

# Voting & Engagement Policy

Thematics Asset Management

Scope: Global [100% of assets under management]

Last update: Dec 2023



Signatory of:

## Summary of changes

As part of our continuous improvement commitment, taking into account the advancement in the regulations, maturing standards and norms around sustainable investment, we regularly assess and reinforce our policies. In this Dec 2023 update of our Voting and Engagement Policy, the following changes have been adopted:

1. We designed an internal 'Engagement Outcomes Assessment'. This framework defines the detailed criteria that our target companies must meet for the engagement to be considered completed and successful. The criteria are set at each of the priority engagement themes. This is effective immediately upon publication.
2. Other minor, non-methodology-related refinements: We also applied some refinements focused on clarifying languages, providing more granularity on the scope and specificities of the approach/es, as well as providing more elaborations to fully and accurately capture what we do and how we do our sustainability-focused engagements.

## Voting and engagement in our Responsible Investment

To achieve the sustainable investment objectives or to attain the ESG characteristics of its strategies, Thematics AM embeds Responsible Investment across the end-to-end investment process.

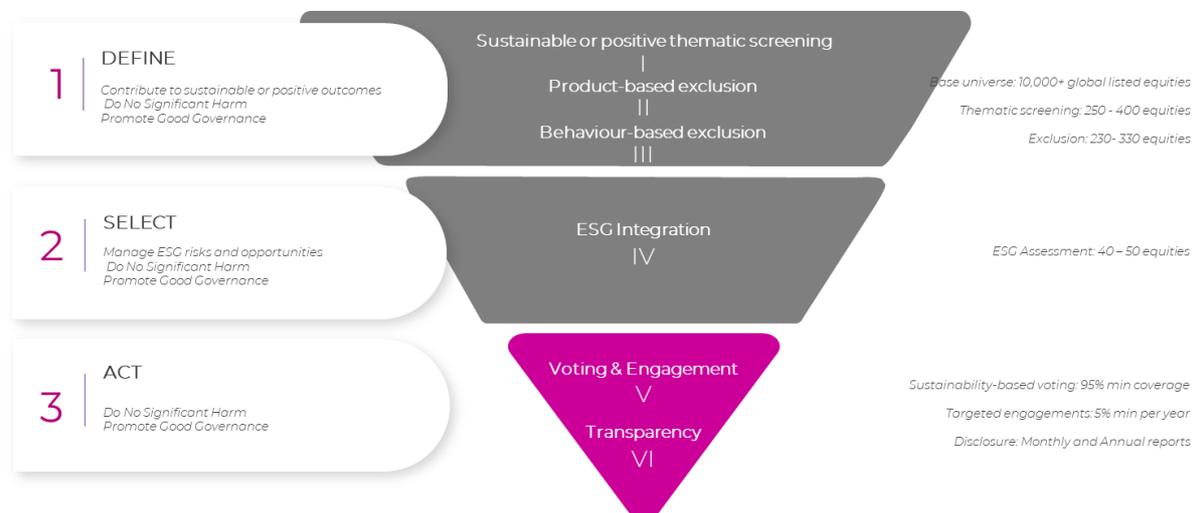
Thematics AM Responsible Investment Framework incorporates the following approaches:

- Sustainable or positive Thematic screening
- Product-based exclusion
- Behaviour-based exclusion
- ESG Integration
- Voting & Engagement

The approaches are applied across the three phases of the investment process of Thematics AM: Define, Select and Act - when we define the theme, its boundaries and the securities to comprise the investable universe, during the security selection for the portfolio, and post-investment. These approaches are implemented in all Thematic Strategies systematically and through binding elements.

**Active ownership** through Voting and Engagement are carried out in the Act Phase, post-investment. We actively vote and engage with our investee companies. Thematics

AM intends to exercise 100% of the voting rights on the issuers of the securities held in the portfolios, with no geographical restrictions or minimum holding requirements on the exercise of these rights.



