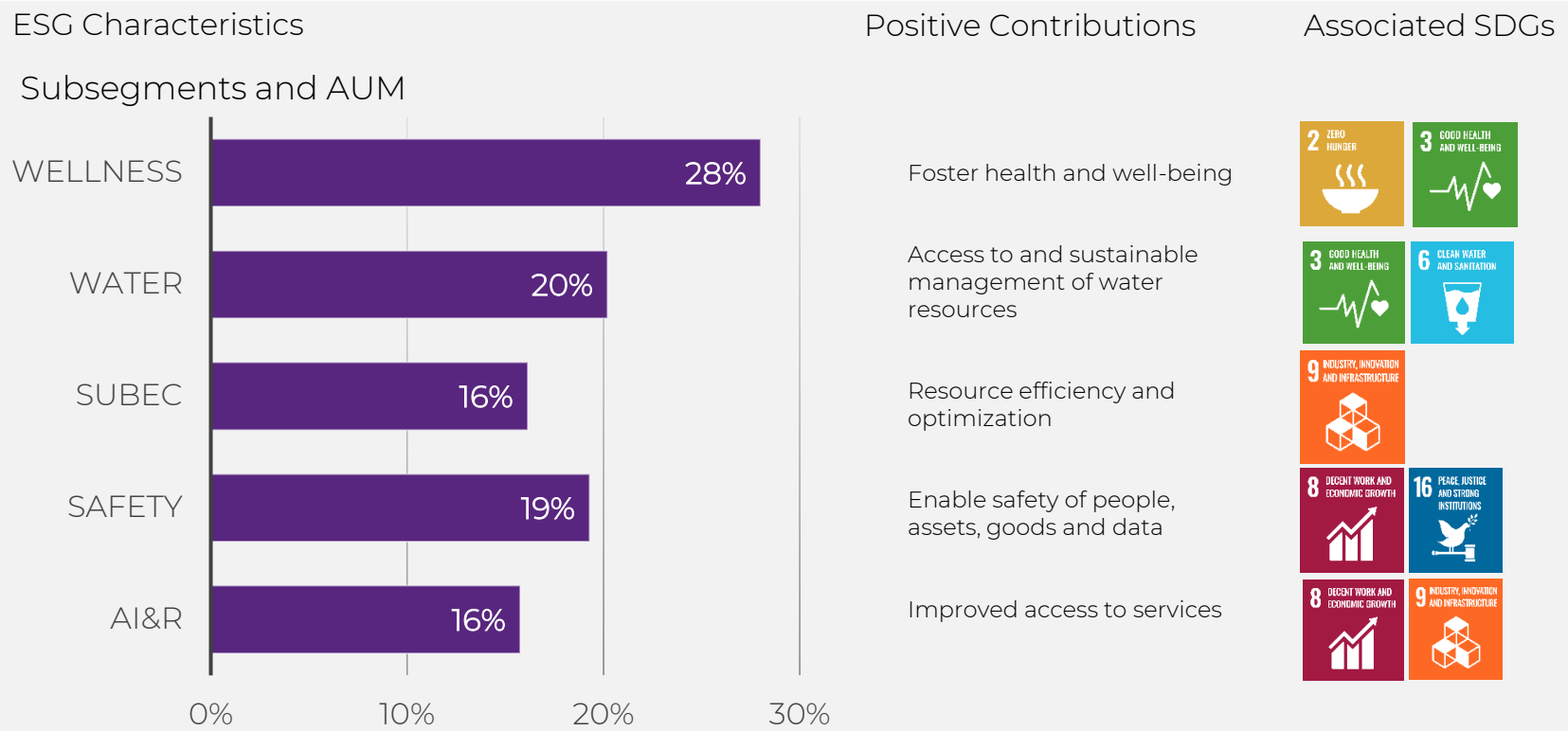


Figure 28.a. Percentage distribution of AuM per subsegment and the related E/S contributions and associated SDGs; Thematics AM as of 31/12/2022

Thematics AAA European Selection invests in companies held within the five thematic strategies of Thematics AM – Water, Safety, Wellness, Subscription Economy, and AI & Robotics. It is a conviction driven portfolio that seeks out attractively valued European companies underpinned by structural growth trends.

As an Article 8 product, the AAA European Selection strategy aims to promote ESG characteristics through selecting companies exposed to the above themes, while avoiding companies exposed to controversial activities, non-compliant companies to global sustainability standards and norms, exposed to high with negative outlook to severe ESG controversies, maintaining better ESG score than the Investable Universe, and actively voting and engaging with investee companies.

While we do not commit to a minimum % of sustainable investment, the fund partially invests in sustainable activities contributing to the objectives around enabling access to and sustainable management of water resources, fostering health and well-being, and enabling safety of people, assets, goods and data. Moreover, the solutions around artificial intelligence, in particular around its applications in the automation of essential industries, including medical, factory, office, consumer and services, and supply chain and design, as well as those whose solutions are offered on a subscription-based model, in our view, contribute to one or more of the following

positive contributions: resource-use optimization, climate resilience, workers' health and safety, improved healthcare quality and access, and safety, improved healthcare quality and access, and smart home and cities, promoting responsible and sustainable consumption, circular economy, and improved access to basic services, such as education and digital economy.

In terms of sector composition, about half of the strategy are companies in the industrials and healthcare sectors, followed by IT. In terms of materiality distribution, just a little more than half of the strategy are pure-play companies, most of which come from the Wellness and AI & Robotics strategies.

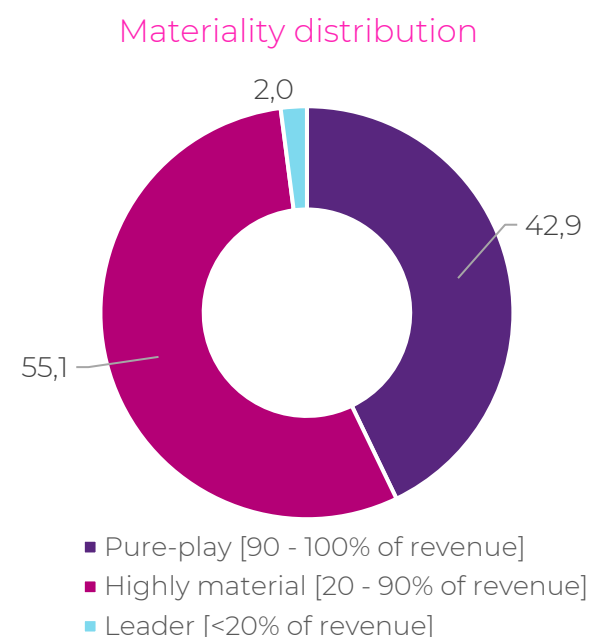


Figure 28.b. Percent Distribution of the strategy's materiality level; Thematics AM as of 31/12/2022



## Sustainability Contributions – UN SDGs

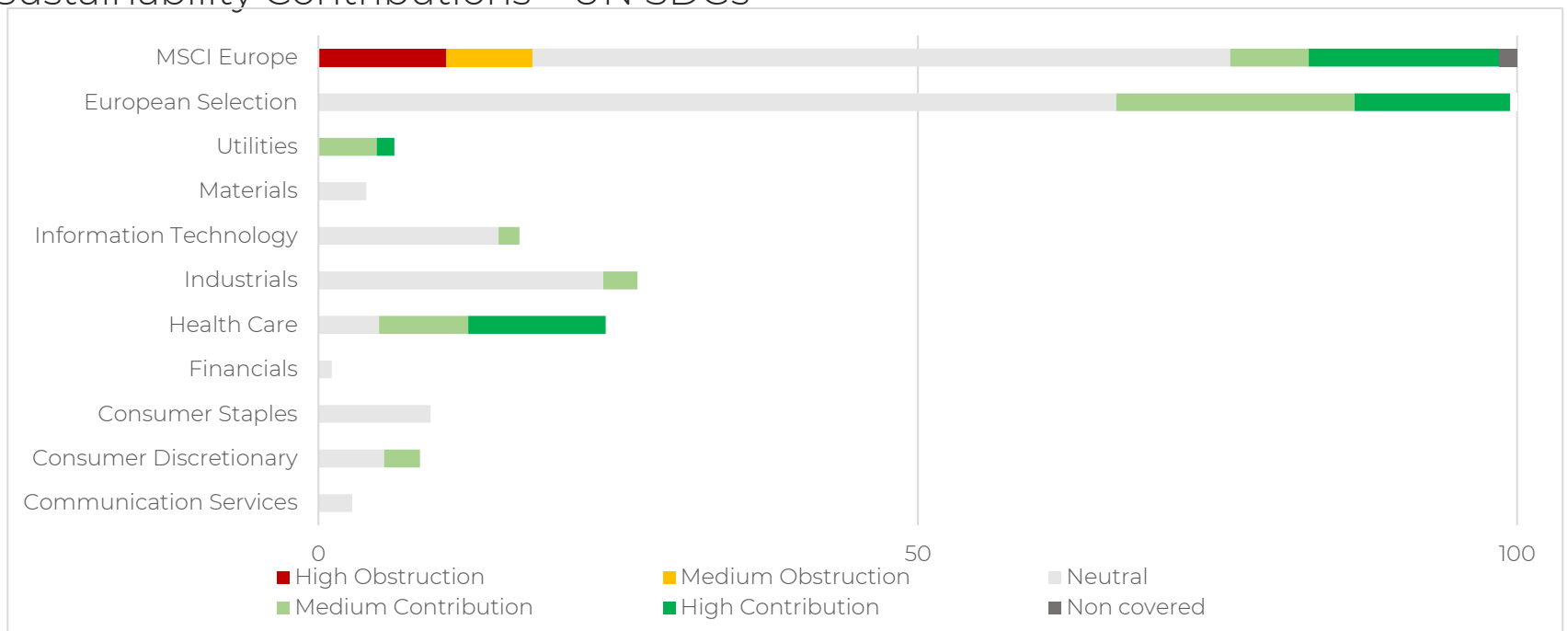


Figure 28.c. SDG Performance; Thematics AM & ISS as of 31/12/2022

Overall, the strategy has a higher contribution to sustainability themes than the reference index. The main contributors are in the Healthcare sector which contributes to the “Ensuring Health” goal

through their diagnostics or pharmaceutical products. The Utilities companies contribute to the “Conserving Water” and “Ensuring Health” objectives through the provision of clean drinking water.

## Manage ESG Risks

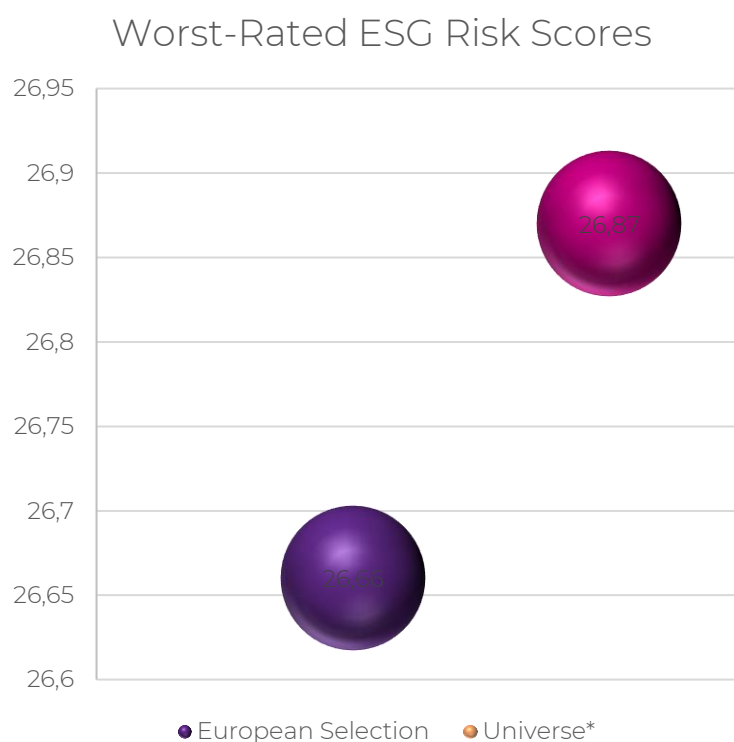


Figure 28.d. Worst-Rated ESG Risk Scores vs Universe. Thematics AM & Sustainalytics as of 31/12/2022

\*The strategy's worst-rated score is compared to the universe's worst 20% ESG Risk score.

To comply with the French label ISR, the fund cannot invest in companies that are in the bottom 20<sup>th</sup> percentile of the universe in terms of ESG Risk Score. The best improver was Alcon, a manufacturer of eye care products whose ESG Risk Score improved by 10 points following board level

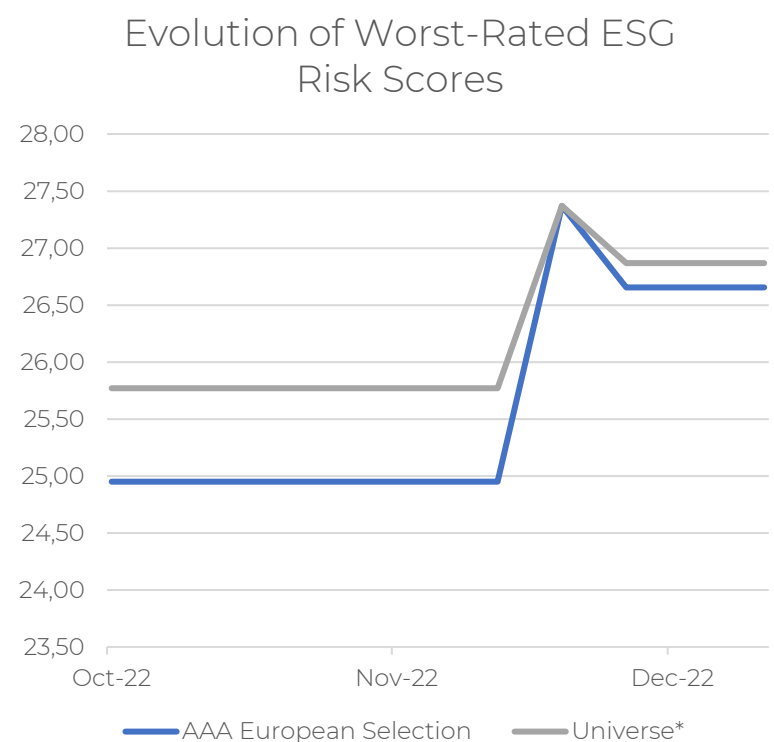


Figure 28.e. Evolution of worst-rated ESG Risk vs Universe or Reference Index Thematics AM & Sustainalytics as of 31/12/2022

To responsibility for overseeing ESG issues and implementation of ESG programmes. The worst improver was Wolters Kluwer, a global information services company whose ESG Risk Score deteriorated by 8 points due to sub-industry reclassification from Sustainalytics.

## Product-Based Exclusions

	Areas	% Exposure
	Fossil Fuels	0.32
	Unconventional Oil & Gas	0
	Conventional Oil & Gas	0.26
	Illegal Weapons	0
	Controversial Weapons	0
	Conventional Weapons	0.12
	Small Arms	0
	Tobacco	0

Figure 28.f. Exposure to controversial or adverse activities  
Thematics AM Internal Assessment & Sustainalytics as of 31/12/2022

The negligible exposure to fossil fuels is primarily from companies supplying equipment to the oil and gas industry, which in our view are not considered essential.

## Behaviour-Based Exclusions

Norms & Standards	Non-compliance
UN Global Compact	0
OECD Guidelines for Multinational Enterprises Chapters	0
UN Guiding Principles on Business and Human Rights	0

Figure 28.g. Exposure to non-compliant securities. Thematics AM & Sustainalytics as of 31/12/2022

## Controversies

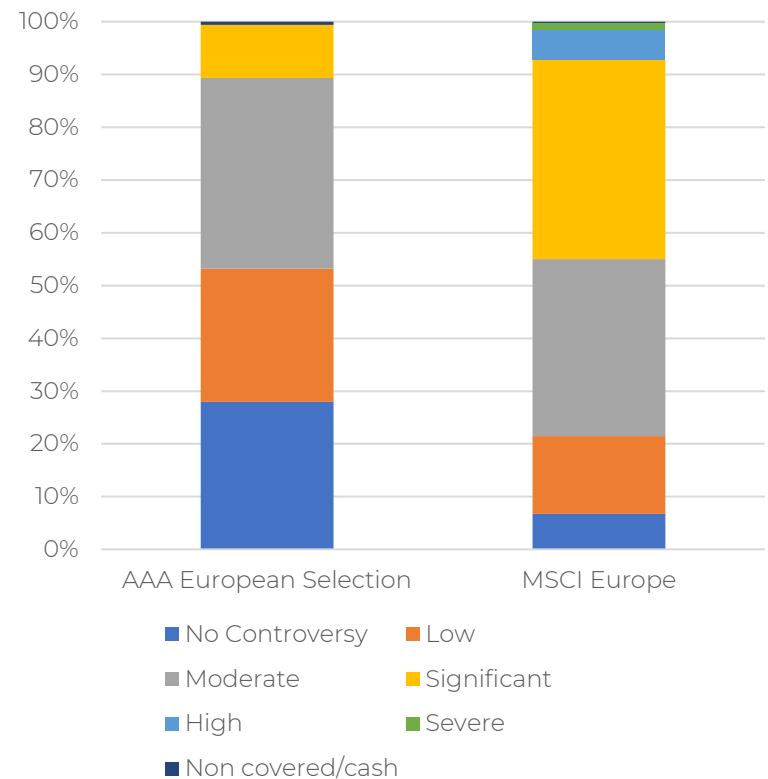


Figure 28.h. Exposure to controversies. Thematics AM & Sustainalytics as of 31/12/2022

In terms of exposure to controversies, the strategy performs better than its reference index. The strategy has no high or severe controversy and only 10% of the strategy is exposed to significant controversies. These are the same controversies as discussed in the relevant individual strategy.

## Label ISR indicators

	% Covered	SDG Environmental	SDG Social	% Covered	Governance Controversies	Human Rights Controversies
AAA European Selection	100	0.67	2.10	100	0.74	0.60
Universe	97	0.15	1.91	100	1.24	0.96

Figure 28.i. Controversies & SDG scores. Thematics AM & ISS & Sustainalytics as of 31/12/2022

## Carbon Footprint (tonnes CO<sub>2</sub>e/\$m invested)

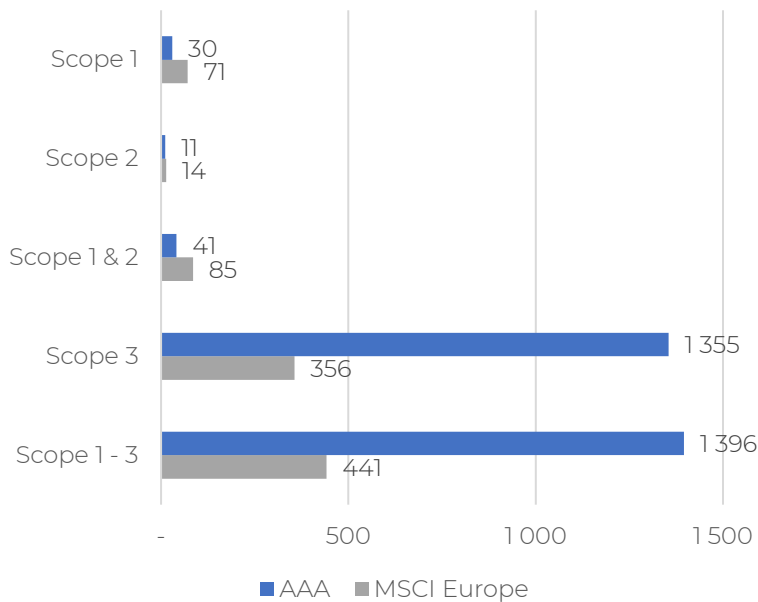


Figure 28.j. Carbon Footprint Scope 1-3 (in tonnes CO<sub>2</sub>e/USD million invested). Thematics AM & S&P Trucost as of 31/12/2022. Coverage: Scope 1,2,3 – 100%; Index – 98,47%

## WACI (tonnes CO<sub>2</sub>e/\$m revenues)

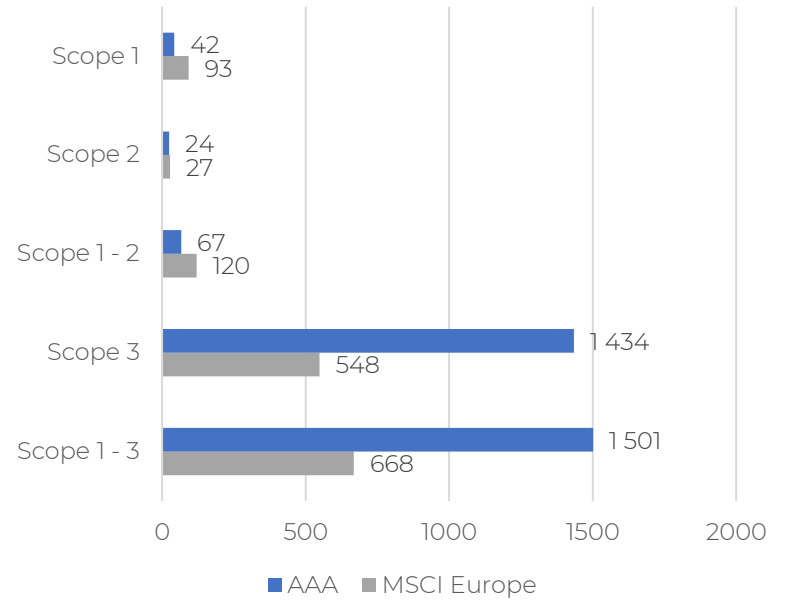


Figure 28.k. Weighted Average Carbon Intensity Scope 1-3 (in tonnes CO<sub>2</sub>e/USD million revenues). Thematics AM & S&P Trucost as of 31/12/2022. Coverage: Scope 1,2 – 100%; Scope 3 – 100%; Index Scope 1,2 – 98,99%; Scope 3 – 98,87%

## Evolution of WACI Scope 1-2

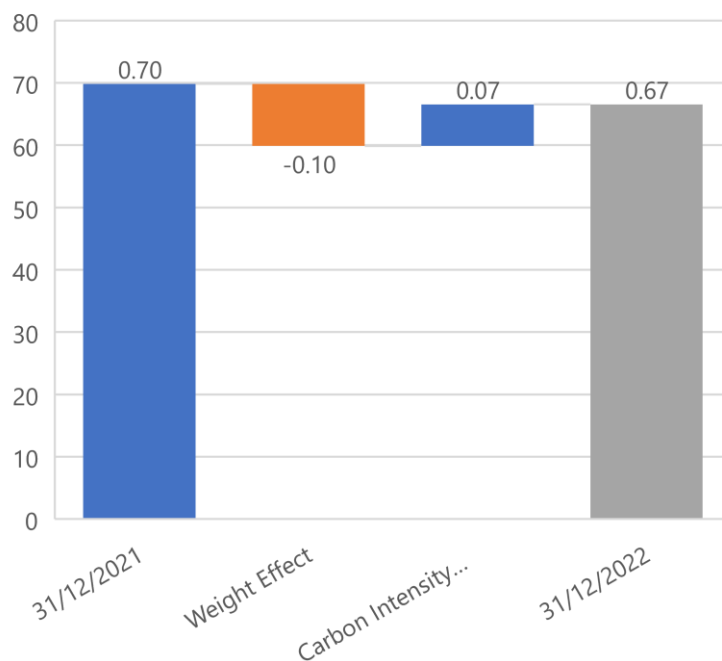


Figure 28.l. Evolution of WACI Scope 1-2 (in tonnes CO<sub>2</sub>e/USD million revenues). Thematics AM & S&P Trucost as of 31/12/2022

In terms of Scope 1&2 emissions, companies are relatively carbon efficient compared to the index. The most carbon intensive companies are in the water utilities business.

