

# Statement on principal adverse impacts of investment decisions on sustainability factors

Thematics Asset Management (LEI: 969500ZNS4RM1JHXDI81)				
Summary				
<p>Thematics AM (LEI: 969500ZNS4RM1JHXDI81) 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.</p> <p>According to Thematics AM's sustainable investment policy, in particular based on our product-based and behaviour/norms-based exclusion policy, Thematics AM does not have exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons) nor violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises. Thematics AM has also very low exposure to companies active in the fossil fuel sector because it excludes companies that generate more than 5% of their revenues from conventional or unconventional fossil fuel. The 1.89% exposure consists of companies generating less than 5% of their revenues from fossil fuel. We also note a very low coverage for the Principal Adverse Impact indicator 12 "Unadjusted gender pay gap" (less than 5% of AUM) due to very low reporting from underlying companies.</p>				
Description of the principal adverse impacts of investment decisions on sustainability factors				
Adverse sustainability indicator		Metric	Impact 2022	Actions Taken
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS				
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions [tCO <sub>2</sub> e]	44 966	ESG Integration [ESG Scoring]
		Scope 2 GHG emissions [tCO <sub>2</sub> e]	26 298	
		Scope 3 GHG emissions [tCO <sub>2</sub> e]	155 064	Voting & Engagement
		Total GHG emissions [tCO <sub>2</sub> e]	226 328	
	2. Carbon footprint	Carbon footprint [tCO <sub>2</sub> e/€m]	78	ESG Integration [ESG Scoring] Voting & Engagement
	3. GHG intensity of investee companies	GHG intensity of investee companies [tCO <sub>2</sub> e/€m]	220.97	ESG Integration [ESG Scoring] Voting & Engagement
	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%	Production: Product-based Exclusion Consumption: ESG Integration [ESG Scoring]
	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
	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%	Voting & Engagement
	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, Sustainalytics, 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 p. 37-39 of our Report\*). 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: product-based exclusions, behavior/norms-based assessment, ESG scoring, voting & 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 p. 41 of our Report\*). 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 p. 30-32 of our Report\*). 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, companies which lack disclosures and governance on GHG emissions and intensity; carbon footprint; biodiversity; as well as social indicators as the unadjusted gender pay-gap, or companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement. 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 (see p. 36 of our Report\*). At fund level, we monitor and report on these social indicators which are included in the PAI assessment (see from p. 52 onwards of our Report\*), leveraging Sustainalytics' data. Our climate-related disclosure align with TCFD recommendations. We report on some of the environmental indicators at fund-level (see from p. 52 onwards of our Report\*), leveraging S&P Trucost data. We present the sustainability certifications awarded to our strategies (see p. 47 of our Report\*). Indicators relating to label ISR constraints are also reported at fund level (see from p. 52 onwards of our Report\*). The use of forward-looking climate scenario is irrelevant for the PAI described above.