*Thematics AM Responsible Investment Framework*

### Define

At the first stage of our investment process, we ‘Define’ our theme, its associated boundaries and ultimately the investable universe for the strategy. We set boundaries around what can and can’t be considered appropriate for the strategy in question. We also apply product-based and behaviour-based exclusionary criteria at company and strategy level in order to minimise adverse impacts recognising that even companies in positive thematic areas could have an adverse impact on society or the environment.

### Select

At the second stage of our investment process, we ‘Select’ companies that are suitable for investment. ESG Integration is central at this stage. Our proprietary ESG scoring framework is used to assess the environmental, social, and governance risks and opportunities exposure of a security. It aims to mitigate potential ESG risks should they materialise, and to maximise the value created through the ESG focus.

### Act

The third phase defines how we ‘Act’, in terms of sizing positions within the portfolio, and how we actively manage those positions. ‘Position Sizing’ is defined using thresholds that take ESG scores into consideration. Finally, ‘Voting’ and ‘Engagement’ with companies on ESG issues and are core elements of our active ownership and engagement approach.

## Active ownership at Thematics Asset Management

Responsible investment is one of the 4 “pillars” of our investment philosophy, alongside the emphasis on secular growth opportunities, focusing on our investment themes and adopting an unconstrained approach.

We believe that material Environmental, Social and Governance factors have an overall impact on a company’s bottom line, both in the short and/or long-term and that ESG integration leads to better-informed investment decisions. Integrating sustainability factors in our investment process allows us to fully assess and monitor operational, financial, and reputational risks and deliver excess returns to fulfill our fiduciary duty.

Active ownership through voting and engagement is a core element of our Responsible Investment strategy. Integrating sustainability principles into our Ownership policies and actions help ensure that our investment decision making fully account for these material issues. By voting and engaging with our investee companies, guided by our investment philosophy that integrates sustainability principles, we can act as stewards of our companies and the broader society.

At Thematics AM, Responsible Investment means also assessing how our investments contribute to accelerating the transformation of the economy and moving society towards a more sustainable model. Taking care of the company’s human resources, minimising negative impact of operations to the environment and natural ecosystem, investing in innovative technologies that enable more sustainable production; these steps contribute to long term value creation and, in the end, benefit the business, the employees, the society and the economy.

Monitoring of strategy, financial and non-financial performance, risks, capital structure, social and environmental impact and corporate governance are an integral part of Thematics AM’s investment process.

## Promoting good governance through voting and engagement

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.

As a responsible investor, we recognise our duties in promoting strong corporate governance within our investee companies. Our objectives for voting is five-fold:

1. to create long-term value for our stakeholders through the promotion of strong governance;
2. to protect the rights of shareholders;
3. to promote a fair and equitable compensation policy for all stakeholders;
4. to establish strong accountability and transparency;
5. to respect and preserve the environment and society.

## Our Voting Principles

Guided by these objectives, we have outlined below the core governance issues our voting principles.

Thematics AM intends to vote in alignment with sustainability principles. To operationalise this intent, we generally adhere to the Sustainability Proxy Voting Guidelines of Institutional Shareholder Services (ISS). Below are the key issues and the sustainability principles that we abide by.

### Board of directors

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.

### Accountability

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.

Boards must be accountable to shareholders. This is enabled by transparent corporate governance practices and the holding of regular Board elections for which shareholders have sufficient information to evaluate the Board's directors and overall composition. The rights of shareholders to oppose the reappointment of directors and revoke directors is also taken into consideration. As investors and as stewards to companies we invest 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.

- ❖ We generally vote Against director nominees 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 mission.

### Responsiveness

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Directors must take the opinions of shareholders into consideration, particularly when shareholders are strongly opposed to management's proposals.

- ❖ We generally vote Against director nominees where there is an insufficient responsiveness to flagged material and problematic concerns, for example lack of oversight and board management of material issues, such as sexual harassment and discrimination.

### Composition

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Boards of Directors should be composed of people who bring 'added value' through their specific skills or expertise and who can devote sufficient time and commitment to their directorship. Board members should not be constrained by arbitrary limits such as age or term of office. However, directors who are unable to attend Board and committee meetings and/or have too many directorships are monitored to ensure that they can effectively serve the best interests of shareholders.