Overall, WACI Scope 1 & 2 slightly decreased over the year; the decrease due to the change in weights compensated the increase from organic carbon emission intensities

Scope 3 emissions intensity is higher than the reference index. It is driven by Signify which

contributes significantly to these emissions through its Scope 3.11 emissions “Use of Sold Products”. On the flip side, the company offers energy efficient solutions such as LED lamps.

## Green Revenues

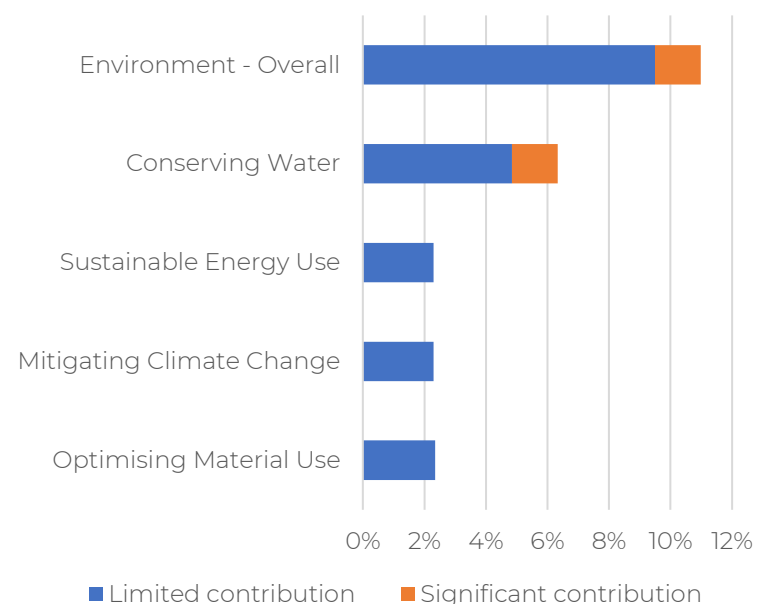


Figure 28.m. Breakdown of the strategies' positive contribution revenue exposure by environmental theme, as a share of total revenue, using weighted average method. ISS, Thematics AM, 31/12/2022

The most significant contributors to green revenues are companies in the water utility sector.

## Scenario Analysis

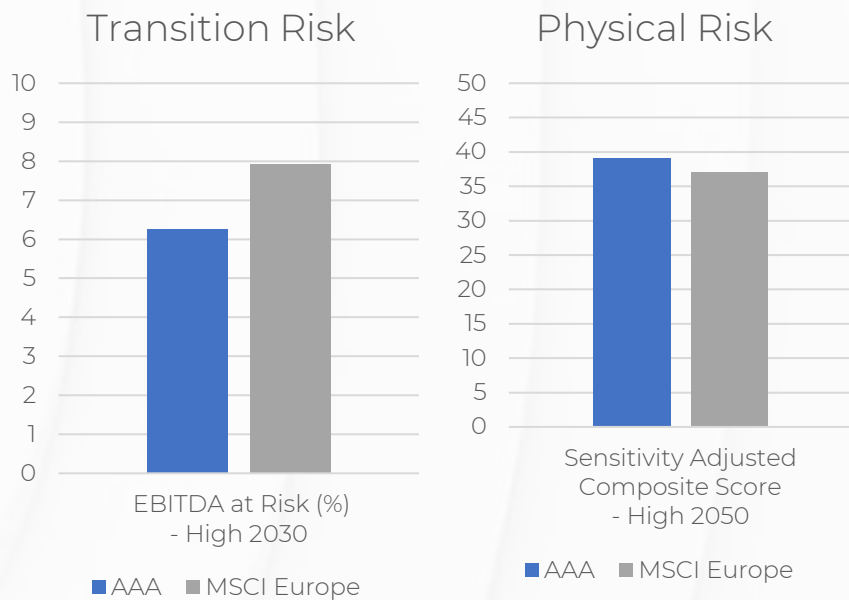


Figure 28.n. EBITDA at Risk and Sensitivity Adjusted Composite Score S&P Trucost, Thematics AM, 31/12/2022

The Carbon Earning at Risk are lower than the reference index, mainly driven by the lack of Energy companies

The Physical Risk is higher than the reference index. The most exposed sectors in the portfolio are Utilities and Materials.

## Implied Temperature Rise

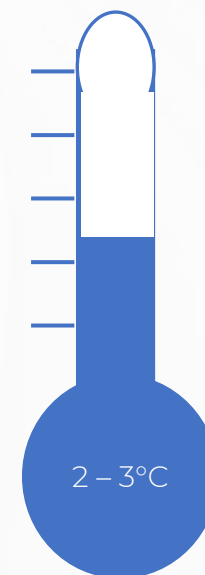


Figure 28.o. Implied Temperature Rise. Thematics AM & Trucost as of 31/12/2022

The implied temperature rise metric decreased compared to last year (3°C-4°C). This is mostly due to the repositioning of the fund with a smaller proportion of consumer related companies.

## Decarbonization Targets

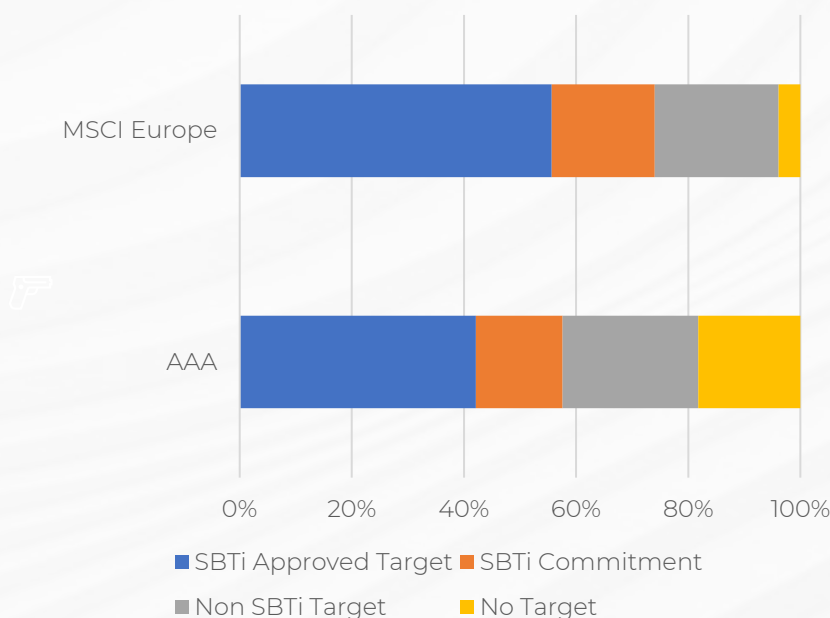


Figure 28.p. Breakdown the companies in the portfolios that have set GHG emissions reductions targets SBTi, Thematics AM, 31/12/2022

The proportion of companies with an SBTi target has decreased compared to last year (58% vs 80%). This is due to the repositioning of the fund with a smaller proportion of large cap companies.

## Biodiversity

### % Exposure Activities Negatively Affecting Biodiversity

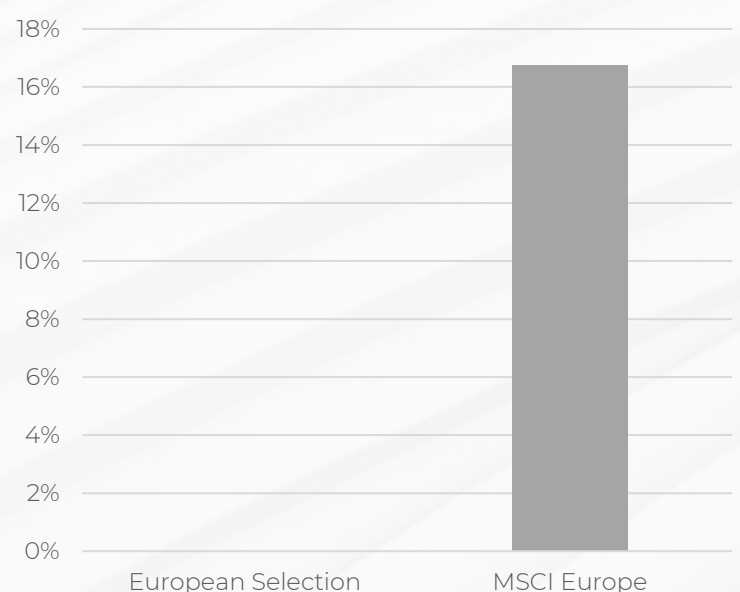


Figure 28.q. Exposure to activities negatively affecting biodiversity Sustainalytics, Thematics AM, 31/12/2022

The strategy is not involved in activities negatively affecting biodiversity.



# Thematics Climate Selection

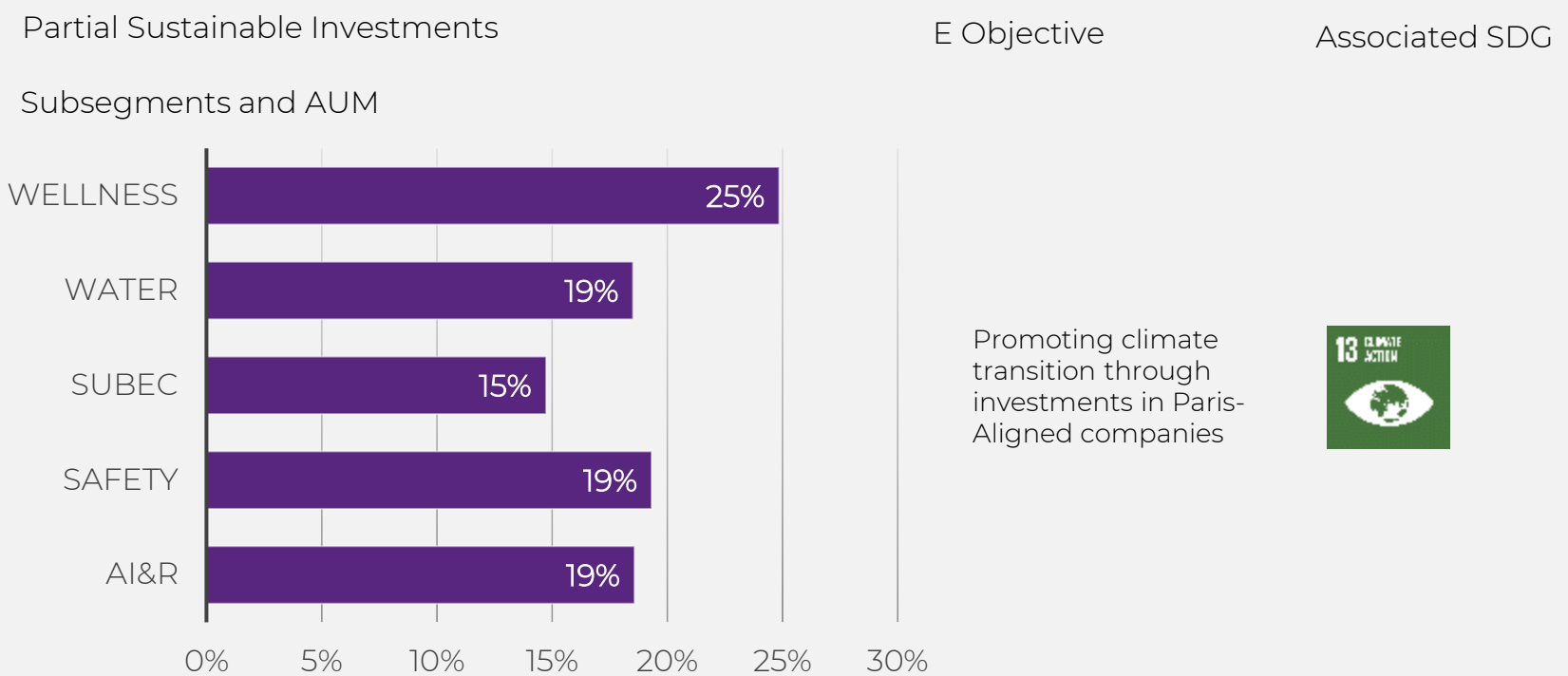


Figure 29.a. Percentage distribution of AuM per subsegment and the related E/S contributions and associated SDGs; Thematics AM as of 31/12/2022

As an Article 9 product, the Climate Selection Strategy commits to invest 100% of its equity assets in companies that are aligned with the Paris Agreement, with a 1.5C temperature trajectory.

Thematics Climate Selection Strategy combines all theme strategies managed within our thematic franchise in one single fund. As such, it is a multi-thematic strategy. Its positive contributions to sustainability is the collective contributions of all the five strategies, equally weighted.

At the end of 2022, 44% companies also contributed to social objectives around wellness, safety, and access to water, and about 7% contributed to its environmental objectives around sustainable management of water resources.

The main contribution of the Thematic Climate Selection fund is aligned with SDG 13 – Climate Action.

The portfolio managers supported by the Climate Specialist analyse the decarbonisation strategy of each selected company through a quantitative filter and a qualitative analysis. The quantitative filter evaluates each issuer’s alignment to the Paris Agreement through its decarbonization pathway.

The qualitative analysis assesses companies' decarbonization strategies based on five pillars: Governance, Strategy and Risk Management, Engagement, Disclosure and Targets.

Thematics is targeting to reclassify this strategy to Article 8 in 2023.

In terms of materiality distribution, just a little over half of the strategy are pure-play companies, most of which come from the Wellness and AI & Robotics segments.

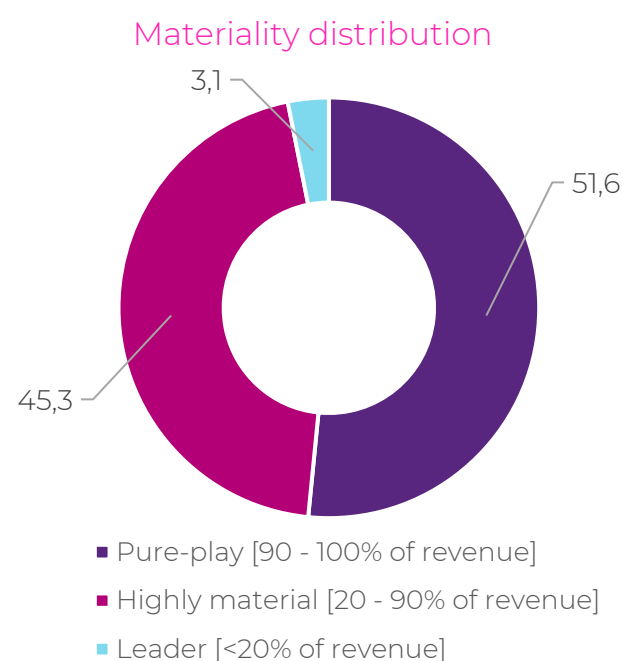


Figure 29.b. Percent Distribution of the strategy's materiality level; Thematics AM as of 31/12/2022

With more guidance and clarifications released by the European Commission on what constitutes Article 8 and Article 9 products, we took the decision to reclassify the Thematics Climate Selection into an Article 8 from its previous Article 9 classification in early 2023.

## Sustainability Contributions – UN SDGs

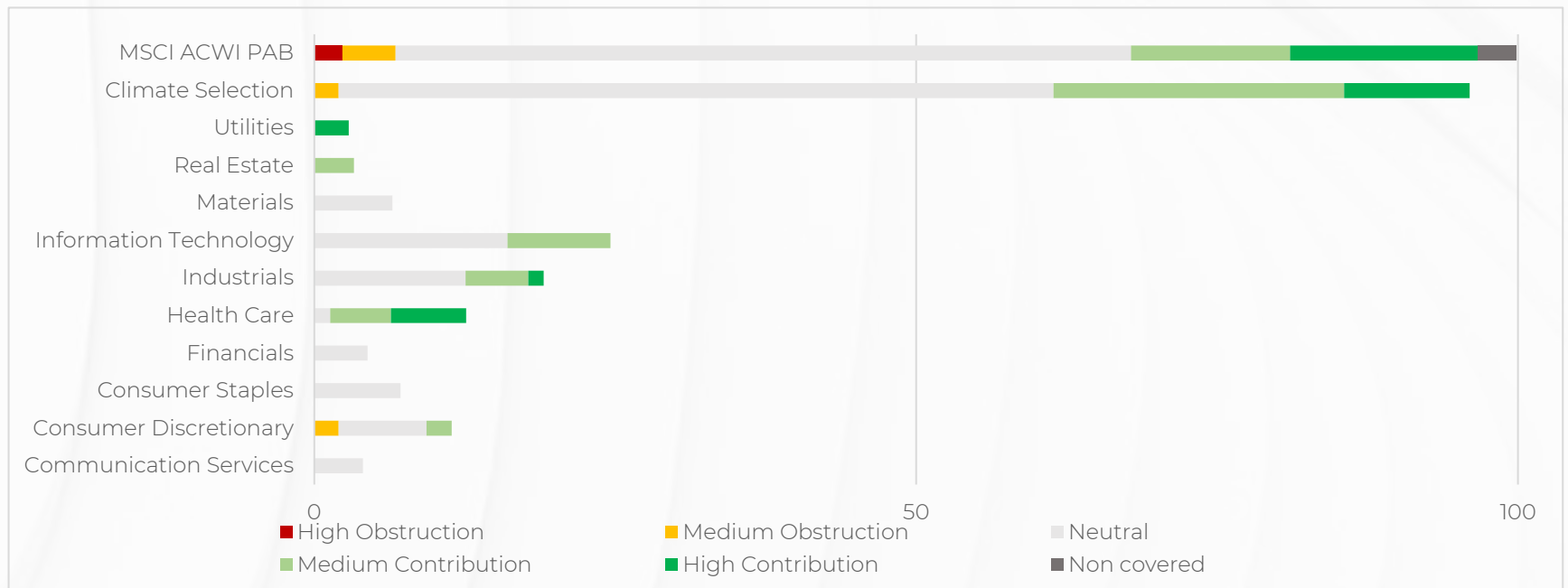


Figure 29.c. SDG Performance; Thematics AM & ISS as of 31/12/2022

Overall, the strategy has a higher contribution to sustainability themes than the reference index. The Healthcare companies contribute to the “Ensuring Health” goal through their diagnostics or pharmaceutical products. The Utilities companies contribute to the “Conserving Water” and “Ensuring Health” objectives through the provision of clean

drinking water. The Information Technology companies contribute to “Sustainable Energy Use” through online data center services which are more energy efficient than on-premise ones. strategy has a higher contribution to sustainability themes than the reference index. The Healthcare

## Manage ESG Risks

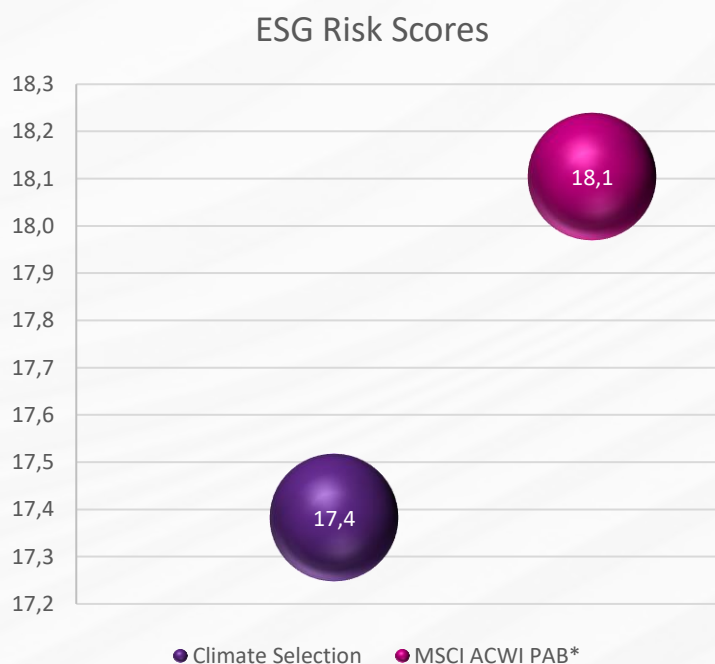


Figure 29.d. Weighted Average ESG Risk vs Universe & Reference Index. Thematics AM & Sustainalytics as of 31/12/2022

\*Reference index's score is measured as the rolling 3 months average of the weekly score, after eliminating at least 20% of the worst-rated securities.

The strategy outperforms its reference index after eliminating 20% of the worst rated securities. Since the launch of the fund in October 2022, the best improver was Ecolab, a provider of water, hygiene and infection prevention solutions whose ESG Risk

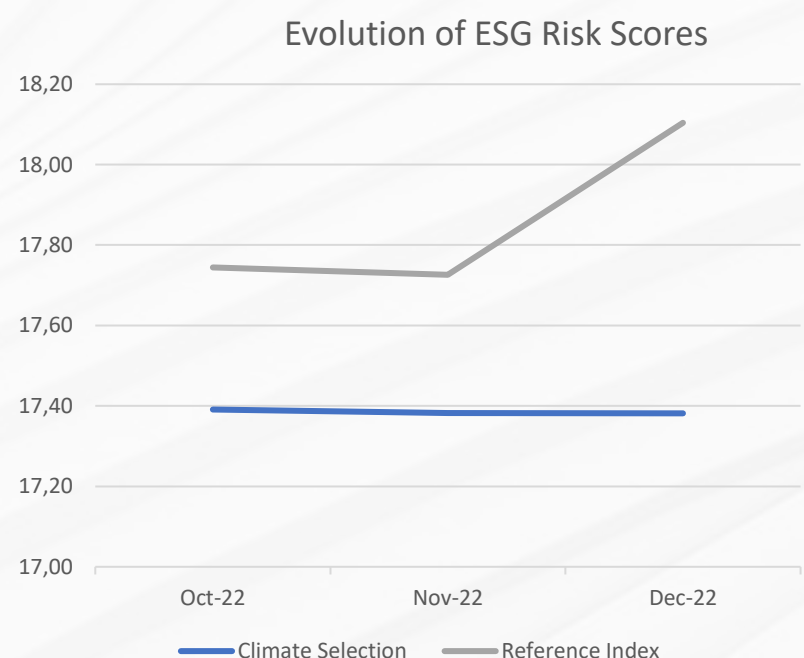


Figure 29.e. Evolution of Weighted Average ESG Risk vs Universe or Reference Index. Thematics AM & Sustainalytics as of 31/12/2022

Score improved by 4 points following better management of E&S Impact of Products and Services. The worst improver was Nestlé, a packaged foods company whose ESG Risk Score deteriorated by 3 points following weaker management score.