- ❖ Guided by these principles, we assess case by case when deciding our votes on this topic, taking into account the individual credentials of director nominees, their potential value contributions, the company's profile, industry, and other local and market specificities.

### Board independence

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Board members must be sufficiently independent of management (and controlling shareholders), to ensure that they are able to effectively oversee the management of the company and the performance of its management for the benefit of all shareholders, including in respect of the corporate strategy and its execution, the appropriate use of capital, and the implementation and observance of executive compensation programmes that are consistent with the corporate strategy.

- ❖ 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. Thematics AM generally votes against the election or re-election of non-independent directors, with the exception of the CEO.

### Shareholders' rights

Pursuant to the G20 and OECD Principles of Corporate Governance of 2015, a corporate governance regime must protect and facilitate the exercise of shareholders' rights and ensure fair treatment of all shareholders, including minority and foreign shareholders. Moreover, Shareholder meetings are a key component of corporate governance as this is where voting rights are exercised.

- ❖ We vote Against any proposals, assessed case by case, that are unfavorable or not respecting shareholders' rights.
- ❖ Thematics AM generally opposes anything that can limit or hinder the operation of shareholder meetings or reduce the scope of their authority. Resolutions should therefore not bundle items that are more effectively dealt with separately.

In addition, Thematics AM believes that shareholders should be able to exercise their voting rights equitably. Cognizant of the companies need to retain and stabilise their shareholder base to ensure their long-term development, Thematics AM is generally not opposed to the principle of granting double votes to long-term shareholders, provided that all shareholders are equally entitled to double votes and that the latter do not result in disproportionate control that is to the detriment of minority shareholders.

Such resolutions will be examined on a case-by-case basis, in particular regarding the shareholder base and the amount of control that the current shareholders have. We believe that such changes must be subject to shareholder approval and explained in detail by the board of directors.

### Integrity and quality of financial information

Access to fair, complete and transparent financial information is an essential shareholder right. Good quality information on the company's governance and new developments is also necessary. Without this information, voting rights cannot be exercised judiciously. Insufficient or poor-quality information can result in abstention or even a No vote.

### Approval of annual accounts

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The quality and transparency of the information provided must be checked and the Audit Committee is composed majority of independent members.

### Ratification of director actions

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Director actions may not be ratified in the event of a serious breach of corporate governance standards, highly deficient overall performance (i.e. economic, financial, social and environmental) that is detrimental to the company's share price, or auditor reservations on the annual accounts.

### Selection and remuneration of statutory auditors

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Thematics AM makes sure that its votes help to avoid conflict-of-interest situations and to ensure the quality and independence of the auditing of accounts and may abstain from voting or reject resolutions in some situations.

### Dividend payment

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Votes on dividend distributions will depend on the company's financial situation over an extended period.

### Quality of governance information

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The "comply or explain" principle is an essential component of corporate governance and must be observed in many countries. Companies that refer to a governance code but fail to observe one or more of its recommendations must explain why.

### Remuneration policy

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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 transparent and 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.

- ❖ We generally vote Against incumbent nominees who are members of the compensation committee where there was failure to deliver on their mission, such as inadequate responsiveness to a failed say-on-pay vote result, and unresponsiveness to significant dissent to remuneration policy. We also generally vote 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.

The non-existence or non-publication of these criteria will be opposed. A company's remuneration policy must contribute to a strong correlation between the interests of senior executives and shareholders, while avoiding conflicts of interests.

#### Diversity, Equity, and Inclusion

To promote board diversity, we generally vote for requests for reports on a company's efforts to diversify the board. 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, including the size of the company, industry, and market practices and standards.

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 Equal Employment Opportunity (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.

#### Environmental and Social Issues

THEMATICS AM's decision to invest in a company systematically takes into account the company's sustainability, which in turn depends on the following economic, financial, social, environmental and corporate-governance factors:

- efforts to achieve long-term value creation
- the quality of business and financial management

- concern for good governance
- the development of a healthy and stimulating work environment
- efforts to reduce environmental impact
- equitable relations with customers, suppliers, civil society and other stakeholders
- response to sustainable-development risks and opportunities.