## Product-Based Exclusions

	Areas	% Exposure
	Fossil Fuels	0.08
	Unconventional Oil & Gas	0
	Conventional Oil & Gas	0.05
	Illegal Weapons	0
	Controversial Weapons	0
	Conventional Weapons	0.05
	Small Arms	0
	Tobacco	0

Figure 29.f. Exposure to controversial or adverse activities  
Thematics AM Internal Assessment & Sustainalytics as of 31/12/2022

## Controversies

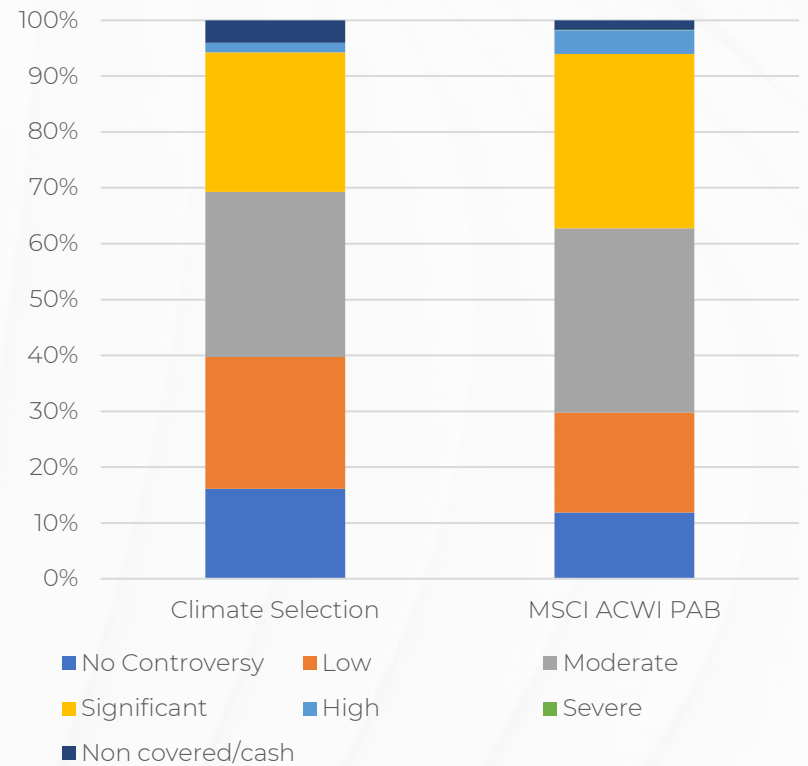


Figure 29.h. Exposure to controversies. Thematics AM & Sustainalytics as of 31/12/2022

## Behaviour-Based Exclusions

Norms & Standards	Non-compliance
UN Global Compact	0
OECD Guidelines for Multinational Enterprises Chapters	0
UN Guiding Principles on Business and Human Rights	0

Figure 29.g. Exposure to non-compliant securities. Thematics AM & Sustainalytics as of 31/12/2022

In terms of exposure to controversies, the strategy performs better than its reference index. 26% of the strategy is exposed to high or significant controversies. Alphabet is exposed to a high controversy related to anti-competitive allegations and investigations globally. The outlook for this controversy is neutral.

## Label ISR indicators

	% Covered	SDG Environmental	SDG Social	% Covered	Governance Controversies	Human Rights Controversies
Climate Selection	100	0.98	1.16	100	1.02	0.85
MSCI ACWI PAB	97	0.54	1.24	100	1.41	1.06

Figure 29.i. Controversies & SDG scores. Thematics AM & ISS & Sustainalytics as of 31/12/2022

## Carbon Footprint (tonnes CO2e/\$m invested)

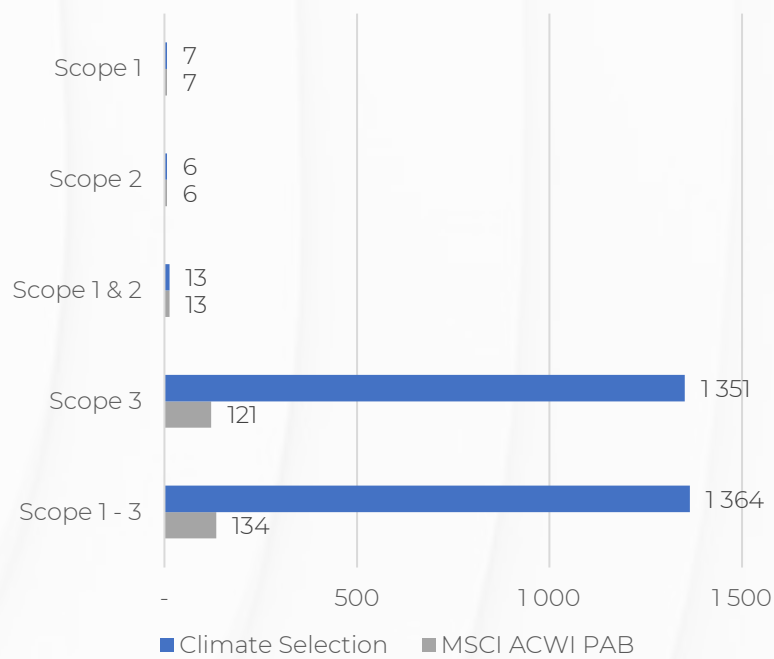


Figure 29.j. Carbon Footprint Scope 1-3 (in tonnes CO2e/USD million invested). Thematics AM & S&P Trucost as of 31/12/2022. Coverage: Scope 1,2,3 – 97,8%

The WACI Scope 1&2 of the strategy is low and in line with the MSCI ACWI Paris-Aligned Benchmark. The main contributor to these emissions is a company in the waste management business, due to its high methane emissions (anaerobic digestion).

## WACI (tonnes CO2e/\$m revenues)

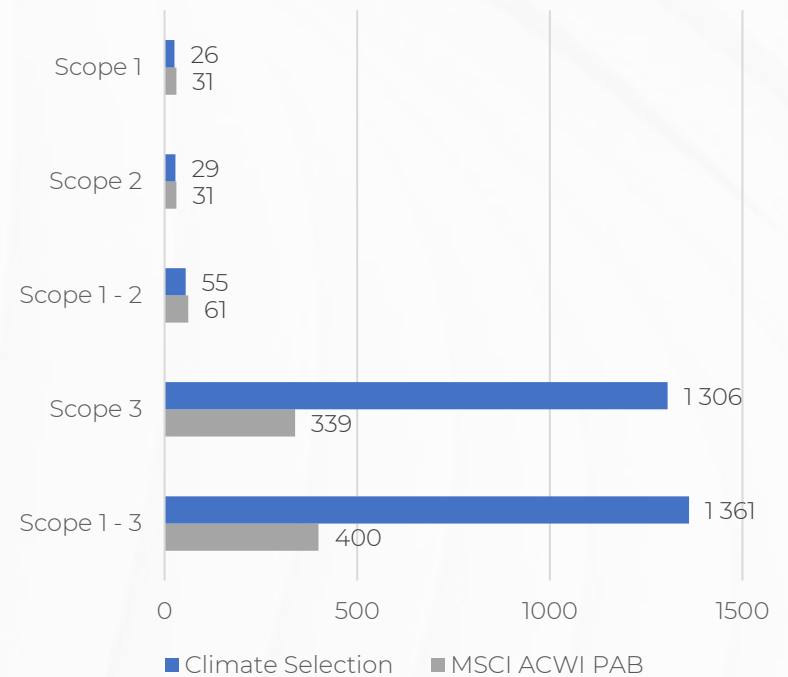


Figure 29.k. Weighted Average Carbon Intensity Scope 1-3 (in tonnes CO2e/USD million revenues). Thematics AM & S&P Trucost as of 31/12/2022. Coverage: Scope 1,2 – 100%; Scope 3 – 100%

Scope 3 emissions intensity is higher than the reference index. It is driven by Signify which contributes significantly to these emissions through its Scope 3.11 emissions “Use of Sold Products”. On the flip side, the company offers energy efficient solutions such as LED lamps.

## Green Revenues

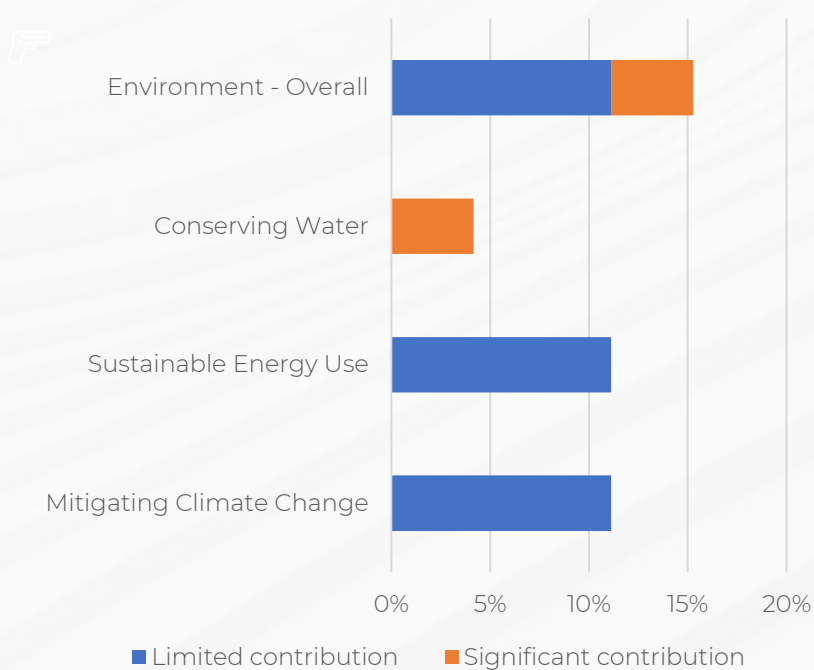


Figure 29.l. Breakdown of the strategies' positive contribution revenue exposure by environmental theme, as a share of total revenue, using weighted average method. ISS, Thematics AM, 31/12/2022

Most of the green revenues come from water utility companies that contributes significantly to the Conserving Water objective. Other contributions are attributable to cloud-based solutions companies that can lead to energy savings compared to poorly-managed on-premise solutions and thus contribute to both Sustainable Energy Use and Mitigating Climate Change objectives.



## Scenario Analysis

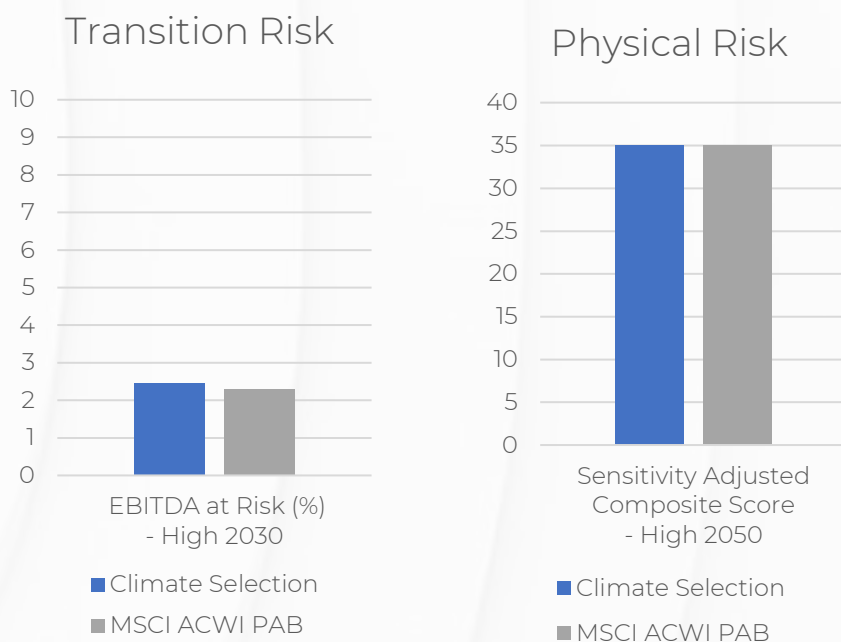


Figure 29.m. EBITDA at Risk and Sensitivity Adjusted Composite Score S&P Trucost, Thematics AM, 31/12/2022

The Carbon Earning at Risk are low and in line with the reference index, which integrates construction rules to reduce its climate impact. The Industrials sector is the main contributor to this risk.

The Physical Risk is in line with than the reference index. The most exposed sectors in the portfolio are Utilities and Materials.

## Decarbonization Targets

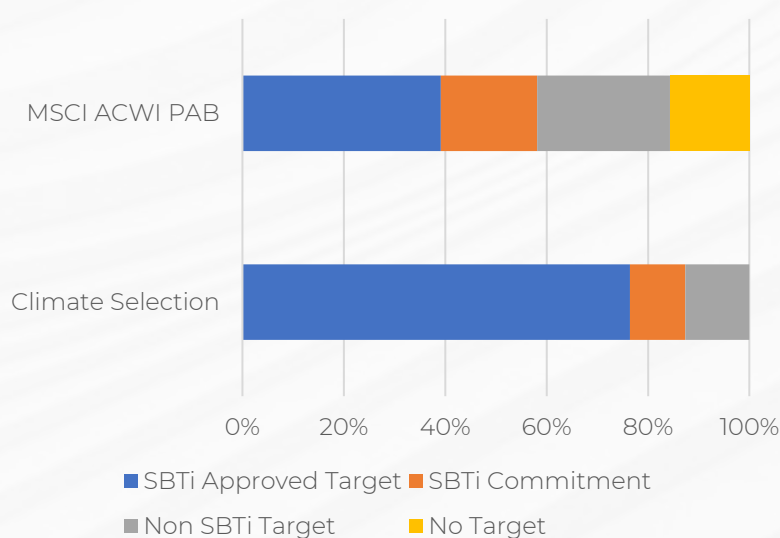


Figure 29.o. Breakdown the companies in the portfolios that have set GHG emissions reductions targets SBTi, Thematics AM, 31/12/2022

100% of companies have a decarbonization target and 87% have either an approved or committed SBTi target.

## Implied Temperature Rise

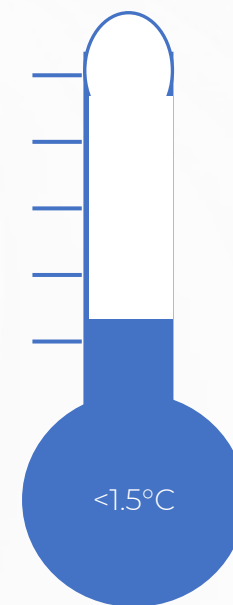


Figure 29.n. Implied Temperature Rise. Thematics AM & Trucost as of 31/12/2022

The implied temperature rise metric is by construction low, below 1.5°C.

## Biodiversity

% Exposure Activities Negatively Affecting Biodiversity

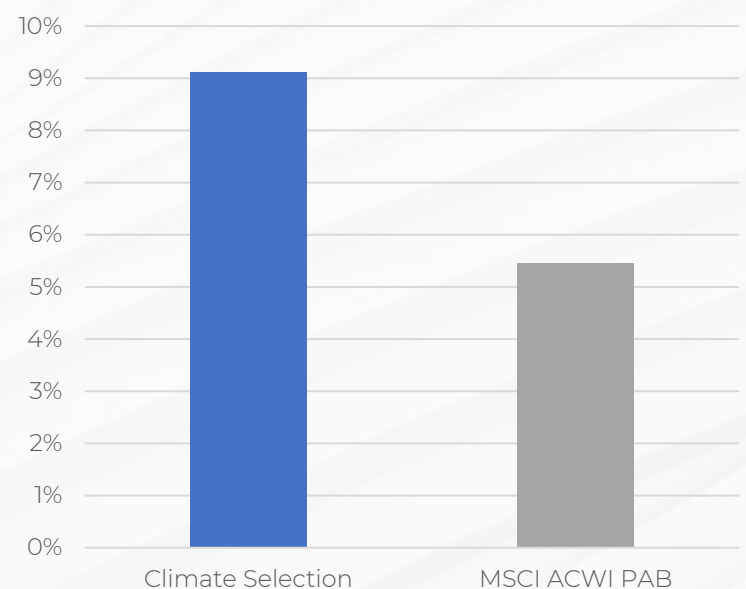


Figure 29.p. Exposure to activities negatively affecting biodiversity Sustainalytics, Thematics AM, 31/12/2022

In terms of exposure to activities negatively affecting biodiversity, the strategy has higher exposure than the MSCI ACWI PAB, but lower exposure compared to the MSCI ACWI index. Four companies are involved: Nestlé (Food Packaging), Siemens AG (Industrial Conglomerate), Aecom (Consulting) and Merck (Pharmaceuticals).

# Promoting Good Governance

## Notes on Voting data

- The voting performance data in this report covers all votes cast between 01 January 2022 and 31 December 2022, for all seven active strategies –Thematics AI & Robotics, Thematics Meta, Thematics Safety, Thematics Subscription Economy, Thematics Water, Thematics Wellness, and Thematics AAA European Selection. No votes were recorded for Thematics Climate Selection strategy which was launched in 30 October 2022, vote reporting will commence starting 2023. Thematics AAA European Selection, formerly named as Thematics AAA Consumer, was repurposed in October 2022. All votes are now counted and reported under the repurposed strategy.
- Thematics AM uses the Proxy Services of ISS (Institutional Shareholder Services) and the Voting Execution of Ostrum Asset Management's Middle-Office Processing Department. Ostrum AM is also an affiliate of Natixis Investment Manager, the parent company of Thematics AM.

## Notes on Engagement data

- Engagements covered in this report are those initiated within 2022 (Jan – Dec).
- Engagement for the Thematics Climate Selection strategy, launched on 30 October 2022, will commence in 2023.
- Engagements are conducted by the portfolio managers and supported by Thematics ESG Team. Our Engagement Policy is contained in our Transparency Code, accessible [here](#).

Any reference to specific securities, sectors or markets does not constitute investment advice, a recommendation or an offer to buy or sell securities, or an offer to provide a regulated financial service. The analyses, views and some of the investment themes and processes mentioned in this document represent the views of the portfolio manager(s) as of the date indicated. Those views, as well as the portfolio positions and characteristics described, are subject to change. There is no guarantee that market developments will reflect the forecasts in this document.



# Voting Summary

## 2022 Voting Activities

In this reporting period, which covers January 01, 2022 to December 31, 2022, we participated and submitted ballots to 100 percent of the votable meetings (235 meetings) across all our thematic strategies. In 4% of these meetings, the ballots we submitted were rejected, mainly due to technical reasons, for example invalidated power of attorney. These rejected ballots accounted for 3% ballots of the total ballots submitted and contained 344 votable proposals. We will endeavor that these issues are resolved moving forward.

In terms of proposals, a total of 6327 votable proposals were tabled in 2022. Again, we submitted our ballots to 100% of these proposals but only 95% or 5983 were confirmed and counted.

We voted to support or in favor of the majority of the proposals (91% of the total confirmed ballots), both from the Management and Shareholders. Proposals where we voted Against the Management represented 10%. In addition, there are also select cases where we disagree with the recommendation of ISS, but in line with our internal voting policy and upon validation of Thematics AM's Responsible Investment Committee, we submitted our final vote. This case represented a very minimal 0.3% or 16 proposals in 2022.

Voting Statistics	Total	% of total
Votable Meetings	235	100
Meetings with ballot submitted	235	100
Meetings with ballot submitted and confirmed	225	96
Votable Ballots	487	100
Ballots Submitted	487	100
Ballot submitted and confirmed	473	97

Figure 30. Voting statistics; Thematics AM as of 31/12/2022, ISS Proxy Voting.

The rationale are discussed in detail in the next section. We complied with the principles set out in our Voting Policy for all votes. No conflicts of interest situation was raised when exercising the voting rights attached to the securities held in the portfolios managed by Thematics AM.

Access our Proxy Voting Dashboard in this [link](#).

Voting Statistics	Total	% of total	Management proposals		Shareholder proposals	
			Total	Percent	Total	Percent
Votable Proposals	6327	98 <sup>1</sup>	6130	97	197	3
Votable Proposals with Ballots submitted	6327	100	6327	97	197	3
Votable Proposals with Ballots Submitted but Rejected	344	5	343	6	1	0.02
Votable Proposals with Ballots Submitted and Confirmed	5983	95 <sup>2</sup>	5787	97	196	3
FOR Votes	5457	91 <sup>3</sup>	5298	88	159	3
AGAINST Votes	369	6 <sup>3</sup>	332	6	37	0.6
ABSTAIN Votes	26	0.4 <sup>3</sup>	26	0.4	0	0
WITHOLD Votes	110	2 <sup>3</sup>	110	2	0	0
Votes AGAINST Management	570	10 <sup>3</sup>	431	7	139	2
Votes AGAINST ISS recommendation	16	0.3 <sup>3</sup>	16	0.3	0	0

Figure 31. Percentage distribution of resolutions by votes. Thematics AM as of 31/12/2022; ISS Proxy Voting

<sup>1</sup>There were a total of 6478 proposals, of which 160 are not votable items.

<sup>2</sup> As a percentage of the Total Votable Proposals

<sup>3</sup> As a percentage of the Votable Proposals with Ballots Submitted and Confirmed. Beyond the data reported on this table, we voted in 0,4% of total ballots asking for yearly disclosure on remuneration policy, expressed as 'One year'. For approximation reasons, the total sum can be off of 0,2%.

# Resolutions Proponent and ESG Category



Figure 32. Percentage distribution of votable proposals by proponent and ESG category; Thematics AM as of 31/12/2022; ISS Proxy Voting

Proposal from the Management accounted for about 97% of the total votable proposals in 2022 and the remaining 3% or 197 proposals were from the Shareholders. In terms of issues, a significant portion of the votable proposals remain relating to governance, accounting for almost 98% and the remaining 2% relating to environmental and social.

Notably, almost 98% of the proposals from the Management are governance-related and the remaining 2% pertains to environmental or social topics. On the other hand, proposals from the Shareholders are more split with 46% relating to governance issues, 44% relating to environmental, and the remaining 10% focused on social topics.

Director elections accounted for almost 50% of the total votable proposals. Other key governance-related resolutions are around compensation, audit,

capitalization and other routine business concerns.

In terms of environment-focused resolutions, this year's proposals are predominantly around climate, with about half relating to approval of climate transition plans and the other half around transparency, in particular on reporting around GHG emissions and reduction targets and physical risks exposure.

For social issues, about one-third of proposals within this category relate to transparency around political donations and lobbying, and another one-third focus on diversity, equity and inclusion, including board diversity. Other social proposals touched on human rights, health and safety, as well as tax transparency. We voted to support a significant majority of these environmental and social proposals except on those (very few) that we deemed as overly prescriptive.

## Resolutions by Category

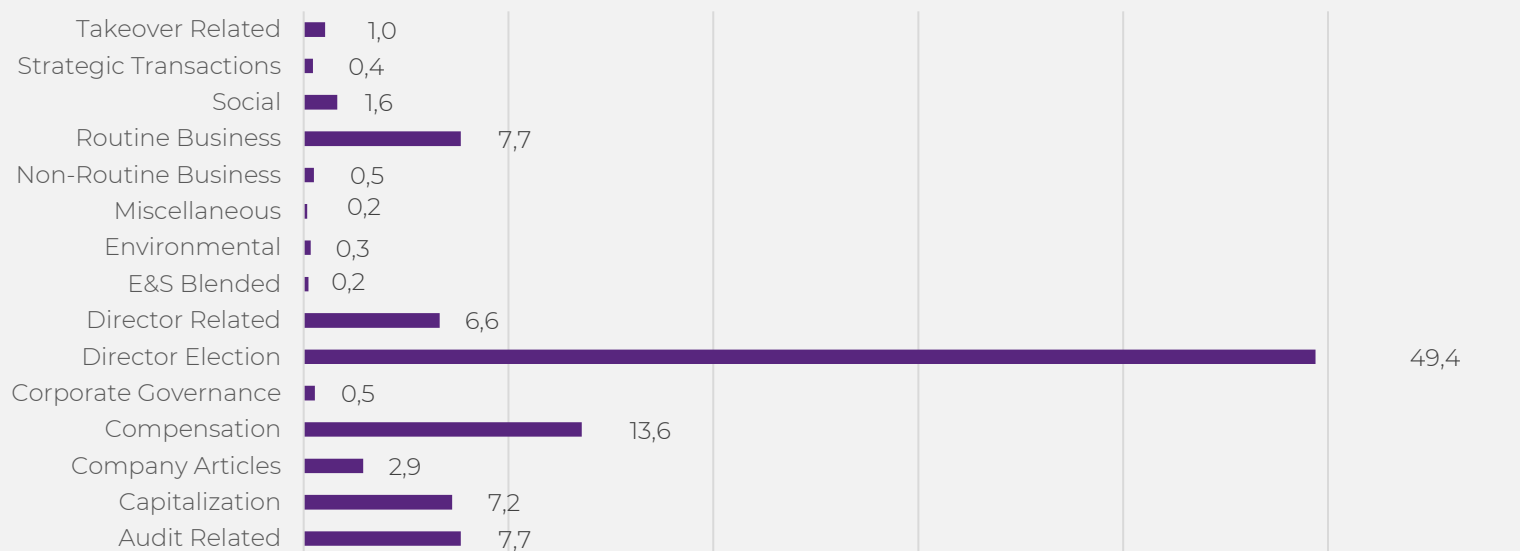


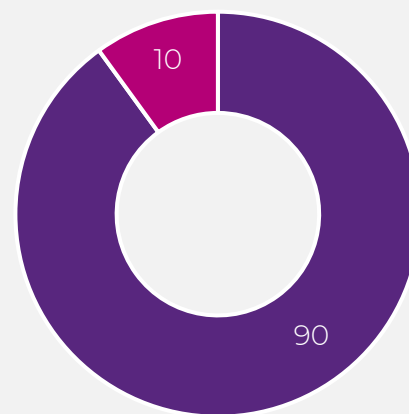
Figure 33. Percentage distribution of resolutions by category; Thematics AM as of 31/12/2021; ISS Proxy Voting



# Votes to Management proposals

As a responsible investor, we consider it as our duty to act as steward to our investee companies, providing support and reinforcement where we can, while also ensuring that internal corporate governance always act to create value for shareholders at all times. In line with established sustainability principles, our goal is to use our voting rights to promote strong and effective management of environmental, social, and governance aspects companies' operations.

To this effect we voted Against the Management in about 10% of total votable proposals (with ballots confirmed) in 2022, representing about 570 items.



- Votes WITH Management
- Votes AGAINST Management

Figure 34. Percentage distribution of votes to management proposals; Thematics AM as of 31/12/2022. ISS Proxy Voting

## Votes against management by category

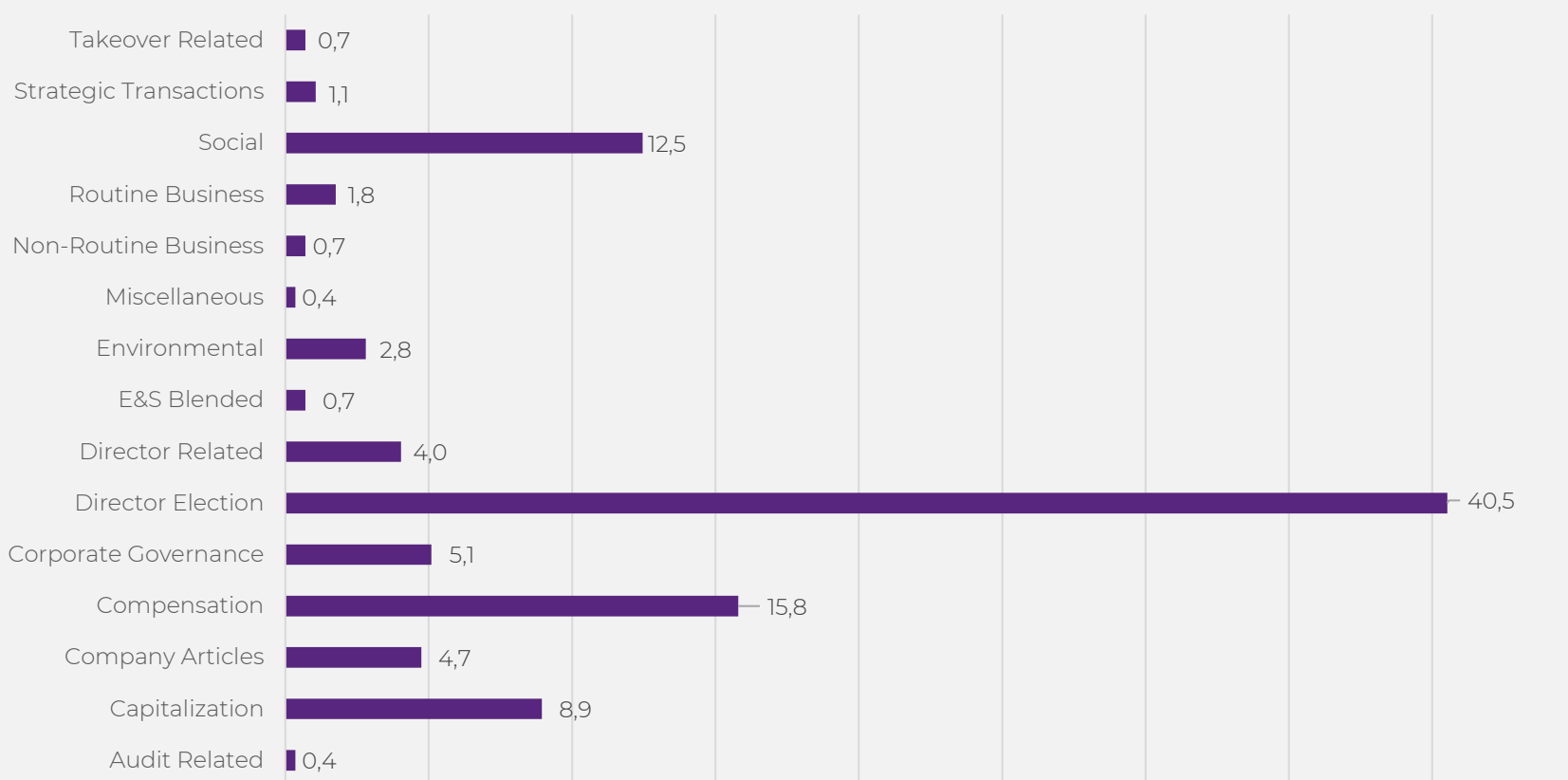


Figure 35. Percentage distribution of votes against management by category; Thematics AM as of 31/12/2022 ISS Proxy Voting

The largest portion of our votes Against management relate to director elections, accounting for about 40%. This underlines our conviction that accountability starts with the board and board quality, is fundamental to strong corporate governance.

The key topics where we voted Against the management or Against the election or reelection of director nominees are around board independence, accountability, compensation, and diversity.

Our votes are aimed at promoting sustainability practices, such as majority independent of key board

committees, independent chair of key committees, and prevent over-boarding. We also use our votes to making the board accountable for failures to achieve core mission, including governance of material ESG issues.

We also generally voted Against members of the compensation committee for lack of transparency, poor stewardship of compensation programs, lack of responsiveness to shareholders' concerns for example on say-on-pay.

In terms of ownership of diversity, we generally vote Against nominating committee chair where there is lack of diversity in the overall board.

# Votes to Shareholders Proposals

Shareholders proposals typically request management to take action on particular social, environmental or governance issues. We evaluate shareholders proposals on a case-by-case basis to ensure they are relevant and sufficiently detailed, as well as not too prescriptive, following our sustainability principles.

In 2022, shareholder proposals accounted for a little over 3% of the total resolutions voted on, a slight increase from previous year's 2%. This translates to 196 shareholders proposals. We supported more than 80% of these (159).

During 2022, shareholders proposal focused mainly on Social aspects. The main topics were around Racial Equity and Discrimination in the workforce; Political contributions and lobbying, Human Rights Risk assessment, Charitable contributions, Data privacy and the Gender Pay Gap. Most of these ask for increased disclosure or ad-hoc reports requesting a specific dive-in in a relevant issue.

Environmental shareholders proposals mainly asked for increased transparency around GHG emissions reduction targets, as well as for ad-hoc assessments relating climate physical risks.

For those proposals where we voted Against, these relate mainly to proposals on corporate governance, director elections, director-related, and some environmental and social proposals. These are primarily proposals where we deem that the company has already put in place sufficient measures or responses,

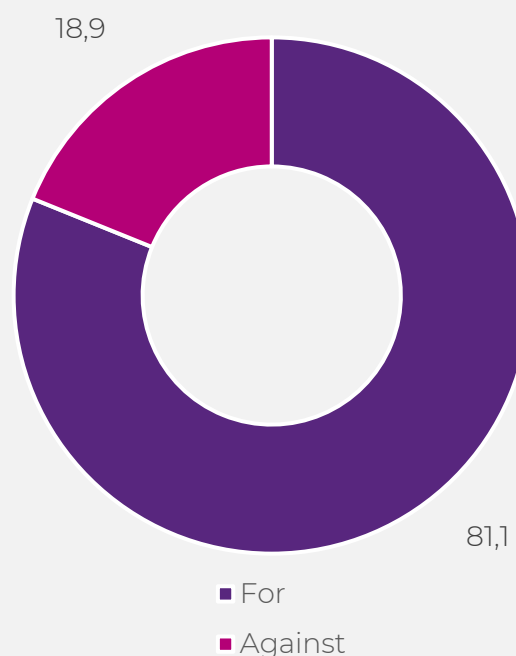


Figure 36. Percentage distribution of votes on Shareholders proposals by category; Thematics AM as of 31/12/2022 ISS Proxy Voting

and that the proposals seem overly prescriptive. Or not in the interest of the overall stakeholders. Some examples include proposals to amend certificate of incorporation to become a public benefit corporation, where in agreement with ISS, we believe that such action is not necessary to ensure that any company is acting in a responsible and sustainable way; or proposals to report on cost/benefit analysis of diversity and inclusion – specifically in companies that we deem already provide shareholders with sufficient information to assess their diversity and inclusion efforts, notwithstanding that at this is not necessarily a standard industry practice at this point.

## Shareholders proposal by category

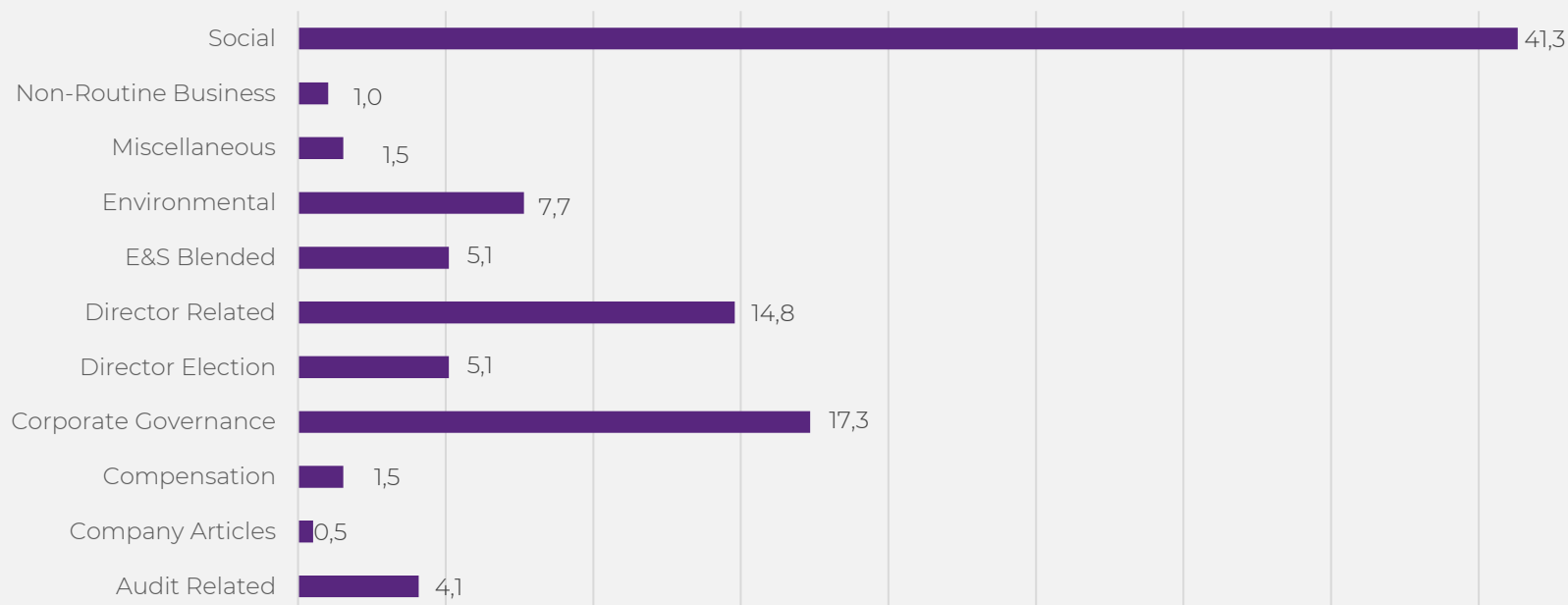


Figure 37. Percentage distribution of votes against management by category; Thematics AM as of 31/12/2022; ISS Proxy Voting

# Promoting good governance through our votes

Thematics Asset Management's goal is to actively participate in annual general meetings and to use our voting rights as shareholder to help promote the systematic integration of sustainable practices and promote good governance across companies we invest in.

All our votes aim to align with established sustainability principles. While we conduct our own internal proxy meetings analyses, the resolutions are primarily analysed by the ISS Proxy Voting Service, who then provide us with vote recommendations, applying sustainability principles. We then review and validate these voting recommendations before final submission.

It is our conviction that ownership of a corporation's sustainability starts with the board. It must therefore be able to lead and put in place sustainability policies, processes, and tools to ensure that the company achieve its objectives.

Boards must remain accountable at all times and ensure that they remain committed and effective in overseeing

the management, as well as in guiding the company's strategy so that it effectively delivers long-term and sustainable value for its stakeholders. As investors and as stewards to companies we invests in, we actively use our voting rights to make our voice heard, influence the direction of companies we invest in and provide guidance where applicable.

In 2022, our voting decisions remain committed to align with our sustainability values and with the principles of corporate governance that we defined as organization. The codification of the EU Sustainable Finance Regulation, providing 'Promoting good governance' as one of the criteria to qualify as a 'sustainable investment', the need for active ownership through voting is even more relevant.

Thematics AM remain strongly committed to our belief that our votes provide a useful and effective platform in which we can effect positive change and promote sustainable management through our investments.

# Making boards accountable...

We voted Against the Management in about 10% of total votable proposals (with ballots confirmed) in 2022, representing about 570 items. A significant portion (45%) of these Against votes relate to director election and director-related proposals. As a means to encourage the strengthening of accountability in the board, we voted Against or withheld our votes to directors for election or re-election where we have identified performance issues, whether they relate to the conduct of individual nominees or a nominee's chairing or membership to a committee that we consider to have failed to deliver on key missions, in particular those concerning sustainability aspects. In addition, we also voted against incumbent nominees when we consider that there is a board's failure to address previous concerns.

In terms of individual conduct, we voted Against director nominees for being over-boarded or for serving in various roles at other publicly listed companies that in our view could compromise the nominee's ability to commit sufficient time to his or her role in the company. We also voted Against nominees with board meetings attendance issues without disclosing the reason for the absences.

Where a nominee is incumbent and/or member of key committees and such committee has failed to demonstrate its achievement of key targets, we voted against to signal to the board our concern. In 2022, the predominant concerns relate to nominees who are member of committees or are incumbents, such as audit, where there are concerns regarding risk oversight in light of the pledging of a significant amount of the company's stock or an incumbent where the board failed to address governance issues, such as problematic capital structures and supermajority vote requirement to enact certain changes to the governing documents and the classified board.

- ✓ Lacking board oversight of ESG risks exposure
- ✓ Insufficient responsiveness to flagged material and problematic concerns
- ✓ Pay-for-performance misalignment
- ✓ Performance concerns: absenteeism
- ✓ Lack of oversight and board management of material issues, ie sexual harassment and discrimination
- ✓ Weak shareholder rights protection
- ✓ Overboarding

## ...and independent

The composition of board members should be balanced and consist of independent directors. As a collective body entrusted to at all times act in the best interest of shareholders, independence of the board of directors from management ensure that they can provide unbiased business judgment, and able to foster independent decision-making and to mitigate conflicts of interest that may arise.

Our view is aligned with established corporate governance standards, including the Code of Corporate Governance, and we believe that a majority-independent board is essential towards achieving an effective leadership. We generally vote against the election or reelection of any non-independent directors if less than one-third of the board members are independent.

In 2022, we voted Against incumbents who are non-independent or are members of key boards, such as audit and remuneration, that are non-independent. We also voted Against new nominees that are non-independent and are joining a non-independent board. In addition, we also voted Against non-independent director nominees for failing to establish a board on which a majority of the directors are independent directors.



# Ensuring fair compensation

We believe that aligning the interests of management with those of shareholders is fundamental to good corporate governance and the company's remuneration policy must contribute to this. What defines fair compensation involves an array of factors, including industry specificities, market expectations, established domestic practices, as well as national tax laws and regulations.

Thematics AM aligns with globally established principles on compensation underlying market-specific policies globally. These include providing shareholders with clear, comprehensive compensation disclosures, maintaining appropriate pay structure with emphasis on long-term shareholder value, avoiding arrangements that risk "pay for failure", maintaining independent and effective compensation committee, and avoiding inappropriate pay to non-executive directors.

Applying these principles into practice, we voted Against some director nominees who we believe are not

in spirit with these standards.

In 2022, we voted Against incumbent nominees who are members of the compensation committee that have failed to deliver on their mission, including inadequate responsiveness to a failed say-on-pay vote result and unresponsiveness to significant dissent to remuneration policy. We also voted Against members of remuneration committees where there is unmitigated pay-for-performance misalignment, inadequate responsiveness to dissented remuneration policy, as well as for what we considered as poor stewardship of the compensation program and repeated failures to address shareholders' concerns expressed through low say-on-pay support.

We also voted Against nominees where we believe there is lack of disclosure surrounding bonuses, special equity awards that, while performance-conditioned, were excessive, and unmitigated pay-for-performance misalignment.

## Responsible political spending and lobbying

We acknowledge that lobbying is a legitimate act of political participation and that companies have a legitimate business interest in engaging in policy making, especially with laws and regulations that impacts them. Businesses can bring useful inputs and insights to policy makers that in turn could help facilitate informed decision-making. However, as corporate political engagement practices become more transnational and prevalent, concerns about its potential for abuse, undue influence, unfair competition and regulatory capture to the detriment of fair, impartial and effective policy making.

We generally vote for proposals requesting greater disclosure of a company's political contributions and

trade association spending policies and activities, and we vote case-by-case on proposals requesting information on a company's lobbying (including direct, indirect, and grassroots lobbying) activities, policies, or procedures. We consider the company's current disclosure of relevant political contributions and lobbying policies, management and board oversight; disclosure regarding trade associations or other groups that it supports, or is a member of, that engage in political contributions and lobbying activities; and its significant controversies, fines, or litigation regarding the company's political contributions or lobbying-related activities.

In 2022, we voted in favor of 100% of the proposals asking companies to report on their lobbying payments and policy, as well as to report on their climate lobbying. Notably, these are all proposals from shareholders.

# Towards diversity, equity, and inclusion

To promote board diversity, we generally vote for requests for reports on a company's efforts to diversify the board and we vote case-by-case on proposals asking a company to increase the gender and racial minority representation on its board, taking into account several factors and specificities. In 2022, we voted Against nominating committee chairs where there is lack of diversity on the board. We voted to support resolutions asking the Management to report on steps undertaken to improve racial and gender board diversity.

On equality of opportunities, we generally vote for proposals requesting a company disclose its diversity policies or initiatives, or proposals requesting disclosure of a company's comprehensive workforce diversity data, including requests for EEO-1 data. We also generally vote for proposals seeking information on the diversity efforts of suppliers and service providers. Moreover, we generally vote for proposals seeking to amend a company's EEO statement or diversity policies to prohibit discrimination based on sexual orientation and/or gender identity, as well as to extend company benefits to domestic partners.

## Preserving human rights

We generally support proposals that call for the adoption and/or enforcement of principles or codes relating to countries in which there are systematic violations of human rights; such as the use of slave, child, or prison labor; a government that is illegitimate; or there is a call by human rights advocates, prodemocracy organizations, or legitimately-elected representatives for economic sanctions. In addition, on data security and privacy concerns, we vote case-by-case on proposals requesting the disclosure or implementation of data security, privacy, or information access and management policies and procedures, considering

In 2022, we voted in favour of 100% of the proposals relating to diversity, equity, and inclusion. These proposals are primarily around adoption of policy to annually disclose EEO-1 data; reporting on racial equity audit; reporting on the effectiveness of diversity, equity, and inclusion efforts and metrics; and reporting on gender/racial pay gap.

A significant percentage of our investee companies are US-domiciled. For proposals relating to issues more prevalent in the US context, we also voted to support them. They include proposals on adoption of policy on paid sick leave for all employees; reporting on civil rights audit; and reporting on hiring of persons with arrest or incarceration records because additional information could help shareholders better understand how the company is assessing and managing the progress of its various diversity and inclusion initiatives;

We note however that this category of proposals still represent a tiny 0.5% (34 out of 6379) of the total votable votes in 2022.

current level of disclosure, and scope of business involvement or exposure, among others. ,

In 2022, we voted to support 100% of proposals relating to this issue. The resolutions primarily relate to reporting on risks of doing business in countries with significant human rights concerns; commissioning third party assessment of company's management of misinformation and disinformation across platforms; and reporting on managing risks related to data collection, privacy and security.

# Managing climate change

Thematics AM is a signatory to the Task-force on Climate-related Financial Disclosure. We are committed to provide transparency to our stakeholders on how we incorporate climate risk management measures into our investments, and at the same time, how we contribute to the global climate transition as investors.