Given their impact on company performance and reputation, social responsibility and sustainable development are critical factors in investment decisions. Thematics AM's voting is aimed at ensuring boards of directors are aware of the importance of the risks and growth opportunities of their social and environmental responsibility and work to adopt appropriate business practices.

### Climate

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Thematics AM is a signatory to the Taskforce 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 will also vote in support of proposals that promote transparency around climate management, for example those calling for the reduction of GHG emissions; seeking reports on responses to regulatory and public pressures surrounding climate change; disclosure of research that aid in setting company policies around climate change; and requesting a report/disclosure of goals on GHG emissions from company operations and/or products.
- ❖ We also generally vote to support 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.

### Human rights

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- ❖ On human and labour rights, we generally vote in support of proposals that advance transparency on these key issues. These could include proposals asking companies to report on their: human rights due diligence; civil rights audits; efforts to prevent

abuse, harassment, and discrimination; and risks of doing business in countries with significant human rights concerns.

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

### Governance of sustainability

On promoting the governance of sustainability, we support all proposals that ask companies to establish sustainability board committee or strengthening the ownership and implementation sustainability.

### Our voting process



*Thematics Asset Management Voting process*

### Defining the voting principles

Thematics AM's Responsible Investment Committee (RI Committee) is in-charge of defining the voting principles of the organisation. It is composed of the CIO, Head of Responsible Investing, Head of Compliance, ESG Specialist, and Climate Specialist. 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 defined in its 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.

### Internal Review and Ad-hoc RI Committee Validation

Portfolio Managers, with the support of the ESG Team review the proxy voting items, with particular focus on those items where ISS recommend to vote Against the Management. For resolutions where Portfolio Managers disagree with the voting recommendation of ISS, they can submit a vote amendment to the RI Committee, who then reviews and validates the final voting decision based on the rationale presented. This avenue is afforded taking into account cases where, based on our discussions with companies, give us perspectives of the management that may not necessarily be captured or available to the proxy voting agency (ISS), or our internal assessment disagree with that of ISS, based on our data gathering or knowledge of the company.

### 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.

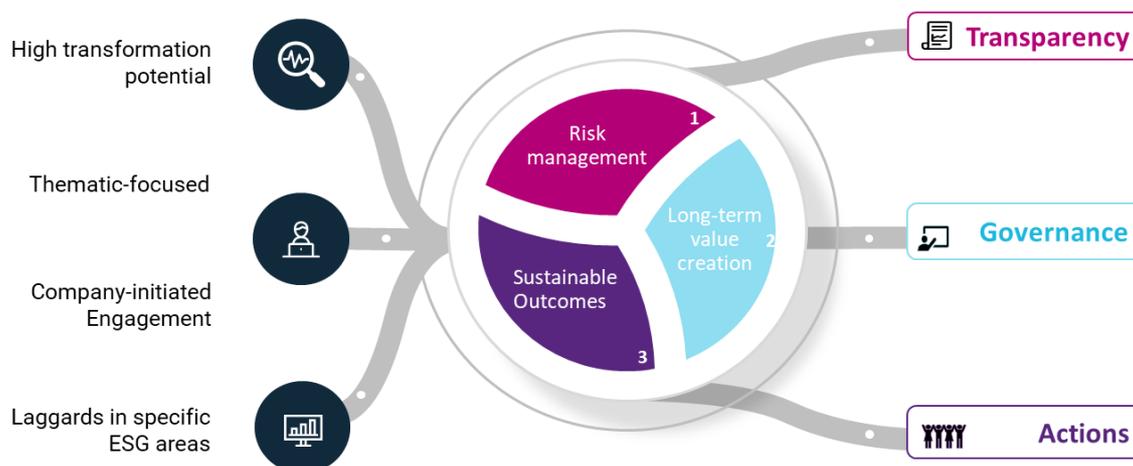
### Reporting

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

## Engagement

### Our engagement framework

<p><b>Target Companies Selection</b> How &amp; Who - Implementation</p>	<p><b>Engagement Objectives</b> Why - Rationale for engaging</p>	<p><b>Expected Outcomes</b> What – Targeted results</p>
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*Thematics Asset Management Engagement framework*