Integrating these commitments into our voting, we generally vote for proposals seeking information on the financial, physical, or regulatory risks a company faces related to climate change. We believe that companies must be well equipped to identify, measure, and manage their climate risks exposure. Moreover, we also vote in favor of proposals calling for the reduction of GHG emissions; seeking reports on responses to regulatory and public pressures surrounding climate change and for disclosure of research that aided in setting company policies around climate change; and requesting a report/disclosure of goals on GHG emissions from company operations and/or products. Lastly, we also generally vote for proposals requesting that a company report on its energy efficiency policies, as well as for requests for reports on the feasibility of developing renewable energy resources or invest in renewable energy resources.

Majority of climate proposals in the last 3 years have been from Shareholders. These proposals generally ask companies to issue a report to shareholders descriptions of efforts within companies to reduce emissions, their financial exposure and potential liability from operations that contribute to global warming and their goals in reducing these emissions from their operations.

In 2022, 20 or 0.3% of the total votable proposals are related to climate. Thematics AM voted on all of these proposals and our votes are 100% in support of or favoring the adoption of steps to advance climate risk management and transparency by companies.

Say on Climate

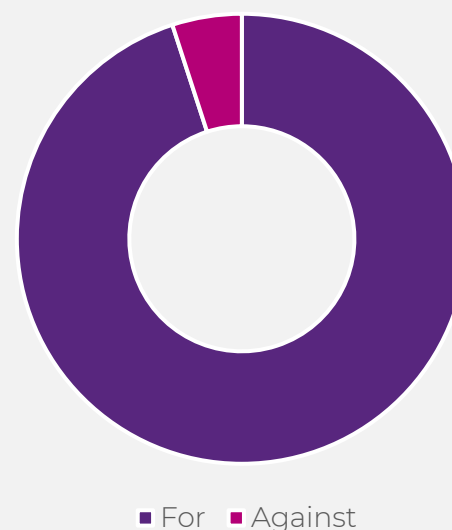


Figure 38. Percentage distribution of votes on Say on Climate

In 95% of these proposals (19 out of 20) we voted FOR, where the proposals are primarily around approval of climate transition plans and disclosure or reporting on companies' GHG emission, reduction plans, as well as physical risks. We have one vote Against, to a proposal by the management to approve the proposed climate transition plan because the company has not disclosed the full set of scope 3 GHG emissions and has no short-term Scope 3 GHG emissions reduction target. Additionally, the company has not committed to an annual say on climate vote, which would allow shareholders to continually assess the company's progress in managing its climate-related risks.

## Voting to advance incorporation of sustainability practices

In all other proposals in 2022, guided by our commitment to use our voting power to promote and advance sustainability across our investee companies, we consistently voted in alignment with sustainability principles in all our thematic strategies. Ultimately, it is our view that when companies adopt sustainable practices in their operations, it benefits the society, the environment, and the economy as a whole, creating long-term and meaningful value for all stakeholders.

On human and labour rights, we voted in support of all proposals that primarily ask companies to report on: human rights due diligence; civil rights audits; costs of low wages and inequality and impact on diversified shareholders; efforts to prevent abuse, harassment, and discrimination; and risks of doing business in countries with significant human rights concerns. Moreover, we also voted in favor of all proposals asking companies to adopt paid policy for all employees, in particular our U.S. domiciled companies; and to adopt policy on China sourcing, which we believe would serve to further enhance the companies' commitment to addressing labor issues, including forced labor, in its supply chain.

On technology companies where the issue of data privacy and security is material, we voted in support of all proposals asking for transparency on how companies are managing risks related to data collection, privacy

and security, as well those asking to disclose on policies regarding military and militarized policing agencies.

On promoting the governance of sustainability, we voted in favor of all proposals that asked companies to establish an environmental sustainability board committee, and those around approval of financial implementation report of Corporate Social Responsibility Programs of companies.

In line with our objective to promote accountability by the board, we also use our votes in director-related items. We Withheld or voted Against board chairs where there is significant risks to shareholders stemming from moderate to severe ESG controversies have been identified at the company, which reflects a failure by the board to proficiently guard against, manage and mitigate material environmental, social and governance risks, or when the company does not have any public reports or information on its website about its sustainability strategy or communications regarding its environmental and social performance. It is our view that a chair of the board ultimately shoulder the most responsibility amongst all board members for failing to effectively supervise the management of risks to the company and its shareholders, and should therefore be held the most accountable for poor board oversight of ESG risk exposures at the firm.





# Percent of engagement to date

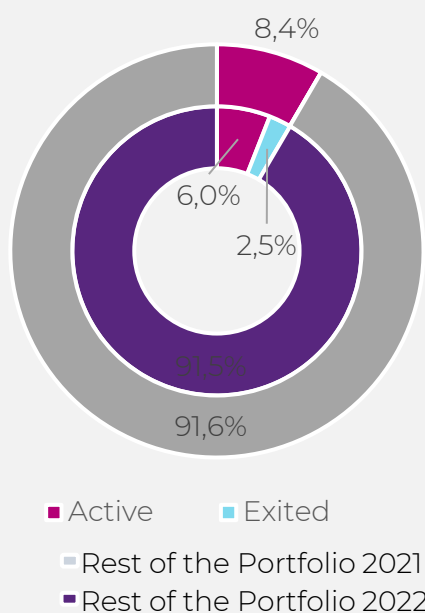


Figure 40. Engagement statistics; Thematics AM as of 31/12/2022.

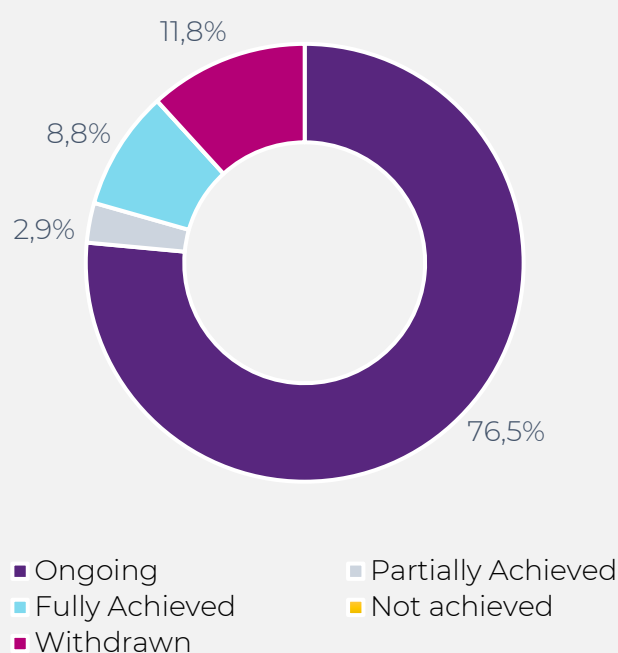


Figure 41. Engagement completion level; Thematics AM as of 31/12/2022

**Ongoing** refers to engagements that have been initiated and discussion with company is still ongoing, waiting for the achievement of agreed outcomes by investee company.

**Partially achieved** could refer to two things: (1) in cases where the engagement has more than one target theme and the company has achieved one or more of the expected outcomes, while still working on the remaining targets, or (2) the engagement was completed, and the company only achieved a portion of the defined target.

The year 2022 marks the second year of the implementation of our formal, sustainability-focused engagement with companies. This engagement is separate from or on top of our regular discussion with companies, where ESG are in most cases, part of the agenda. These are in-depth engagements with defined sustainability outcomes.

In 2022, we engaged with about 17 companies in our global thematic portfolio (excluding the recently launched Climate Selection, where engagement will commence in 2023). This represents about 8 percent of the total number of securities. And as we marked the end of the second year of engagement, we have engaged to date (from 2021) with 35 companies representing about 14% of our global portfolio.

In general, our engagements have 2 to 3 defined targets. As of 2022, of the total number of companies we engaged with since 2021, about 11% have fully achieved the defined targets, while about 77% is still ongoing. Three percent have achieved some of the targets while actions towards other targets are still ongoing.

Majority of the achieved targets are around transparency. Target companies successfully published their inaugural sustainability report or develop ESG-dedicated webpage where they provide sufficient level of disclosures on their sustainability management.

Details of actions and status of the engagement is provided in the engagement profile of each engaged companies in the next section.

**Fully achieved** means that the company achieved all of the defined targets within the defined timeline.

**Withdrawn** refers to cases where an engagement was initiated but discontinued for a number of reasons, including, but not limited to: the company did not respond after at minimum 3 attempts; the company initially engaged but discontinued at anytime.

**Not achieved** are cases where the company has not demonstrated sufficient progress against the defined objectives within the agreed timeline.

# Engaging to generate positive change

We believe that engagement offers a critical avenue for investors to drive positive change in companies. By actively engaging with companies on targeted and material sustainability issues, we can encourage our investee companies to adopt more responsible and sustainable practices that benefit both the company and society as a whole. We are also able to build a space for constructive dialogue where we can act as stewards for the companies we invest in and to work together to identify and address sustainability risks and opportunities.

Collaborating with other investors and with the larger investment management community is also an effective tool for industry-wide changes. Investors can pool resources together to engage with companies on sustainability issues, multiplying our leveraging power and generate greater impact. We can also raise awareness of sustainability issues within the investment community and help advance the adoption of sustainable principles across the industry. Ultimately, engagement can help to align the interests of companies, investors, and society, promoting sustainable business practices that create long-term value for all stakeholders.

Engaging with companies on priority sustainability themes is a binding element of Thematics AM's framework. Annually, we select a set of new companies to engaged with on specific and material sustainability areas. These engagements are separate from the discussions we conduct with companies as part of due diligence. In these sustainability-focused engagements, we define the objectives with the company and the expected outcomes and timeline.

In addition to these direct company engagements, Thematics AM also join industry initiatives and collaborate with the other investors to promote sustainability especially in areas that relate to our thematic strategies.

The following section presents some of our engagement highlights, the details of our engagements with companies per thematic strategies, as well as the updates on ongoing engagements that were initiated in the previous year.

# Engagement highlights

*Engagement Objective: Improve transparency on sustainability aligned with international standards.*

*Chegg Inc is an educational services company specializing in textbook rentals, course assistance and online tutoring. It offers over 25,000 textbook titles for students to rent and historically has had over 7.8 million students use its services.*

We initiated our engagement with Chegg in December 2021, where the company promptly responded and discussed with us. We flagged areas where we deem the company to be lacking disclosure or can be improved further, in particular on the company's actions towards human rights protection, as well as shareholder protection. Specifically, we asked on the company to: (1) improve their transparency on their sustainability management to align with evolving sustainability regulations; and (2) reenforce their governance around human rights and stakeholder in particular around data privacy and security, to consider signing the UN Global Compact or implement a program to align with the principles of the UNGC.

In response to these issues, Chegg committed to publish their first sustainability data pack that will contain ESG-related performance data within 2022. In terms of expectations and compliance to rapidly developing sustainability standards and norms, the company has expressed their openness to account for the disclosure requirements, especially in EU. We have shared with the company the elements of the EU taxonomy, especially on the principal adverse impact indicators, listing the key ESG areas where we hope and expect the company to include in the scope of their transparency. They indicated that they will be also monitoring sustainability regulatory developments and make the effort to ensure their compliance.



In terms of governance of human rights and stakeholder protection, Chegg has acknowledged areas that still needs to evolve and advance as they go along their sustainability journey. They are still a young company that only went public in 2013. Chegg has indicated that they are in the process of conducting an ESG materiality assessment that will inform their ESG roadmap for the next few years.

In 2022, we conducted an assessment of Chegg's progress against its commitment and we note that the company has achieved its stated commitment. On transparency, Chegg published its inaugural ESG Report and also completed its formal ESG materiality assessment to inform its ESG roadmap. It engaged with over 300 students, professors, employees, executives, employee resource group leaders, investors, and board members as a part of this process to help them evaluate 20 key ESG issues. The ESG section its website is also highly informative and transparent.

On governance, particularly around human rights and stakeholder protection, ISS has just updated their ratings and has scored Chegg as B in terms of Corporate Governance and Business Ethics, with an A+ rating in terms Shareholder democracy, the issue we flagged. And while we understand that signing the UN Global Compact may not be in the priority list as of today, we deem the company's policy and disclosure on how they 'act responsibly' is comprehensive.



# Engagement highlights

*Engagement Objective: Set science-based decarbonization target and adopt climate transition plan*

*Elis SA is an established multi-service provider offering textile, hygiene and facility service solutions. Through its circular business model it provides flat linen, workwear and hygiene products, while enabling water usage reductions.*



Our engagement with Elis focuses on climate transition strategy and transparency, with the aim to encourage the company to set a science-based decarbonization target and adopt credible climate transition plan. Prior to engagement, our internal assessment showed that the company's current temperature alignment is >5C and that while it has started to provide disclosure on its carbon emission and climate governance, there are existing gaps and areas for improvements in order to align with international frameworks.

We initiated the engagement in September 2021. The company articulated their commitment towards decarbonization and to the implementation of climate transition actions. They also elaborated on some ongoing initiatives, including: their GHG reduction achievements, start of initiatives to transition to renewable energy sources, and the start of management discussion on net-zero strategy. The company has also just hired their CSR Director who will lead the implementation of their ESG and climate-related initiatives.

We monitored the company's progress versus target in 2022 and also conducted a follow-up engagement call with the company in January 2023. We note the following progress:

- In March 2022, Elis signed the Science-based Targets Initiatives, formally committing to a process of reducing its

emissions in line with the Paris agreements and contributing to keep the temperature increase below 1.5°C compared to preindustrial levels. Elis has now presented its climate targets aligned with the methodology of the Science Based Target (SBT) initiative and is awaiting the validation.

Elis sent its first CDP questionnaire in 2019. In 2021, CDP rated Elis B in climate change, and in 2022, with enhancements implemented it achieved a rating of A-

- In terms of climate transition, the company has initiated the following: fleet decarbonization [covering its 9000+ vehicles]; start the use of biofuel-ran alternative vehicles in some markets, ie Sweden; in-house engineering team actively testing solutions to improve the environmental footprint of its laundries, ie water and energy use minimization technologies purchase of renewable energy certificates in more advanced markets such as Denmark, Sweden and Netherlands; use of materials with increased lifespan and higher degree of resource efficiency, for example polycotton that have higher longevity and requires shorter washing and drying time.
- We will wait for approval of the company's SBTI target and assess progress made based on its 2023 report.

# Engagement highlights

*Engagement Objective: Reenforce ESG governance and transparency; adopt climate transition strategy.*

*Menicon is Japan's first and largest contact lens manufacturer delivering safe contact lenses worldwide. It is dedicated to all areas of contact lenses-related business including material development, lens designing and manufacturing of contact lenses and care solutions.*



We formally engaged with Menicon in December 2021 to flag the need to improve and reenforce their actions around 3 key issues: ESG governance, transparency, and adoption of credible climate transition strategy. We highlighted the lack of formal management oversight of their sustainability initiatives, weak disclosure on material ESG indicators including environmental risks management, lack of board independence and diversity, and also the lacking disclosure on key climate metrics, such as GHG emission, water and waste intensity, among others.

In terms of ESG governance, while at the time of engagement there was no dedicated person responsible for ESG oversight, they stated that this aspect is within remit of the company's Corporate Social Responsibility and Investor Relations groups. Further, Menicon acknowledged the lack of disclosure but articulated their commitment to improving their governance framework and public reporting.

On climate, we flagged the Tokyo Stock Exchange's new disclosure requirements for listed companies to align with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations starting in April 2022. We also encouraged alignment with the Japanese Corporate Governance Code, on ESG issues, including board independence and diversity to which the company acknowledged. Menicon expressed their commitment to incorporate these new elements into their also upcoming reports in 2022 and beyond.

Noting the commitments of the company, we conducted a review of its progress in 2022 and note the following achievements: Menicon published its first 'Sustainability Report' in October 2022, containing information of material ESG KPIs, including on issues that we engaged with. This report was also complemented by two other reports – their GRI Standards Content Index and their Non-financial Data 2022.

On ESG governance, the company indicated on its 2022 Sustainability Report that it has established a Sustainability Committee, with the President and CEO responsible for risk management, to promote risk management company-wide and to share the information necessary for risk management, among others. In terms of board independence, the company now has a strong level of board independence, with more than two-thirds and that the company's current level of board independence exceeds market practice. Its diversity program is also now improved. Recognising these efforts, the company's latest ESG rating (in Sustainalytics) has improved considerably by 12 points, with the company currently in the top 5 percentile of its industry in terms of ESG risk management.

In terms of climate transition management and disclosure, the company has also started to report aligned with the TCFD framework, through a dedicated webpage and on its reporting. In 2023, we will conduct a comprehensive analyses of the company's climate transition

# Thematics Water

## Percent of engagement

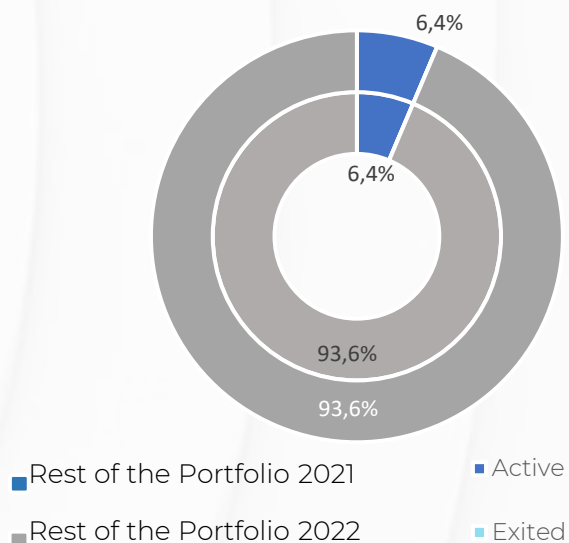


Figure 42. Engagement statistics; Thematics AM as of 31/12/2022

## Status update on previous engagements

Company	Engagement initiation date	Engagement target	Progress to date (2022)
Elis SA	09/2021	Climate risk management and transparency	<ul style="list-style-type: none"> <li>✓ First follow-up engagement request sent to company on 24 November 2022 to get updates on commitments and actions. The meeting materialized on 23 Jan 2023, where we discussed with the company's CSR Director and Head of Investor Relations.</li> <li>✓ See engagement details in the 'Engagement Highlights' section.</li> </ul>
Primo Water	09/2021	Human rights	<ul style="list-style-type: none"> <li>✓ New progress achieved after engagement initiation – the company published the following: its Global Supplier Code of Conduct in January 2022, providing its principles and standards on business conduct standards (including child and forced labour, slavery, remuneration, and non-discrimination), business practices (including freedom of association and collective bargaining, and supplier diversity), and business integrity and ethics ( which cover antitrust and fair dealing and reporting potential misconduct); and its Code of Business Conduct &amp; Ethics in April 2022.</li> <li>✓ Most significantly, the company also published its inaugural 2020 ESG Report in July 2022, covering ESG initiatives implemented from 29 December 2019 to 02 Jan 2021. As this is the first, the disclosures focused on the fundamentals – formalization of ESG priorities and governance structure and establishing commitments and initial targets. It also has a dedicated 'Sustainability' webpage.</li> <li>✓ We consider the engagement on human rights completed. We will re-assess the company for future engagements.</li> </ul>
Evoqua	01/2021	Governance Board diversity	<ul style="list-style-type: none"> <li>• Follow-up engagement conducted in February 2022 prior to the company's AGM . We The call was attended by the Chairman himself who provided detailed input on the company's current thinking around board structure, as well as actions to improve their remuneration policy and board diversity. The company has also offered to set-up a follow-up call with their Chief Sustainability Officer to delve more deeply into the company's product governance.</li> <li>• As of February 2023, the board structure (classified) remains, as we have expected based on the earlier discussion. While the company acknowledged the importance of the declassified board, they indicated that it is not the ripe time for transition, however, it will be part of their evolution discussion moving forward. Consistent with previous years, we Withheld our votes to incumbent director nominees for failure to remove, or subject to a sunset requirement, the classified board.</li> <li>• Board diversity has increased from 0% in 2020 to 33% after the last annual general meeting. The company's board is now considered sufficiently diverse.</li> <li>• We will re-assess the company upon publication of its 2022 sustainability report and schedule a follow-up engagement within 2023.</li> </ul>

To date, we have engaged with about 13% of companies in the Thematics Water strategy, half of which was initiated in 2022. All of these engagements are currently ongoing, except for one which is considered completed as of 2022.

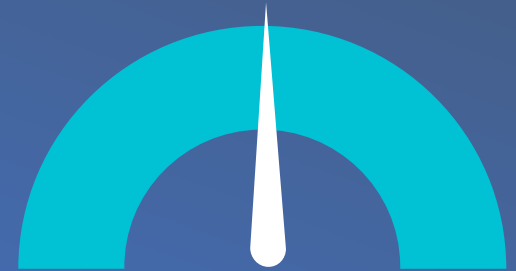
Given the highly material exposure to climate physical risks and transition risks of companies operating in the water industry, primarily Utilities and Industrials, majority of our engagements in this strategy focus on pushing for companies to adopt and report on their climate transition strategy. Other engagement targets focus on governance and transparency.

Summary of the previous engagements are discussed below and the new engagements are profiled in the next section.

Exponent provides engineering and scientific consulting services, focusing on ecological and biological sciences, environmental and earth sciences, as well as engineering sciences. Its services include aquatic ecological assessments, wetland assessment and construction, oil spill assessment and oil toxicity management, and assessment and management of natural resource capital such as groundwater recharge fields for the management roof drain flows, coastal flood protection from marshes, and aesthetic and recreational benefit to employees and other stakeholders from natural landscapes.

In the portfolio since 2020.

Water



Engagement Targets

- Increase transparency on ESG and climate management
- Implement climate transition strategy

Engagement Actions

- Call organized in December 2022 and was attended Exponent’s Executive Vice President, Chief Financial Officer, and Corporate Secretary.
- Engagement targets and timeline defined with the company.

Company Response and Thematics AM’s analyses

- On transparency, the company has a dedicated webpage focused on ‘Impact’, where it makes public its commitment to sustainability issues, including environmental protection and its people, with accompanying case studies. While we commend this first step the company has taken towards transparency, our engagement highlighted the need for enhancement and reinforcement of public disclosures as well as internal capability in order to meet stakeholder and regulatory requirements.
- Exponent acknowledged the need for improving their disclosures and indicated that they are in the process of mapping material information for disclosure, including material KPIs as defined in the SASB has and committed to publishing an enhanced ESG disclosures on their website, with more robust data on their GHG emission, human rights programmes, anti-bribery policy, and others. They indicated that this will go live within 2023.
- They do not intend to publish a formal or stand-alone dedicated ESG or Corporate Social Responsibility at this point. In terms of climate, they indicated that this was discussed at board level and is in the company’s roadmap, and that they will align with the TCFD reporting but has not committed to a date yet.
- On climate transition, the company has indicated that while they may be lacking public disclosure, their decarbonization programme is underway and will be re-enforced, including using energy efficient lighting and HVAC equipment, as well as other IT solutions.

Status | Outcomes

- We will monitor the publishing of the refined website based the company’s commitments and will assess the need for follow-up engagement within 2023.



## Core & Main

2022 New target

Water-related solutions

Waste and wastewater equipment such as leak detectors, test kits, meters and probes; wastewater treatment solutions; pipes, valves, and fittings for water and sewer line installation, stormwater retention systems, water/wastewater treatment.

In the portfolio since 2022.



### Engagement Targets

- Further improve transparency on ESG and climate, aligned with established reporting standards
- Commit to and implement climate transition strategy

### Engagement Actions

- Formal engagement letter sent in November 2022
- Call conducted with the company representative - VP, Finance & Investor Relations on 28 November 2022
- Expected engagement outcomes and timeline defined with the company

### Company Response and Thematics AM's analyses

- In terms of transparency, Core & Main has a dedicated ESG webpage. It published its inaugural ESG report in 2020 and its second in February 2022. Our engagement on this topic focuses on further refinement to fill some gaps and align with established reporting standards.
- The company acknowledge transparency improvement needs and is committed to reinforcing their capability and disclosure moving forward. As part of this commitment, they recently hired an analyst dedicated to ESG data collection towards more quantified data reporting, especially on climate.
- In terms of GHG emission reporting, they are currently on gathering data – primarily on scope 1 & 2. Scope 3 reporting will come at a later stage, because they have a fragmented supplier and customer base (55,000 municipalities). Their commitments on this area are: publishing an audit-proof emissions data by 2023, consider CDP and TCFD-aligned reporting, and conduct a carbon assessment to inform their roadmap towards less carbon-intensive operations.
- They already have started with decarbonisation initiatives and committed to advance them moving forward. These actions include LEED-certified headquarter with high-efficiency HVAC and motion sensors, as well as electrification of their vehicle fleet, such as their EV forklifts.
- To support their commitments, they recently appointed a Head of Sustainability (January 2022). They also created an ambassador group - consolidating efforts across the organization. They are also getting involved with trade organizations like the American Water Works Association.

### Status | Outcomes

- Initiated, for follow-up in 2023
- We will monitor the company's transparency initiatives and new disclosures in 2023 and will assess achievement against targets.

## The Toro Co.

The Toro Company is a worldwide provider of turf maintenance equipment and precision irrigation systems. It manufactures lawn mowers, snow throwers, and other such tools for professional and residential landscaping. Its lineup of products helps create, illuminate, and irrigate lawns and landscapes; install, repair and replace underground utilities; and manage ice and snow. Toro's products are typically used in golf courses, sports fields, municipal, residential, and commercial properties. About 80% of its revenue derives from US customers.

In the portfolio since inception of the fund, 2019.

2022 New target

Water



### Engagement Targets

- Adopt and disclose climate transition strategy
- Improve product sustainability, in particular on transitioning away from the use of internal combustion engines for tractors

### Engagement Actions

- Engagement call conducted in November 2022, with a third-party consulting team commissioned by the Toro Company.
- Expected engagement outcomes and timeline discussed with the company, focused on priority sustainability issues for us as investors.

### Company Response and Thematics AM's analyses

- We received a request from The Toro Company for an ESG Survey discussion, where it commissioned a third-party consulting organization to reach out and discuss with its top shareholders, in particular those who have raised ESG questions to the company. Our Water Portfolio Manager previously met with the company's representatives at a conference where he raised ESG-related questions. As the survey was aimed at asking shareholders input on what we consider as key sustainability/ESG issues that Toro should prioritise and that will impact our decision making, we also took the opportunity to emphasise our expectations on the priority areas that we flagged, specifying what outcomes we expect and the timeline.
- Based on our internal assessment, we consider and flagged two priority areas for with company: their lack of climate risk management disclosure (current trajectory being not Paris-aligned, lacking GHG emission disclosure, and lacking carbon emission reduction plan) and their product sustainability, specifically their use of internal combustion engines for their tractor vehicles.
- In terms of climate risk, we flagged the need for improved climate-related disclosures, in particular around their Scope 3 emissions (both from purchased good and services and use of sold products).
- On product sustainability, we flagged the negative environmental impact of ICE-based product, as well as the associated regulatory and reputational risks arising from increasing regulations and strengthening of norms around more energy efficient solutions, integrating eco-design and reparability in the conception stage.
- The inputs from this ESG Survey will be presented to and discussed by the Toro management to inform their action plan on sustainability management.

### Status | Outcomes

- Initiated. We will await and assess the company's upcoming report and action plan to inform our follow-up engagement in late 2023 or early 2024.

# Thematics Wellness

## Percent of engagement

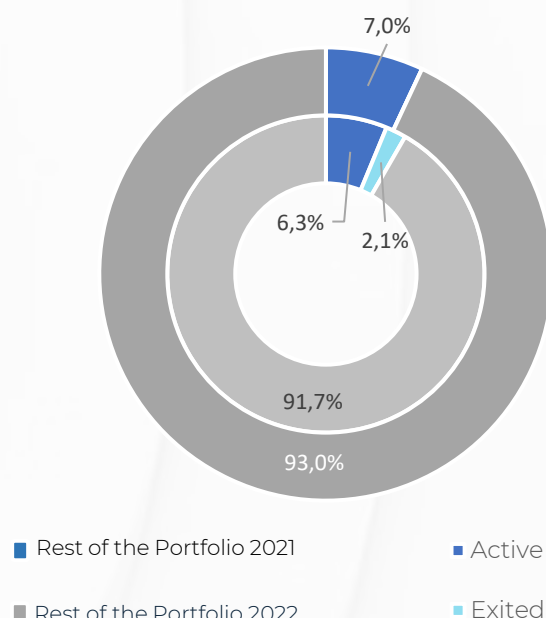


Figure 43. Engagement statistics; Thematics AM as of 31/12/2022

To date, we have engaged with about 16% (7 companies) in the Thematics Wellness strategy, of which 3 were initiated in 2022. As of 31 December 2022, we exited one of the companies, for reasons including ESG concerns, and the remaining are all ongoing.

Majority of the companies in the strategy operate in the food and beverage and consumer discretionary sectors, and therefore their impact are primarily around the safety and quality of their product or services. Link to this, we focus our engagements within the strategy around product sustainability and governance, as well as in transparency.

Summary of the previous engagements are discussed below and the new engagements are profiled in the next section.

## Status update on previous engagements

Company	Engagement initiation date	Engagement target	Progress to date (2022)
Nomads	10/2021	Transparency Product sustainability	<ul style="list-style-type: none"> <li>Engagement withdrawn</li> <li>We exited the company for various reasons, including ESG, on 04/2022. Our data providers were evaluating the company's food recipes as heavily processed. Moreover, the company relied on Russian fish sources.</li> </ul>
Kerry Group	12/2021	Climate risk management Product sustainability	<ul style="list-style-type: none"> <li>In March and June 2022, Kerry Group published its Sustainability Review and GRI Sustainability Report for 2021 fiscal year, respectively, containing extensive disclosures across different sustainability performance, including on its food products' sustainability and climate change management.</li> <li>As of 2021, it reported that more than 80% of its Taste &amp; Nutrition portfolio delivers positive or balanced nutrition solutions for 1.1 billion consumers and that it aims to further increase the impact from its portfolio, through innovation and partnerships, creating sustainable solutions that will reach more than two billion people by 2030. We are waiting for the company's disclosures on progress around product sustainability covering 2022, alongside the update of product revenue analyses from ISS (currently still based on 2018 data). Upon publication of these information, we will assess determine progress against the targets and determine appropriate actions.</li> <li>In terms of climate, the company reports to CDP and in 2021, they received their score of A-, indicating that their performance in climate management is at leadership level. In 2021, Kerry enhanced its targets to 1.5 degrees Celsius pathway, and committed to a science-based target of Scope 1 and 2 reduction target to 55% by 2030, versus its 2017 base year. This target has been approved by the SBTi. Based on the latest sustainability disclosure around climate risk management, we consider the company's current climate risk management as sufficient, and this specific engagement completed.</li> </ul>
Chipotle	09/2021	Governance - Product sustainability	<ul style="list-style-type: none"> <li>Chipotle published its 2021 Sustainability Report in May 2022, where it provided information on its progress to date around its food products' sustainability goals. It has achieved its goals on increasing the total pounds of produce purchased from local farmers every year, and the pounds of organic, local, and/or regeneratively grown and raised food year over year. It also achieved its goal to develop and pilot at least one new plant-based protein offering by end of 2021. It also reported to be on track in terms of Partner with our growers to convert over 400 acres of conventional farmland to organic farmland via transitional growing methods by 2025. However, it was below target on its goal to achieve 100% third-party humane certification for chicken by end of 2021. It has then revised this goal to 100% of chicken will be American Humane Certified by end of 2022.</li> <li>Our third-party reference ISS has continued to flag Chipotle for what it considers to be unhealthy or unsustainable products. We are currently organizing a discussion with ISS to better understand the basis of their assessment. We will use the result of this discussion to inform our next engagement follow-up with Chipotle to be organized within 2023.</li> </ul>

Basic fit operates fitness clubs with a membership model, offering different payment options and durations. It is active in the Netherlands, Belgium, Luxembourg, France and Spain.

In the portfolio since inception of the fund, 2021



<p><b>Engagement Target/s</b></p>	<ul style="list-style-type: none"> <li>• Adoption of decarbonization measures and net-zero strategy</li> <li>• Enhancement of current ESG disclosure to include performance data on the most material ESG issues</li> </ul>
<p><b>Engagement Actions</b></p>	<ul style="list-style-type: none"> <li>• Formal letter of engagement sent and engagement call with company representatives conducted in November 2022</li> <li>• Engagement targets and timeline defined with the company</li> </ul>
<p><b>Company Response and Thematics AM's analyses</b></p>	<ul style="list-style-type: none"> <li>• On decarbonization measures, Basic Fit has committed to put in place energy efficiency and other greening measures across its facilities. They elaborated on specific actions already implemented (although not formally reported in their disclosures) in some of their facilities, which include: replacing gas systems to be fully electric, installation of solar panels, ad use of LED bulbs lightings in the facilities; use of renewable energy in some sites (the Netherlands and Belgium), while also expanding to other sites, ie in France.</li> <li>• On sustainability management and net-zero strategy, the company disclosed that they are currently conducting a sustainability plan, including climate transition readiness assessment to inform their net-zero strategy. Moreover, they also intend to report on their carbon reduction management commitments and action plan in 2023.</li> <li>• On transparency, Basic-Fit committed to provide additional disclosure on their sustainability action plan by the end of 2023. Their disclosure will based on the currently ongoing sustainability readiness assessment. They also indicated that: they are preparing to comply with the EU's Corporate Sustainability Disclosure Directive for companies; they cannot report to the CDP on climate at this point due to lack of resources; and they are also working on a policy specifying sustainability-focused roles and responsibilities, including targets to set.</li> </ul>
<p><b>Status/ Outcomes</b></p>	<ul style="list-style-type: none"> <li>• Initiated, for follow-up on progress towards commitments in 2023 upon publishing of the company's new report.</li> </ul>



The company operates mountain resorts and ski areas. In its facilities, located mainly in the US, it offers a variety of winter and summer outdoor activities such as skiing, snowboarding, snowshoeing, hiking and mountain biking.

In the portfolio since inception of the fund, 2021



## Wellness & Subscription Economy

### Engagement Theme/s

- Improve climate-related disclosure and climate transition strategy to meet minimum expectations around governance, risk management, strategy, and metrics and targets disclosure.

### Engagement Actions

- Formal engagement letter sent to company in November 2022 and acknowledgement response was received in January 2023.
- The engagement call was carried out in February 2023 and attended by the company's VP of Strategic Development, Investor Relations & Corporate FP&A and Senior Director of Sustainability, Senior Director of Finance, and Senior Manager of Investor Relations. We defined the focus of the engagement and expected outcomes around climate risk management and transparency.

### Company Response and Thematics AM's analyses

- In terms of climate risk management, the company announced in 2017 its goal to achieve a zero net operating footprint by 2030. It provides progress update through its annually published 'EpicPromise Progress Report'. We commend the company's efforts. This engagement is focused on ensuring that the company's climate management's direction is in line with the regulations both in the US and the EU, as well as investors expectations.

- We flagged and discussed the following focus areas with the company: lacking board-level oversights and competencies in climate; integration of climate change risks and opportunities in the business strategy; lacking scenario analysis and transition plan aligned with the 1.5C pathway; and to commit to GHG reduction target that is science-based.
- On disclosure, the company has indicated that they are not yet ready to commit to CDP nor publish a TCFD-aligned reporting. Their focus at this point is on establishing their overall strategy, identifying what are the right metrics to measure and monitor, what is the most appropriate and sound methodology to use. In addition, they indicated that they are currently focused on ensuring they count their Scope 1 & 2 GHG emissions right, before committing to extend it to Scope 3. They emphasized that they will continue to report on their stated climate commitments, ie 2030 net-zero, while implementing their USD 25 million energy efficiency project.

### Status/ Outcomes

- We acknowledge that Vail Resort is still in the early stage of their climate transition strategy. We believe that they are in the right direction, having made commitments in key areas. We will monitor their progress in 2023 to help inform our follow-up engagement.

# Thematics Safety

Percent of engaged vs not engaged

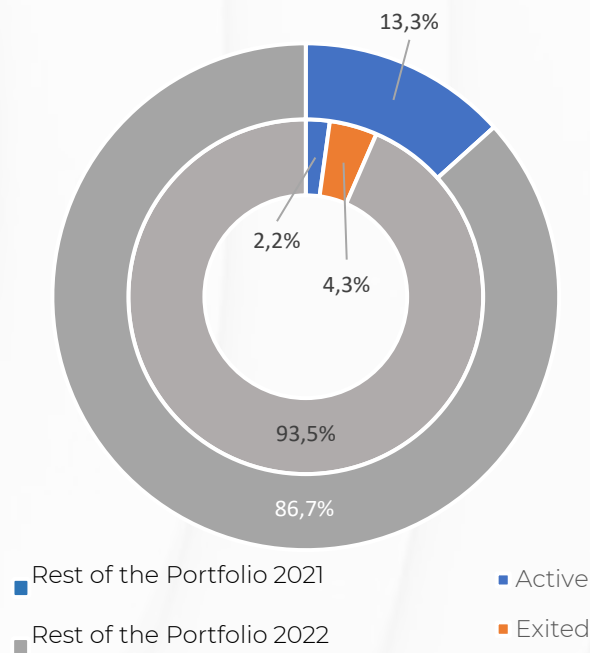


Figure 44. Engagement statistics; Thematics AM as of 31/12/2022

To date, we have engaged with about 20% (9 companies) in the Thematics Safety strategy, of which 6 were initiated in 2022. As of 31 December 2022, we exited two of the companies, for reasons including ESG concerns, and the remaining are ongoing. One engagement (Paypal) is part of Responsible AI industry engagement initiative.

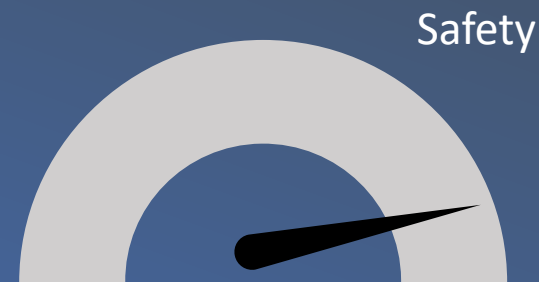
Majority of the companies in the strategy operate in software & services, as well as and commercial services sectors, and therefore their most material impact are around data privacy & security and product safety, as well as labour rights. Summary of the previous engagements are discussed below, and the new engagements are profiled in the next section.

## Summary of Engagement updates

Company	Engagement initiation date	Engagement target	Progress to date (2022)
Avantor	08/2021	Governance - Product safety	<ul style="list-style-type: none"> <li>Avantor published its 2022 Sustainability Report in May 2022, containing enhanced disclosures around its product safety and compliance policies, as well as quantitative performance across different material product safety metrics.</li> <li>MSCI has also rated Avantor as AA as of December 2022 and considered the company as an ESG Leader in terms of Product Safety &amp; Quality relative to peers.</li> <li>We have reached out to Sustainalytics (our primary ESG rating reference and waiting for their updated ESG score of Avantor. We will wait for Sustainalytics' update before considering this engagement as completed.</li> </ul>
Knorr-Bremse	10/2021	Governance	<ul style="list-style-type: none"> <li>Exited in November 2021 and considered as withdrawn. Exit was due to reasons including ESG, in particular around governance.</li> </ul>
Stanley Black & Decker	06/2021	Transparency Human capital management	<ul style="list-style-type: none"> <li>Exited in the end of 2021, primarily due to materiality reasons – revenue from solutions contributing to the theme is no longer sufficient. This engagement is considered withdrawn.</li> </ul>

APi Group operates in three areas including Industrial Services, Safety Services and Specialty Services. The Safety Services segment, operating in North America and Europe, focuses on end-to-end integrated occupancy systems (fire protection solutions, HVAC and entry systems), including design, installation, inspection and service of these integrated systems.

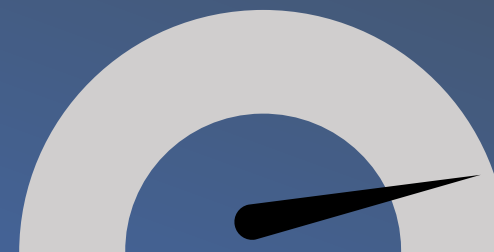
In the portfolio since 2020.



<p><b>Engagement Target/s</b></p>	<ul style="list-style-type: none"> <li>• Transparency: Provide public disclosure on sustainability management and performance</li> <li>• Governance: Strengthen their ESG Capability</li> </ul>
<p><b>Engagement Actions</b></p>	<ul style="list-style-type: none"> <li>• Formal letter of engagement sent to company in August 2022.</li> <li>• Portfolio Manager met with APG Group’s CEO and COO in a 1x1 format meeting in November 2022, and discussed topics including the issue of our engagement.</li> </ul>
<p><b>Company Response and Thematics AM’s analyses</b></p>	<ul style="list-style-type: none"> <li>• The company initially responded and agreed to organise a call with their Chief DE&amp;I officer who is currently leading their ESG efforts. However, the company then came back to us and indicated that they do not have anything additional to share publicly at this time but that recognize it is an important topic that they look forward to sharing more with investors when they are ready. They highlighted that they intend to provide more detail in 2023.</li> <li>• Our Portfolio Manager took the opportunity in a conference to schedule a one-on-one meeting with the company’s CEO and CFO. We flagged the need to reenforce their ESG management to align with sustainable finance regulation globally, especially in Europe. We also emphasized the need to demonstrate their ESG capability, ie through a dedicated ESG resource or team.</li> <li>• The company has indicated that they are currently conducting an ESG risk and materiality mapping to inform their action plan/ESG strategy. This mapping is carried out with the support of a third-party ESG consulting. As also indicated by the company representative in our initial written letter, they indicated that they will publish a new disclosure in 2023 on their sustainability action plan and commitments</li> </ul>
<p><b>Status/ Outcomes</b></p>	<ul style="list-style-type: none"> <li>• We will monitor the publishing of the company’s upcoming disclosure as they committed and will assess appropriate follow-up engagement actions.</li> </ul>

Steris is a leader medical device company focused on sterilization services and infection prevention. It provides contract sterilization services; ensuring the safe delivery of single-use and implantable medical equipment to hospitals around the world. It additionally sells sterilizers, washer-disinfectors and other decontamination equipment and supplies for care providers.

In the portfolio since inception of the fund, 2018



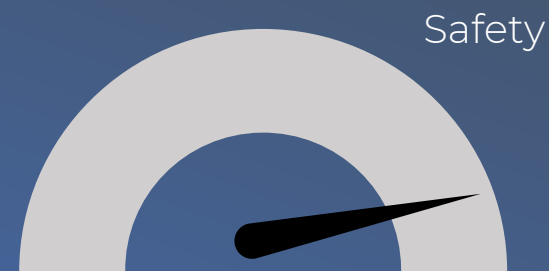
Safety

<p><b>Engagement Theme/s</b></p>	<ul style="list-style-type: none"> <li>• Improve product safety management – adopt safety risk assessment measures; monitoring, audit, and public disclosure of service safety incidents</li> <li>• Improve transparency on sustainability management aligned with established reporting standards.</li> </ul>
<p><b>Engagement Actions</b></p>	<ul style="list-style-type: none"> <li>• Engagement letter sent to company in July 2022 and call was organized in August attended by the company's VP-Investor Relations &amp; Corporate Communications.</li> <li>• Engagement objective defined with the company: improve the company's monitoring, audit, and public disclosure on service safety incidents; and improve ESG disclosure to align with existing ESG reporting standards, such as the SASB and GRI.</li> </ul>
<p><b>Company Response and Thematics AM's analyses</b></p>	<ul style="list-style-type: none"> <li>• On product safety programmes, the company representative elaborated on the ongoing actions that may not have been necessarily captured in the third-party assessment. The company also published their updated ESG Factsheet in January 2023, that included a SASB report containing performance data around product safety.</li> <li>• On sustainability transparency, we also observed additional new elements or updated policy document on the company's dedicated sustainability and CSR webpages. The company also highlighted that they are currently working on improving their disclosure and that we could expect enhanced reporting within the next two years.</li> </ul>
<p><b>Status/ Outcomes</b></p>	<ul style="list-style-type: none"> <li>• We will wait for the company's new report (2022) and will assess progress achieved against commitments.</li> </ul>



Varonis Systems provides software solutions that protect data from insider threats and cyber attacks. The software solutions allows organizations to protect data stored on premises and on a cloud, such as sensitive files and emails; confidential customer, patient and employee data; financial records; strategic and product plans; and other intellectual property.

In the portfolio since inception of the fund, 2018



<p><b>Engagement Theme/s</b></p>	<ul style="list-style-type: none"> <li>• Improve ESG transparency aligned with international standards</li> </ul>
<p><b>Engagement Actions</b></p>	<ul style="list-style-type: none"> <li>• We reached to Varonis in July 2022 and conducted the engagement call in September. The meeting was attended by the company's Head of Legal, Head of Investor Relations, and IR Support.</li> <li>• Engagement objective defined with the company: improve disclosure around material ESG risks and opportunities management aligned with existing standards, such as the GRI and SASB.</li> </ul>
<p><b>Company Response and Thematics AM's analyses</b></p>	<ul style="list-style-type: none"> <li>• The company has acknowledged that they are still in the early stage of their ESG transparency but emphasized that actions are underway to refine, improve, and reenforce their current disclosure. They committed that this will be done within the next two years.</li> <li>• The company also emphasized that sustainability management is in their priority agenda, there is a board oversight of ESG issues. While there is currently no dedicated ESG officer, driving their ESG initiatives are within the remit of the Investor Relations and Legal.</li> <li>• The company has a dedicated CSR webpage that provides information on specific actions the company has put in place, in particular around its governance, diversity, and community programs. We note and flag that it still lacks data on material ESG indicators, primarily around environmental factors.</li> </ul>
<p><b>Status/ Outcomes</b></p>	<ul style="list-style-type: none"> <li>• We will monitor the evolution of the company's performance and disclosure and will conduct a follow-up engagement based on progress achieved within 2023.</li> </ul>

Alphawave operates in development and licensing of high-performance connectivity intellectual property for the semiconductor industry.