### Our 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:

#### Risk management

To enable our risk management objectives, our engagement with investee companies is aimed at building transparency, primarily on material environmental, social, and governance metrics. Our priority is for companies to provide disclosure to stakeholders on how they account for and manage material ESG risks and opportunities.

For investors, relevant and reliable information on companies' management and performance is critical to a fully informed investment decision. For companies, amid increasing regulatory requirements and market expectations on disclosure, transparency builds attractiveness for investors and creditors.

Towards more **transparent** organisations

*Disclosure on material financial and ESG risk metrics*

Aligned with the aim of the risk management-targeted engagement, our priority is for companies to demonstrate transparency primarily on material ESG metrics. Transparency on these metrics in turn enables a well-informed ESG performance assessment. Material risk metrics are those that companies in our strategies are most exposed to, linked to the nature of their activities.

#### *Internal controls and risk management*

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The reliability and integrity of financial and ESG information is essential to the proper operation of financial markets. For this reason, internal control and risk management systems are essential to the effectiveness of the corporate governance system.

Indeed, poor risk management may have substantial consequences on a company's performance and therefore pose a serious threat to its equity and debt holders. Companies must therefore implement procedures to improve the quality of the information they provide and protect themselves against operational, regulatory, legal and reputational risks.

The objective of our engagement on this theme is to improve the transparency of the financial and ESG information provided to financial markets and shareholders.

#### Targeted result/s

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Published report on company's policy and performance on material ESG risks exposure. Disclosures are expected to contain information on the management framework and key performance metrics and targets on material environmental and social factors.

#### Long-term value creation

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Creating long-term value rests upon the institutionalization of sustainability values at the core of companies' governance. To help build the governance structures that integrate the interests of all stakeholders, our engagements also focus on the establishment of sustainability governance across our investee companies. Moreover, sustainable development issues are becoming drivers of risks. Integrating environmental and social factors into the core of corporate strategy equips companies better for the long-term. As investors, we recognise our role as stewards of the economy. We will engage with our investee companies with the aim of creating long-term value for our clients and the broader economy.

#### To promote strong governance

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Creating long-term value rests upon the institutionalization of sustainability values at the core of companies' governance. To help build the governance structures that integrate the interests of all stakeholders, our engagement will focus on the establishment of sustainability governance across our investee companies.

#### *Establishment of strong sustainability governance*

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We believe that corporate sustainability has a key role to play in making the changes that will be necessary to meet the challenges of achieving a sustainable model of economic development. Targeted at creating long-term value for all stakeholders, our engagement focuses on ensuring that our investee companies have governance systems in place, in particular around these two issues:

- The supervisory structure and the balance of powers

The board of directors plays a key role in “guiding the company’s strategy and supervising its management”. Above all, it represents the interests of the company, its shareholders, and other stakeholders, and oversees its long-term growth.

It is also the forum where all strategic decisions are discussed and therefore the only body that can legitimately deal with environmental and social issues that may have an impact on the execution of the company’s strategy and therefore on its long-term performance.

The quality of the board’s composition and governance structure are therefore two key factors in the development of an effective corporate governance system.

The objectives of our engagement on this theme are to promote:

- A balance of power between management bodies and supervisory bodies
- A nomination process that addresses the board’s needs for specific expertise, skills and diversity
- The independence and complementarity of board and committee members
- The integration of social responsibility concerns in the company’s strategy.