In the portfolio since 2021.



**Engagement Theme/s**

- Improve ESG transparency aligned with international standards

**Engagement Actions**

- Alphawave only recently went public in May 2021. Naturally, it's not been covered by ESG assessment of most rating agencies and the company's disclosure around ESG still at its early stage, with most data focused on governance. Notably, the company has above average level of board diversity and an adequate level of board independence. Given limited information available on its exposure and management of material environmental and social factors, our ESG due diligence took this into account, and our investment position size reflected this lack of transparency, the size being capped at 2% maximum. We however initiated an engagement with the company to raise the need for improving their transparency around material ESG risks.
- Our Portfolio Manager met and discussed with the company's Head of IR and in-charge of ESG in November 2022, highlighting the increasing need for disclosure around sustainability to align with the expectations and regulatory requirements, in particular for us as European investors.

**Company Response and Thematics AM's analyses**

- The company acknowledge that their current disclosure around ESG is limited, but highlighted that actions are underway to improve it.
- The Head of IR only recently joined the company (4 months prior to the engagement discussion) and that his mission include leading the company's ESG initiatives. He committed that their action plan for improving their ESG disclosure will take into account the GRI and SASB standards. He also committed that the upcoming Annual Report planned for publishing in April 2023 will include additional elements on ESG.
- Alphawave was only recently assessed by Sustainalytics on their ESG. And while naturally the score is low primarily due to limited disclosure, the company is particularly well-rated on ESG governance, as there is an existing management committee responsible for overseeing ESG issues.
- Recently, the company added a dedicated ESG section on its website and we commend their effort to kickstart their disclosure action. While the information is still limited, the company has expressed its commitment to improve and we will monitor their progress moving forward.

**Status/ Outcomes**

- We are awaiting the publication of the company's latest report and will monitor their progress within 2023.
- We plan to conduct a follow-up engagement with the company within the year or early 2024 as appropriate.

# Thematics AI & Robotics

Percent of engaged

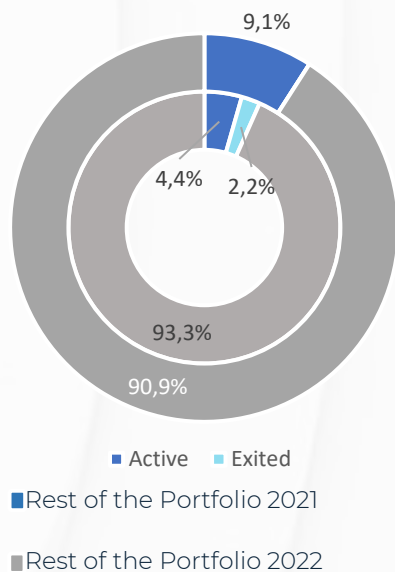


Figure 45. Engagement statistics; Thematics AM as of 31/12/2022

To date, we have engaged with about 16% (7 companies) in the Thematics AI & Robotics strategy, of which 4 were initiated in 2022. As of 31 December 2022, all engagements are ongoing. One of the 2022 engagements was initiated as part of an industry collaboration – Thematics AM is signatory to Collective Impact Coalition for digital inclusion: Advancing ethical and responsible AI. As part of this initiative, we are part of a working group engaging with targeted companies to advance the adoption of ethical AI principles. Details can be found in the next section.

Majority of the companies in the strategy operate in the software & services, hardware and semiconductors, as well as machinery sectors, and therefore their most material impact are around product efficiency and environmental risk management. Link to this, we focus our engagements within the strategy around climate change risk management and governance, as well as in transparency. This year, following our engagement with the WBA CIC Coalition, we introduced the topic of responsible and ethical AI use in our engagement discussions where relevant.

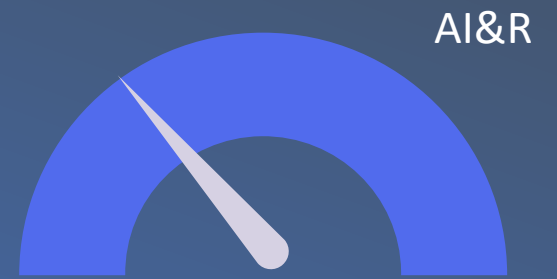
Summary of the previous engagements are discussed below and the new engagements are profiled in the next section.

## Summary of Engagement updates

Company	Engagement initiation date	Engagement target/s	Progress to date (2022)
Altair Engineering	12/2021	Climate risk management Transparency ESG Governance	<ul style="list-style-type: none"> <li>Engagement initiated in Dec 2021, just right after the company published its inaugural ESG report.</li> <li>In 2022, we focused on monitoring the company's progress across the key engagement priority themes. The company published its 2021 ESG report on 28 Feb 2023. While awaiting for the updated ESG risk assessment of our third-party sources, that are currently outdated, we will dedicate 2023 to assess in-depth the actions and progress to date of Altair Engineering to inform our follow-up engagement.</li> </ul>
iRobot	12/2021	Transparency/ESG Disclosure Governance - E&S Impact of Products and Services Climate risk management	<ul style="list-style-type: none"> <li>On ESG transparency, the company previously indicated that while they have not been actively or aggressively marketing their ESG initiatives, this does not mean absence of any sustainability integration and management in the company. They have a Corporate Social Responsibility (CSR) microsite containing their policy and frameworks on ESG and CSR. It is however only accessible in the USA and not globally. The company has committed to expand the access to the microsite by end of the first quarter of 2022. They also noted that they have been engaging with MSCI and ISS, which has led to their 'A' rating from MSCI and while ISS has noted the company's consistent improvement in its disclosures over the past two years. They nonetheless are currently rating the company's transparency level as 'Medium'.</li> <li>Engagement withdrawn, investment exited in March 2022 for reasons including ESG.</li> </ul>
Kardex Holding	11/2021	Transparency Climate risk management Governance Governance – Human rights	<ul style="list-style-type: none"> <li>In terms of transparency, the company published its first sustainability report in February 2022, containing disclosure on their ESG policies, actions to date and future ambitions, including those we flagged. This resulted to a significant upgrade of the company's overall ESG rating, with 11-point increase. There remains some elements for improvement, which will be the focus of our follow-up engagement in 2023, upon release of the company's new ESG Report.</li> <li>In terms of climate risk management the company, has disclosed on a few energy management and emission reduction initiatives, however it still lacks key elements, in particular around climate governance, formal risk management measures, and performance reporting, ie GHG emissions. We will conduct a follow-up engagement within 2023.</li> <li>On Governance of Human Rights – defined expected outcome is for the company to sign and align with the UNGC, which it completed in December 2021. We consider this engagement completed and successful.</li> </ul>

CrowdStrike is a cloud-based cybersecurity company specializing in next generation end-point and cloud protection.

In the portfolio since 2021.



<p><b>Engagement Theme/s</b></p>	<ul style="list-style-type: none"> <li>• Integrate and disclose on responsible and ethical AI implementation</li> <li>• Publish ESG report or data aligned with established reporting standards</li> </ul>
<p><b>Engagement Actions</b></p>	<ul style="list-style-type: none"> <li>• Engagement letter sent to company in December 2022.</li> <li>• Engagement call was organized on January 2023 attended by the company's Investor Relations Officer, Senior Lead Counsel – Corporate Governance, Chief HR Officer, and VP for Legal.</li> </ul>
<p><b>Company Response and Thematics AM's analyses</b></p>	<ul style="list-style-type: none"> <li>• The company has acknowledged that the ESG webpage is the first step in their ESG disclosure journey. They commit to provide an in-depth report in a 2-3 years timeframe.</li> <li>• Regarding environmental disclosure, the company is assessing its carbon footprint through an analysis of its data centers and the use of renewable energy. Disclosure will be provided in alignment with SEC requirements.</li> <li>• Regarding social disclosure, the company claims that lack of disclosure does not imply lack of commitment and engagement initiatives. As the workforce is primarily remote the company claims to be able to attract and retain diverse talent. The company is addressing the lack of diversity in the tech industry by developing an internship program for women and ethnic minorities. This program employed 250 interns in 2022; with an high conversion rate to full-time roles.</li> <li>• CrowdStrike uses AI and machine learning to provide continuous control cybersecurity solutions. Their "Community Immunity" approach allows AI updates to apply protection across all customers, using data collected from one customer for different use cases. Employees are trained on best practices and undergo regular drills to ensure protection of customer data. Different teams are proactively threat-hunting and testing the process rigor.</li> <li>• CrowdStrike's algorithm team is claimed to be diverse, and the algorithm training is certified for security and impartiality. Depending on purchasing options, clients can access extensive explanations on the model's suggestions in order to evaluate data on their own. The company also uses AI in accounting and finance in their internal operations, while it is not used for human resources screening and selection.</li> </ul>
<p><b>Status/ Outcomes</b></p>	<ul style="list-style-type: none"> <li>• Initiated. We will monitor the evolution of the company's performance and disclosure and will conduct a follow-up engagement based on progress achieved.</li> </ul>

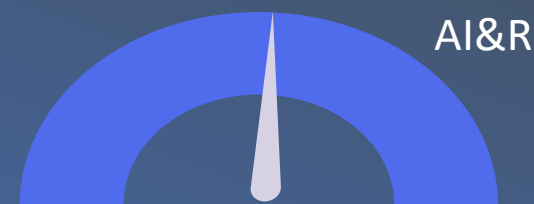


## Snowflake

Snowflake is a data lake, warehousing, and sharing company. To date, the company has over 3,000 customers including nearly 30% of the Fortune 500. Snowflake's data lake stores unstructured and semi-structured data used in analytics to create insights.

In the portfolio since 2022.

2022 New Target



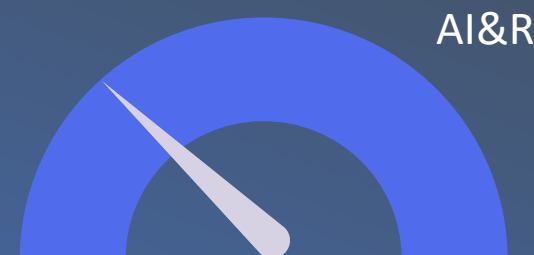
<b>Engagement Theme/s</b>	<ul style="list-style-type: none"> <li>• Integrate responsible AI policy</li> <li>• Improve transparency on sustainability in line with exiting standards</li> </ul>
<b>Engagement Actions</b>	<ul style="list-style-type: none"> <li>• Letter of engagement sent to company on 14 December 2022 and it promptly responded indicating that Snowflake serves as data infrastructure for data science workloads that it does not build AI applications. It further explained that AI applications are supplied by their partner ecosystem, and selected by their customers.</li> <li>• We requested to continue with the engagement call with the company to clarify its AI exposure and in January 2023, they agreed to discuss and organize a call after their next earning report.</li> </ul>
<b>Company Response and Thematics AM's analyses</b>	<ul style="list-style-type: none"> <li>• Our internal assessment and based on the company's website, it offers the following: Snowflake's platform was designed from the ground up to support machine learning and AI-driven data science applications. Snowflake enables enterprises to prepare data and build ML models with ease. The company also offers a virtual hands-on workshops that focus on increasing users efficiency, scaling to needs and analyzing data thoroughly.</li> <li>• We will clarify with the company the nature and extent of their activity involving artificial intelligence and determine the appropriate engagement outcomes.</li> </ul>
<b>Status/ Outcomes</b>	<ul style="list-style-type: none"> <li>• Initiated. Awaiting schedule from the company for first engagement call.</li> </ul>

## Splunk

Splunk is a cloud-first software company that focuses on analyzing machine data. The company is a major player in two markets: security and full-stack monitoring. The firm focuses on enterprise clients, with more than 90% of the Fortune 100 using its solutions.

In the portfolio since inception of the fund, 2018.

2022 New Target



<b>Engagement Theme/s</b>	<ul style="list-style-type: none"> <li>• Integrate responsible AI policy</li> <li>• Improve transparency on sustainability in line with exiting standards</li> </ul>
<b>Engagement Actions</b>	<ul style="list-style-type: none"> <li>• Letter of engagement sent to company in December 2022 and follow-up sent in January 2023.</li> <li>• First response from the company received in February 2023 agreeing to organize a call to discuss.</li> </ul>
<b>Status/ Outcomes</b>	<ul style="list-style-type: none"> <li>• Initiated. Awaiting schedule from the company for first engagement call.</li> </ul>

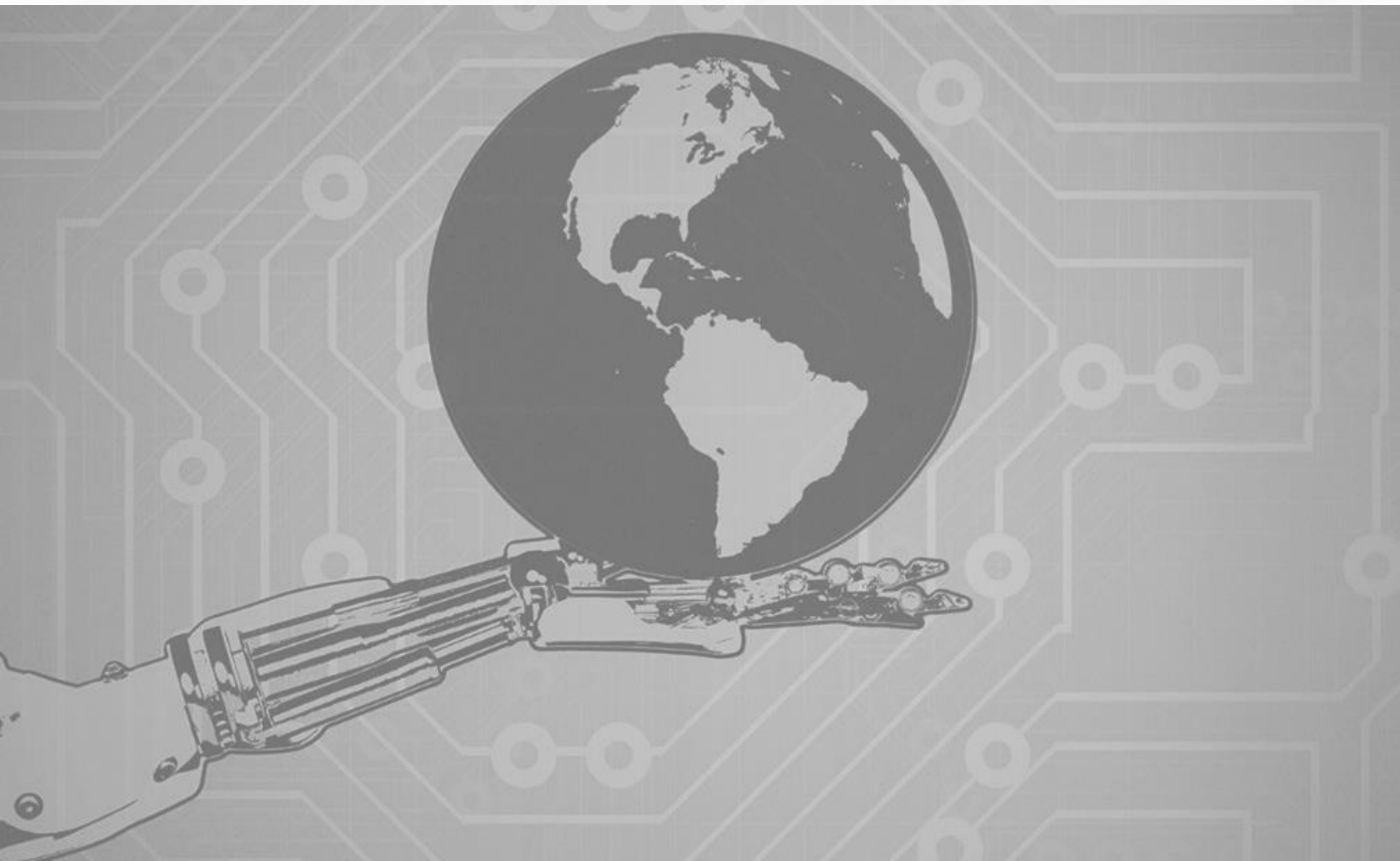
# Collective Impact Coalition for digital inclusion: Advancing ethical and responsible AI

Thematics AM is a signatory to the Collective Impact Coalition of ±40 global investors with over USD 6 trillion AUM, and one of our focus areas is Ethical AI. AI applications is proliferating in many domains, such as finance, health, law enforcement, and human capital management. And with its great potential to improve accurate medical diagnosis or broaden financial inclusion, among many others, come the risks of potential harms such as bias and discrimination, invasions of privacy, denial of individual rights, and non-transparent, unexplainable, unsafe outcomes. Our goal is to promote ethical AI principles and help facilitate opportunities for AI applications that can in turn help innovate solutions to the problems of sustainable development, build trust with users, and reduce the risks and harms to individuals, companies, and society.

Information on Ethical AI coalition can be found [here](#).

As supporter of the Collective Impact Coalition, we have collaborated with other investors in targeting companies identified as laggards on the theme of Ethical AI. The effects of this engagement is already seeing progress, as outlined in the 2023 Benchmark key findings, accessible [here](#).

We participated through engagement with two of our investee companies, Taiwan Semiconductor Manufacturing Company for the Thematics AI&Robotics strategy, and Paypal for the Thematics Safety strategy.



# Thematics Subscription Economy

## Percent of engaged vs not engaged

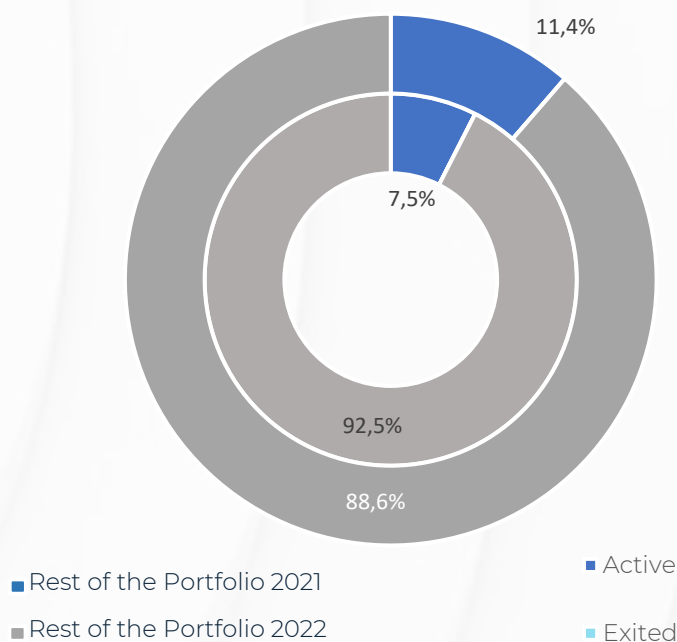


Figure 46. Engagement statistics; Thematics AM as of 31/12/2022

To date, we have engaged with about 18% of companies in the Thematics Subscription Economy strategy. Of this, 60% was initiated in 2022. All except one are ongoing. One company, Chegg, has achieved all the outcomes as defined. Details are provided in the 'Engagement Highlights' in the first part of this section.

This strategy is concentrated on companies operating in the IT, Communication Services, Consumer Discretionary, Financials, and Industrials. And with small and mid capitalization companies comprising more than one-third of the portfolio, amongst the most material engagement areas are around transparency and governance, in particular on data privacy and security.

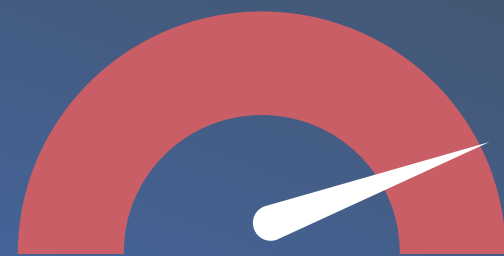
Summary of the previous engagements are discussed below and the new engagements are profiled in the next section.

## Summary of Engagement updates

Company	Engagement initiation date	Engagement target/s	Progress to date (2022)
Chegg	12/2021	Transparency/ESG Disclosure ESG Governance – human rights and stakeholder protection	<ul style="list-style-type: none"> <li>✓ Engagement letter sent and discussion with company conducted both in December 2021.</li> <li>✓ We conducted an assessment of the company's progress against its commitments in 2022.</li> <li>✓ Chegg has met the targets as defined. See details in the 'Engagement Highlights' section.</li> </ul>
Menicon	12/2021	ESG Governance Transparency Climate risk management	<ul style="list-style-type: none"> <li>✓ Engagement letter sent and discussion with company conducted both in December 2021.</li> <li>✓ We conducted an assessment of the company's progress against its commitments in 2022.</li> <li>✓ Menicon has achieved some of the targets, in particular on board independence. Significant improvement were also noted on board diversity, transparency, and climate risk management, but could still be improved. These will be the focus of the follow-up engagement in 2023. See details in the 'Engagement Highlights' section.</li> </ul>
CoStar Group	12/2021	Transparency ESG Governance Climate risk management	<ul style="list-style-type: none"> <li>✓ Our engagement with CoStar, initiated in December 2021 is focused on achieving the following: improved transparency aligned with existing standards, reinforce ESG governance, including on data privacy and customer protection, as well as human capital, and to adopt and report on climate transition plan.</li> <li>✓ We monitored and assessed the company's progress in 2022 and note the following: CoStar published its first Sustainability Report in February 2022 and the second, more comprehensive ESG report also published in Feb 2023 – including additional information on our engagement focused areas. On climate, the company is currently in the process of completing its CDP questionnaire. We consider the engagement as partially achieved and we are scheduled to conduct and in-depth assessment of the company's disclosures in 2023 to inform our follow-up actions.</li> </ul>

FactSet provides financial data and portfolio analytics. It aggregates data from third-party data providers, news sources, exchanges. It also provides essential portfolio analytics used by investors to monitor performance and comply with reporting requirements. In 2022, it completed its purchase of CUSIP Global Services.

In the holdings since inception of the fund, 2019.



## Subscription Economy

### Engagement Target/s

- Reenforce climate risk management (report on Scope 3, build climate expertise, disclose and implement SBTi-aligned net-zero target.
- Strengthen governance and enhance transparency on cybersecurity and data privacy and protection management.

### Engagement Actions

- Formal letter of engagement sent to Factset on 16 Sep 2022; conference call with the company's officers took place on 26 Oct 2022 - Chief Information Security Officer, Senior Chief Compliance Officer and Head of Enterprise Risk Management, and Senior Assistant General Counsel.