#### *Remuneration system*

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The compensation of senior managers may have a direct influence on a company’s strategic orientation and on the risks these managers take. Compensation is also the means by which the board of directors may incentivise management to prioritise the company’s performance over the long term. The various components of the compensation system must therefore be correlated with the company’s financial and ESG performance and take into account the long-term creation of value for shareholders and other stakeholders. It is essential that

performance criteria be transparent, relevant and measurable. The objectives of our engagement on this theme are to promote:

- The transparency of remuneration policies and systems
- The transparency of financial incentives and their alignment with the creation of shareholder value
- The inclusion of environmental, employee and social concerns in remuneration policies.

#### *Targeted result/s*

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1. Formalised and published governance framework on sustainability issues
2. Integration of sustainability criteria in the remuneration policy

#### **Actions towards sustainable or positive outcomes**

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Some of the sustainability challenges faced by the world today represent risks of critical magnitude. The scientific community has laid out the very grave scenarios that continuing on our current carbon emission trajectory will lead to. Continued destruction of our biodiversity and ecosystems have led to catastrophic events that we have witnessed in recent years, from wildfires, to floods, to severe droughts, to the Covid-19 pandemic. Changes in current business practices are needed to build mitigation and adaptation capabilities to minimise the risks of future episodes and to build resilience.

With the urgency of climate and biodiversity issues becoming increasingly evident, the aim of our engagement around sustainable outcomes is to elicit tangible actions from our investee companies.

#### **Encouraging actions on critical sustainability challenges**

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In Thematics AM's 2024 sustainability roadmap, we prioritized three issues that we deem as critical and timely to become the focus of our engagements with companies. These are climate change, biodiversity, and human rights protection.

Climate change and biodiversity are interlinking challenges highlighting the critical need to integrate climate and biodiversity considerations in economic and business decision-making across sectors of the global economy. Climate change is becoming the defining issue of our time. The havoc that could result if we continue in our path above 2°C been well-documented by the scientific community. Mitigating and adapting to climate change is now an imperative for businesses and society as a whole. To get into this decarbonisation goal, companies must

first recognise and start building understanding of the climate threats to be able to put in place governance and risk management framework.

Moreover, the 2019 report of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES), the equivalent organisation of IPCC, has emphasised the accelerating deterioration of ecosystems globally. Human-induced changes and overexploitation of natural resources pushed the planetary boundaries to its limits, posing threats to human security across the world. On the other hand, it is our conviction that when a company's operations promote global inequality such as paying poverty wages, denying health benefits and employee protection, avoiding taxes, violating environmental laws - they take away from the company's ability to create value for itself and for its investors.

Investors' responsibility to respect and protect human rights is defined in the UN Guiding Principles on Business and Human Rights (UNGPs) and in the OECD's Guidelines for Multinational Enterprises. The Sustainable Development Goals (SDGs) also set the global goals for societies and all its stakeholders – including investors – and are explicitly grounded in the Universal Declaration of Human Rights. With the growing visibility and urgency of human rights issues, from workers' safety to consumer protection to modern slavery - investors' role in shaping real-world outcomes to protect and preserve human rights across all their investment activities is becoming imperative.

#### *Targeted result/s*

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Our engagements will encourage companies to have:

- a. A formal commitment to address climate change and biodiversity
- b. A formalised action plan with defined timelines, for example decarbonisation strategy
- c. A robust, formalized, and disclosed human rights protection framework

#### Implementation

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#### Who – Target companies

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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
  - ✓ Within this category, we prioritise companies that have the highest potential to transform and achieve progress towards our three core priority engagement

themes– Transparency, Governance, Actions (Climate Change, Biodiversity, Human Rights).

- ✓ 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.
- ✓ Selecting targets for each priority themes at portfolio level also account for the material issue for the portfolio. For example, engagement in biodiversity is primarily within our thematic strategy/ies that have material exposure to biodiversity high impact sectors, such as textile, food and agriculture, whereas for those engagement in climate change, we prioritise companies that are carbon intensive or have higher exposure to climate risks.

## 2. Thematic-focused

- ✓ Thematics AM also engages with companies with a thematic focus, in particular on themes relevant to our thematic strategies.
- ✓ The theme/s are defined as part of the industry priority and is linked to a collaborative engagement or as priority areas related to our strategies. For example we engage on Responsible AI in our AI & Robotics strategy while also being part of an industry collaborative engagement on Ethical AI.