### Company Response and Thematics AM's analyses

- On climate management and disclosure, Factset committed to publish data on their Scope 3 emissions. They have started to report on their Scope 1&2 in their 2021 Sustainability Report, and currently assessing calculation method for their Scope 3. They committed to publishing this in 2023. They also started to report to the CDP for the first time in 2021.
- In addition, on decarbonisation levers, the company indicated that in terms of Scope 1&2 emissions, the use of electricity is the main source of their emissions and that they are moving servers to the cloud, develop the use of renewable electricity contracts, and improve the efficiency of their buildings. They will also consider the use of carbon offsets. The company announced its commitment to set a near-term, company-wide emission reduction target in line with the Science Based Targets Initiative (SBTi). Independent of committing to set a SBTi validated near-term target, FactSet has also announced a future goal of achieving net zero emissions by 2040.
- In terms reenforcing their climate capability, the company has emphasized that while it does not yet have at least one board member with competence on climate-related issues, they are currently working with a consultant to strengthen their climate expertise.
- On strengthening their data privacy and security program, the company provided us with a sustainability document to complement their 2021 Sustainability Report. They indicated that they recently hired a dedicated privacy counsel who will focus on enhancing their data governance infrastructure and further maturing their existing data privacy program to ensure alignment with the evolving legal landscape. They also enumerated some of their recent program achievements focused on data privacy, as well as future program initiatives. The company also emphasized that as their business is primarily business-to-business, they have limited exposure to direct handling of customer data. But linked to this, and as part of their future programs, they Continue to review and mature existing data governance and information security processes, as well as Continued Data Protection Training for all Employees. In the updated ESG risk rating of Sustainalytics, Factset achieved a 'Strong Management' in terms of its overall data privacy and security. It is also considered Leader in overall Social score, including in Data Security and Content Management in BBG ESG assessment.
- In December 2022, Factset was named as one of America's Most Responsible Companies for 2023 by Newsweek and Statista Inc, selected based on publicly available key performance indicators (KPIs) derived from Corporate Social Responsibility Reports (CSR), Sustainability Reports, as well as an independent survey. The KPIs focused on company performance in the Environmental, Social, and Governance (ESG) areas, while the independent survey asked U.S. citizens about their perception of company activities related to corporate social responsibility.

### Status/ Outcomes

- On climate, we will monitor the company's progress against its commitment to set a science-based target. We will wait for the 2023 disclosure where the company has committed to provide additional elements that we flagged to inform our follow-up engagement.
- On data privacy and security, we will also await the 2022 Sustainability report to determine whether their policy and implementation in this area can be deemed sufficient.



Wolters Kluwer is an information services company. Its software-based solutions are mainly directed to healthcare operators, as well as to compliance, tax and legal operators.

In the holdings since inception of the fund, 2019.

### Subscription Economy



#### Engagement Target

- Reenforce climate risk management and put in place transition plan with science-based targets.
- Clarify and if necessary, reenforce the company's data privacy and security programme

#### Engagement Actions

- Letter sent to company on 19 Sep 2022 and meeting was carried out on 26 Sep 2022. Company's representative included the VP for Investors Relations.
- The primary target of the engagement is to encourage Wolters Kluwer to reenforce its climate transition, in particular to set science-based targets approved by the SBTi. The secondary engagement target is linked to sudden deterioration of the company's third-party score (Sustainalytics ESG risk score) by 8 points. Our engagement is to flag to company the need to reenforce their product or service safety program and disclosure.

#### Company Response and Thematics AM's analyses

- In terms of climate transition management, the company has started to report on their Scope 1 & 2 emission. In its 2021 annual report published in March 2022, it has expressed its ambition to align its practices and reporting with the guidelines recommended by the Task Force on Climate-related Financial Disclosures (TCFD) and to set science-based targets based on robust emissions data. The company highlighted the following ongoing initiatives: enhancement of their environmental data collection and reporting processes by adding additional checks and balances to ensure reliability; started exploring setting targets for their scope 1 and 2 emissions and scope 3 business travel emissions; kicked off a project with external experts to help the company assess its complete greenhouse gas (GHG) footprint (including scope 1, 2, and all categories of scope 3 emissions); evaluate their internally developed targets, support target setting on additional scope 3 categories, and develop an abatement plan across all scopes – the project will also include a gap assessment and roadmap to align with the TCFD recommendations.
- In terms of timeline, the company has not committed to a date yet but emphasized that this is high on their priority. Once they have determined their GHG footprint and established a baseline based on robust and complete data, they will develop and publish science-based targets and a roadmap of how to achieve them.
- In terms of data privacy and security, Sustainalytics flagged that the company is lacking governance structures on privacy management, as well as regular privacy risk assessments or audits on the company's technologies and practices affecting user data. The company highlighted to us that 99 of their active employees completed % cybersecurity and data privacy training. They also have a program that has a three-tiered management structure, and is overseen by its Security Council, comprising senior leadership from all their divisions and functional areas. The VP, Global Information Security is responsible for oversight, management, and monitoring of the program. They also perform regular information security risk assessments to assess and evaluate the effectiveness of the security program. The program is assessed annually by an independent third party. They also disclosed that in 2020, they also adopted the National Institute of Standards and Technology, Cybersecurity Framework (NIST-CSF) to expand the maturity-based model of our cybersecurity program into a risk-based model.

#### Status/ Outcomes

- Wolters Kluwer has indicated additional details on their action plans and timelines will be published in their next annual report (2022). We will wait for this and monitor the company's progress within 2023 to inform our follow-up engagement.
- In terms of data privacy & security, we deem the company's current programme is sufficient. As a support, Sustainalytics updated the company's score in January 2023 and their data privacy and security program is not considered strong and above average relative to its sector peers.

Planet Fitness is a franchisor and operator of fitness centers in the United States. In the holdings since inception of the fund, 2019.



### Wellness & Subscription Economy

#### Engagement Target

- Put in place and provide disclosure on climate risk management
- Strengthen and improve disclosure on product or service safety governance

#### Engagement Actions

- Letter sent to company in September 2022 and a follow-up in October 2022. Engagement call was conducted in March 2023.
- The primary target of the engagement is to encourage Planet Fitness to improve product governance and safety.
- The secondary engagement target is around climate disclosure and risk management.

#### Company Response and Thematics AM's analyses

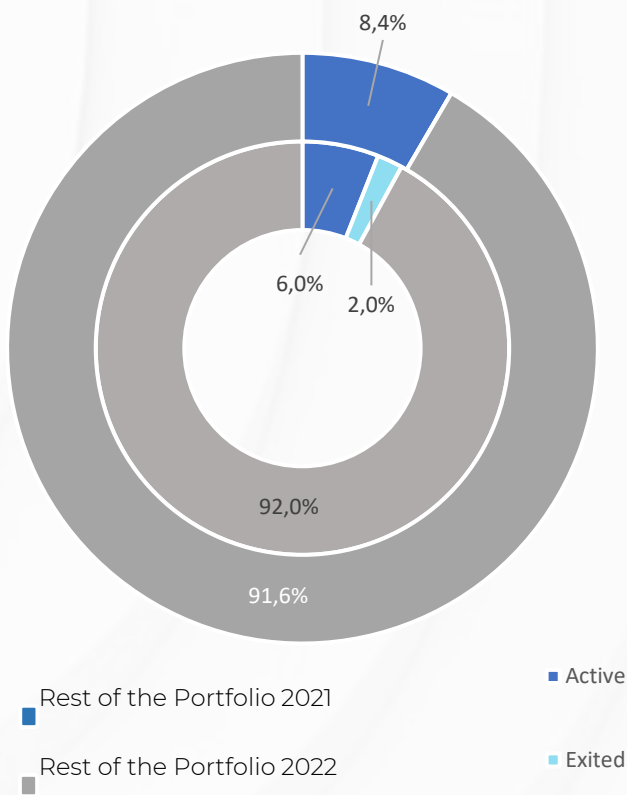
- The company is aware of its low ratings around Product governance and is currently working on this topic since the completion of last year's acquisition. They intend to provide an ad-hoc report on product and service quality and safety, but they haven't provided a specific timeline. In the meantime, actions taken by the company regarding this topic are the following: provision of specific training for team members; working with suppliers for the safety of the equipment, and for the accessibility of people with disabilities; providing disclosure around key metrics (Fatality rate and injury rate for customers / Percentage of facilities inspected for safety, percentage of facilities that failed inspection / Total recordable incident rate), based on SASB; and achieving the WELL Health-Safety Rating for Facility Operations and Management by the International WELL Building Institute – the rating recognizes that Planet Fitness ensured a safe and healthy environment for employees and members, during Covid-19.
- Planet Fitness has started reporting on Scope 1&2 GHG emissions in their 2021 ESG report. Their 2022 ESG report, which will be published by Q2 2023, will provide additional disclosure around climate-management, but it is not aligned with TCFD framework. The company plans to report on Scope 3 emissions by next year. Nevertheless, no reduction targets are being formalized yet, as the company is still assessing its climate risk exposure.
- In terms of environmental initiatives, all the new clubs being built are required to use energy-efficient LED lighting. Other environmental requirements for new clubs include the use low-flow shower heads and the use of eco-friendly products like recycled paper towels. They have also initiated an audit around renewable energy for corporate clubs.

#### Status/ Outcomes

- On product governance, quality and security, we will await the 2022 ad-hoc report to determine whether their policy and implementation in this area can be deemed sufficient.
- On climate, we will also wait for the additional disclosure provided in the 2022 report to inform our follow-up engagement.

# Thematics Meta

Percent of engaged

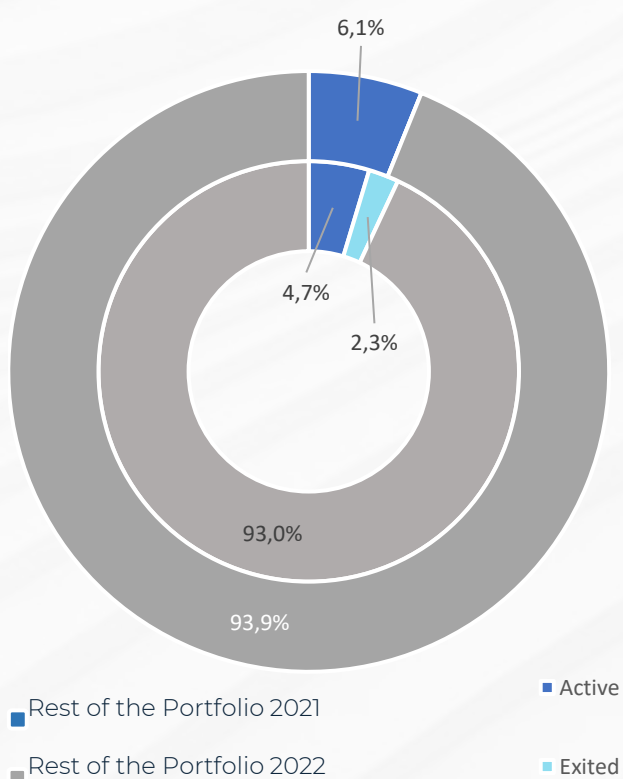


Thematics Meta is a diversified strategy which includes all our investment themes. Its constituents are the combined portfolio of Thematics' five existing strategies – AI & Robotics, Safety, Subscription Economy, Water, and Wellness, all equally weighted. All companies engaged with in the 5 funds are counted as the engagements of Meta.

Figure 47. Engagement statistics; Thematics AM as of 31/12/2022

# Thematics AAA European Selection

Percent of engaged



Thematics AAA European Selection is the repurposed Thematics AAA Consumer. Its constituents are selected from the portfolio of Thematics' five existing strategies – AI & Robotics, Safety, Subscription Economy, Water, and Wellness. Companies from the parent thematic strategies that have been engaged with are also counted in this strategy.

Figure 48. Engagement statistics; Thematics AM as of 31/12/2022

# Industry collaboration and advocacy

## Initiatives joined in 2022



Founded in 2000, CDP was the first platform to leverage investor pressure to influence corporate disclosure on environmental impact. Now with the world's largest, most comprehensive dataset on environmental action, the insights that CDP holds empowers investors, companies, cities, and national and regional governments to make the right choices today to build a thriving economy that works for people and planet in the long term. As a [signatory](#), we leverage CDP's critical environmental data infrastructure to integrate sustainability within our investment process.



In September 2022, we [signed](#) the CDP Science-based Target Campaign, supported by over 270 financial institutions with over USD 36,4 trillion AUM. This campaign aimed at accelerating the adoption of science-based targets targeting over 1000 companies which did not report to the CDP at end of 2022.



Thematics AM is a signatory to the Collective Impact Coalition on Digital Inclusion of ±40 global investors with over USD 6 trillion AUM. Our goal as a coalition is to promote ethical AI principles and help facilitate opportunities for AI applications that can in turn help innovate solutions to the problems of sustainable development, build trust with users, and reduce the risks and harms to individuals, companies, and society. The WBA's Digital Inclusion Benchmark has helped to highlight the low levels of awareness concerning ethical approaches to Artificial Intelligence in the digital economy and among tech companies. It has been noted that of 150 companies measured last year, only 20 had evidenced a public commitment to ethical AI practices, whereas 130 companies measured have not yet done so. Thematics AM collaborates



The EFRAG (European Financial Reporting Advisory Group) launched a public consultation on April 2022 relative to the CSRD (Corporate Sustainability Reporting Directive) and the adoption of the EU Sustainability Reporting Standards (ESRS). The Association Française de Gestion (AFG) launched an initiative among its members to provide a common answer to the consultation on all the different thematic standards: Climate Change, Pollution, Water and Marine Resources, Biodiversity and Ecosystems, Resource use and Circular Economy, Social and Governance. As part of the AFG and thanks to our knowledge of the different international standards on Climate Change, Thematics AM participated in the AFG's answer relative to the standards ESRS E1 and E2: Climate Change and Pollution. This draft covers all the important aspects of the climate change reporting, including reporting of Scope 3 emissions and transition plans, and shares commonalities with the ISSB (International Sustainability Standards Board)



# Other ongoing initiatives

## Signatory



The 2021 Global Investor Statement to Governments on the Climate Crisis delivers the strongest-ever investor call for governments to raise their climate ambition and implement robust policies. This statement, coordinated by the seven Founding Partners of The Investor Agenda, is now signed by 587 investors representing over USD \$46 trillion in assets.



FIR is a multi-stakeholder association whose corporate purpose is to promote and develop responsible investment and its best practices in France. It brings together investors, fund managers, specialists in social and environmental analysis, consultants as well as trade unions, NGOs, academics, etc.



The Task Force on Climate-Related Financial Disclosures (TCFD) was created in 2015 by the Financial Stability Board (FSB) to develop consistent climate-related financial risk disclosures for use by companies, banks, and investors in providing information to stakeholders.



The Pledge for the development of Impact Finance is initiated by the Finance for Tomorrow of the Paris Europlace. This declaration aims to strengthen the contribution of the financial sector to the achievement of the international sustainable development goals and is based on three principles to be implemented in order to scale up Impact Finance: the implementation of a structured and demanding definition of Impact Finance; the promotion of an upstanding impact approach; a clear and transparent communication as well as the appropriate measurement and reporting tools; and the integration of Impact Finance into regulatory and market frameworks.



The United Nations Principle for Responsible Investment is the world's leading proponent of responsible investment. It works: to understand the investment implications of environmental, social and governance (ESG) factors; to support its international network of investor signatories in incorporating these factors into their investment and ownership decisions. As signatory, Thematics AM commits to adhere to the six principles of responsible investment.

# Corporate Social Responsibility

## Notes on data

- The statistics on workforce composition presented in this section cover the 22 full time employees and one apprentice working during 2022.





# Corporate Social Responsibility

With the growing awareness that all our actions have significant impacts on the environment, society and future generations, since its foundation Thematics AM has joined the United Nations initiative and become a signatory of the PRI (Principles for Responsible Investment). We firmly believe in sustainable and responsible investing (SRI) and in taking into account the long-term implications of investment choices and directs capital towards activities that, in addition to generating performance, create value for society at the same time.

As investors, our first obligation towards our stakeholders is to take into account of Environmental, Social and Governance considerations in our end-to-end investment process.

- ✓ Our Product offering consists of 8 SRI strategies, all classified as Article 8 or 9 under the SFDR.
- ✓ Our Responsible Investment policy applies to 100% of our strategies and we intend to continue developing products which respect stringent sustainability criteria.
- ✓ To ensure the credibility of our process, all of our strategies have been awarded with at least one independent sustainability certification (ISR; Febelfin).<sup>1</sup>

Through our long-term thematic investments, we commit to generating sustainable outcomes. We monitor the contributions or obstructions of our investments to the UN Sustainable Development Goals (SDGs). In our monthly and annual disclosure, we provide our clients with sustainability related information, to ensure a deeper understanding of the impact of our funds on our environment and communities.



Figure 49. Main positive contributions of Thematics AM strategies. Thematics AM, ISS, as of 31/12/2022  
<sup>1</sup>As of February 28<sup>th</sup>, 2023.

# People

As an employer, we have an obligation towards our **People** to guarantee an inclusive and enriching working environment. Thematics AM is a company with a human dimension: we maintain a flat and close hierarchy; we stimulate open communication to facilitate the empowerment of our workers and promote flexibility and well-being at work.

Starting with the six founding partners in 2018, in 2023 Thematics counts 22 full-time employees and one apprentice. During 2022, more than one third of all our employees identified as women.



## Our CSR Initiatives

### Flexible Work Practices

We encourage and facilitate working from home up to 2 days a week in order to allow employees to organize their agenda independently, while remaining flexible on the organization of teamwork.

### Fair Hiring Practices

As part of Natixis IM, our hiring activities are guided by the principles of Diversity & Inclusion that the group promotes. We strive to maintain and increase the women percentage and in parity of skills and qualifications, we will favor diversity of candidates.

### Initiatives to encourage employees cohesion

We invite all our employees and interns to participate in activities such as social dinners and our annual off-site.

## 23 Employees\*

\* Including one apprentice as of 1/02/2023

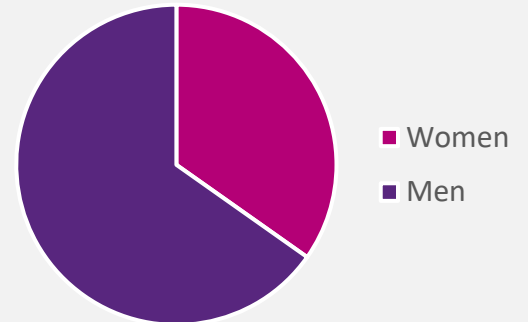


Figure 48. Gender distribution; Thematics AM as of 01/02/2023



Figure 49. Gender distribution; Thematics AM as of 01/02/2023

### Implementing Loi Rixain

According to Art. L. 533-22-2-4. – "Asset management companies shall set targets for achieving balanced gender representation among their teams, structures and managers responsible for investment decisions. The results of these efforts shall be presented in the document described in paragraph II of Article L. 533-22-1. These targets shall be reviewed annually."

For the year 2023, Thematics AM has set 2 targets aimed at increasing parity in our investment team:

For 2023, we commit to train 100% of our Senior Directors on gender diversity issues by the end of the year.

For each recruitment envisaged in the investment teams, from 2023 the HR department will be required to provide three times more of female curriculums.



# Planet

We are aware that facing the climate crisis requires a behavioural shift at the organizational and individual level. At the Asset Management industry level, it is known that our most significant environmental impact comes from the companies we invest in.

Since 2023, our monthly reporting includes information relating to the Implied Temperature Rise and the Weighted Average Carbon Intensity of our funds' holdings.

## Internal Capacity building

In 2022, we have hired our Climate Specialist to start building our internal capacities on evaluating environmental risks and opportunities. He performed an in-depth analysis of all companies in our portfolio to assess their climate strategies. Through this assessment, building upon third-party data, we launched in 2022 our Thematics Climate Selection strategy.

## Biodiversity Treasure Hunt

During our 2021 offsite, all employees participated in an interactive game aiming at raising awareness around Biodiversity issues.



## La Fresque du Climat

To sensiblize our employees to the issues of climate change, we have invited all our employees to participate in a Climate Fresk during April 2022. This game/workshop allows to understand the causes and effects linked to the climate crisis and its global issues. It was held by the association Adamantia.

## Carbon Footprint Reduction

Beyond measuring and reporting the environmental impact of our products and investees companies, we are working to measure our own company-level Scope 1 and 2 emissions.

We have started implementing some initiatives to reduce our Carbon Footprint:

- We closed our office in December 2022 to reduce energy consumption, during the electrical network stress days indicated by the French Government.
- We distributed personalized reusable water bottles to reduce plastic waste generation. We do not use single-use cups.
- When clients and guests come to the office, we choose catering services which provide reusable cutlery and plates.

## Tree Nation

Starting from 2023, we started an initiative of sensibilization of our clients, choosing to plant trees rather than sharing branded goodies. Our clients will choose a plant and we will submit the corresponding amount to the NGO Tree Nation.

Visit [Our Forest](#).

# Conclusion



# Looking ahead

We hope that this annual report provides sufficient information into our sustainability efforts and progress. Our commitment to integrating sustainability in all aspects of our operations remain and we strive to maintaining a high level of transparency to you as our stakeholders. We are proud to continue to make significant progress in advancing the integration of sustainability in all aspects of our operations.

In terms of people, we completed our specialist team. Our Climate Specialist joining us in March 2022, with the mission to lead the implementation of our climate risk management and transition strategy. This role complements our ESG Specialist who joined us in the beginning of 2021. ESG knowledge-building trainings and external certifications are also made available to our employees from all key operations. To highlight,

as part of the bigger Natixis Investment Manager, also a committed responsible and sustainable investor, we are supported by the core sustainable finance infrastructure of our parent company, from research, to product development and compliance, to distribution and marketing. In 2023, our priority will be on further cementing our investment teams' sustainability knowledge through trainings. We will also work on reenforcing our 'portfolio-manager-driven, specialist-supported' model, strengthen the dynamics of our Portfolio Managers and sustainability team to help ensure the seamlessly integration of sustainability across all areas of our business. In terms of process, we adopted further refinements and additional sustainability approaches, to ensure that we align with the requirements and expectations of the new regulations, in particular around doing no significant harm and meeting minimum

# Looking ahead

*We express our appreciation to our employees for their dedication, hard work, and unwavering commitment to our clients' success and to our clients for your ongoing support and trust in our team*

social safeguards. We also reinforced our data sources, in particular around climate risks, to inform our decision-making process. We also built the foundations of our ESG data infrastructure. In 2023, we will focus on further leveraging technology to power our investment decision-making through streamlined data infrastructure.

In terms of products, we successfully launched a new strategy focused on climate transition. The Climate Selection strategy invests in companies that are well-positioned to navigate the risks linked to the global goal of reducing the temperature to 1.5C aligned with the targets set-out in the Paris Agreement. In 2023, our focus is on growing our existing strategies, while also actively assessing opportunities around emerging themes, including biodiversity.

As we look ahead and navigate the new year, we remain cognizant of the ongoing and even increasing risks and challenges ahead of us. And therefore, there is still more work to be done. We will continue to push for greater transparency and accountability from the companies in which we invest, and we must hold ourselves to the same high standards. Despite the difficulties, Thematics AM has continued to push forward and pursue our goals with determination and resilience. Throughout the pandemic and the ongoing conflict in our European neighbour, we have remained committed to our customers, our employees, and our communities, and we have worked tirelessly to ensure that our operations continue safely and responsibly.

We express our appreciation to our employees for their dedication, hard work, and unwavering commitment to our clients' success and to our clients for your ongoing support and trust in our team.



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