## 3. Company-initiated engagement

- ✓ These are engagements that we pursued with 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.
- ✓ It could also be companies that are in the materiality assessment phase of their sustainability journey and request for input from investors. We actively provide input and discussion in these types of reach-outs.

4. Other companies that are laggards in specific ESG areas where engagement opportunity arises, for example through broker-organised company meetings for investors.

### How – Process of engaging

- Formal engagement with the target companies is carried out by each strategy’s Portfolio Managers, supported by the ESG Team. Engagement can be in a form of formal discussion with the management or formal letter.
- The engagement defines the expected outcomes, timeline, and the performance metrics with the investee companies.
- Progress against the targets are assessed formally in an annual basis, with quarterly monitoring as part of the Quarterly ESG Performance Review process. Follow-up actions or engagements are decided upon each review.

### Outcomes Assessment

In assessing the outcomes of the engagement, Thematics AM has defined the outcome assessment criteria below.

Engagement objectives/outcomes	Criteria
Transparency	<p>Must meet one of the following –</p> <ol style="list-style-type: none"> <li>1. Has published an ESG Report with sufficient disclosure</li> <li>2. Has a dedicated webpage with sufficient disclosure</li> <li>3. Has SASB/GRI-aligned reporting.</li> </ol> <p>Criteria for ‘sufficient’</p> <ul style="list-style-type: none"> <li>- Has conducted a materiality assessment or a form of analyses to identify material ESG risks and opportunities exposure for the company</li> <li>- Has reported performance data across the identified material ESG risk and opportunity exposure</li> </ul>
Climate Management/ Biodiversity/ rights	<p>Risk Human</p> <p>Must achieve at least one of the ff:</p> <ol style="list-style-type: none"> <li>1. Have a TCFD-aligned disclosure, at minimum with Governance, Strategy, and Risk Management, and Metrics and Targets</li> <li>2. Has an SBTI-approved plan</li> <li>3. On disclosure- at minimum Scope 1 &amp; 2 emissions</li> </ol>

	4. On targets – quantified and timebound (at minimum 10 years)
Governance	<p>Must meet one of the ff:</p> <ol style="list-style-type: none"> <li>1. Has a formal Sustainability Committee – regular meetings, report to the board</li> <li>2. With Board-level oversight</li> <li>3. With dedicated ESG head</li> <li>4. With designated ESG owner</li> </ol>
Theme-specific	Has published Governance, Strategy, and Risk Management on the theme – ie Ethical AI

All results of engagements shall be reviewed and validated by the RI Committee.

### Escalation

When engagement targets are not met or there is an assessed unwillingness, intentional inaction, and unresponsiveness from investee companies to a degree that poses risks to our clients' interests and shareholder value, Thematics AM may consider the following:

1. Joint intervention with other shareholders
2. Propose shareholder resolutions
3. Exit the position
4. Decisions on a need for escalation is taken on a case-by-case basis. We make the best-effort approach to exhaust all means to carry out the engagement.

### 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 asset management association or Association Française de la Gestion Financière (AFG) and French SIF (Forum pour l'Investissement Responsable – FIR).

### Governance of Voting & Engagement

Thematics AM's Responsible Investment Committee is in-charge of the governance and oversight of the Voting and Engagement framework. It is comprised of the Chief Investment

Officer, the Head of Responsible Investing, the Compliance Officer, and the ESG and Climate specialists.

#### Binding performance outcomes

- ✓ Engage with at minimum 5% (3 new companies) of the total portfolio in an annual basis.
- ✓ Conduct follow-up engagement in general every 12-month cycle or as appropriate (depending on the timeline agreed or committed to by the company)

#### Reporting and Disclosure

Thematics AM publishes its voting and engagement performance on an annual basis at both company and strategy level. 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 invested issuers covered by targeted engagement
- Details of current year engagements
- Updates on initiated engagements [previous year/s]

## Legal Information

Thematics Asset Management

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