

Transparency Code

Thematics Asset Management

Responsible Investment Policy

Scope: 100% of assets under management

September 2023



Signatory of:

1. Statement of Commitment

Responsible investing (RI) is one of the core principles from which Thematics Asset Management was built. Since the company's formal inception in September 2019, 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.

Our full response to the European SRI Transparency Code can be viewed below and is also available on our website.

2. Compliance with the Transparency Code

As member of the French Asset Management Association (AFG) and Forum pour l'Investissement Responsable (FIR), we commit to providing the highest transparency, taking into account the regulatory and competitive environment in which we operate.

September 2023

3. List of strategies subject to this Transparency Code

Fund Names

1. Thematics AI & Robotics
2. Thematics Meta
3. Thematics Safety
4. Thematics Subscription Economy
5. Thematics Water
6. Thematics Wellness
7. Thematics Climate Selection
8. Thematics AAA European Selection

SRI Strategy used

1. Sustainable/positive thematic screening
2. Exclusion
3. Norms-based assessment
4. ESG Integration
5. Voting and Engagement

Asset Class

Global equity, long only

Assets Under Management

In EUR million, as of 30 Nov 2022

Strategy	AUM (in EUR million)	Reference Index
Thematics AI & Robotics	431	MSCI ACWI
Thematics Safety	589	MSCI WORLD
Thematics Water	289	MSCI ACWI
Thematics Subscription Economy	132	MSCI ACWI
Thematics Meta	653	MSCI ACWI
Thematics Wellness	52	MSCI ACWI
Thematics Climate Selection	11	MSCI ACWI PAB
Thematics AAA European Selection	802	MSCI EUROPE

For more information, please refer to the brochure or the Key Investor Information Documents (KIDs) relating to the Strategies, which may be obtained from Thematics Asset Management on request or from the website www.im.natixis.com. There may be restrictions on the strategies regarding specific persons or countries depending on the applicable national regulations to such persons or countries.

Labels	
French ISR Label	6 strategies (except Thematics Climate Selection and Thematics AAA European Selection whose label application is currently ongoing)
Belgian Towards Sustainability Label	3 strategies (Safety, Water & Wellness)

4. The Fund Management Company

Based at 20 Rue des Capucines, 75002 in Paris, France, Thematics Asset Management (“Thematics AM”) is an affiliate of Natixis Investment Managers. It provides investors with access to a wide range of high conviction and active global thematic strategies.

5. Our approach to Responsible Investing

Responsible Investing 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.

The guiding principles of our responsible investment framework comprise the implementation of:

- Thematic/sustainability theme
- Exclusion and norms-based screening to minimise our adverse impacts
- Integration of environmental, social, and governance factors for risk management and value creation
- Voting and engagement

Each of the approach is discussed in details in the “Core approaches of the responsible investment framework” section.

6. Our Philosophy and Belief

At Thematics Asset Management (‘Thematics AM’), responsible investing is one of the 4 ‘pillars’ on which we base our investment philosophy, along with a need for secular growth-driven opportunities, being focused on our investment themes and taking an unconstrained approach. For this reason, environmental, social and governance (ESG) considerations are included at each step of our investment process.

We believe ESG integration leads to better-informed investment decisions. The analysis of ESG factors 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. We are convinced that the consideration of ESG factors supports sustainable value creation for asset owners.

7. Our Principles

Consistent with our philosophy and belief, we are a signatory of the **UN Principles for Responsible Investment**. We are committed:

- to incorporate Environmental, Social and Corporate Governance (ESG) issues into investment analysis and decision-making processes;
- to be an active owner and to incorporate ESG issues into our ownership policies and practices;
- to seek appropriate disclosure on ESG issues by the entities in which we invest;
- to promote acceptance and implementation of the Principles within the investment industry;
- to work with the PRI Secretariat and other signatories to enhance their effectiveness in implementing the Principles;
- to report on our activities and progress towards implementing the Principles.

We submitted our first mandatory PRI report in April 2021 as a recent signatory of the UN PRI (and as recently formed organisation). The full report is published on our website and can be found [here](#).

8. CSR

As a key source of financing for the economy, Natixis, of which Thematics is an affiliate, has a role to play in the transition to a sustainable development. Corporate Social responsibility principles have been core part of the company's culture. Natixis IM's CSR's commitments and actions focus on three pillars: our investments, our business, and our communities. As the thematic investing arm, incorporating sustainability across our organization, our approach towards corporate social responsibility is inspired by and consistent with our parent company's CSR/ESR approach.

Access to the Natixis group CSR/ESR portal including policy documents and other related resources can be found [here](#).

9. Responsible Investment Products and Resources

Our Strategies & their characteristics

Thematics AM currently manages 8 strategies which incorporate sustainability into their investment process. The first four (AI&Robotics, Meta, Safety and Water) were launched in December 2018 while the Subscription Economy Fund was launched in December 2019. Thematics Wellness Fund was launched in April 2021. Thematics Climate Selection has been launched in October 2022, whilst the Thematics AAA Consumer was repositioned and renamed Thematics AAA European Selection at the same date.

All strategies are global, long-only, high conviction, listed equity products. Thematics AM has classified the Water, Safety, Wellness, Climate strategies as Article 9 products and AI&Robotics, Subscription Economy, AAA European Selection and Meta as Article 8 products under the EU SFDR.

Our Resources & their knowledge building

At Thematics AM, our responsible investment approach is implemented by the Portfolio managers and supported by ESG & Climate specialists. We currently have 2 fully dedicated headcount (ESG and Climate specialist), along 10 portfolio managers. We estimate that roughly 25% of our FTE time are allocated to RI-focused tasks.

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. 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 internal training around our methodology (for all new joiners, and on an annual refresher) as well as the regulatory landscape. We additionally promote teambuilding activities with sustainability-focused workshops, around Climate (2022) and Biodiversity (2021).

10. Governance and Implementation of the Responsible Investment Policy

The governance and implementation of Thematics AM's Responsible Investing Framework is managed by the Responsible Investment Committee, composed of the following:

- Chief Investment Officer
- Head of Compliance
- Head of Responsible Investing (RI)
- ESG Specialist
- Climate Specialist

Primarily, the Head of RI, supported by the specialists, are in-charge of the following:

1. ensure that the RI policy and procedures are operationalised across all strategies
2. provide guidance on exclusions, votes and engagements
3. maintain an understanding of international best practices on ESG management

The Chairman and Chief Investment Officer oversees the implementation. The Head of Compliance ensures alignment of the RI policy against global and local regulations and standards.

At the specific and individual fund level, each PM fulfils a dual role, performing both the company / stock analyst role on an investable universe of reasonable size, as well as portfolio management duties and associated responsibilities whereby strongest convictions are selected to create a concentrated yet diversified portfolio. This analytical role includes ESG factors at the portfolio and stock-specific level. The combined and individual expertise of the strategy portfolio managers following decades of combined investing experience, allied to an integrated risk-mapping procedure that scores companies in the portfolios, inputs from 3rd party resources, as well as voting, engagement and regular management meetings with portfolio companies and forms the basis of our ESG capability/expertise.

11. Core approaches of the responsible investment framework

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

Our responsible investment framework comprises the implementation of the following:

- Positive/sustainable thematic screening
- Exclusion and norms-based screening to minimise our adverse impacts
- Integration of environmental, social, and governance factors for risk management and value creation
- Stewardship

These core strategies are implemented at different stages of the investment process. The next section provides an overview of each strategy.

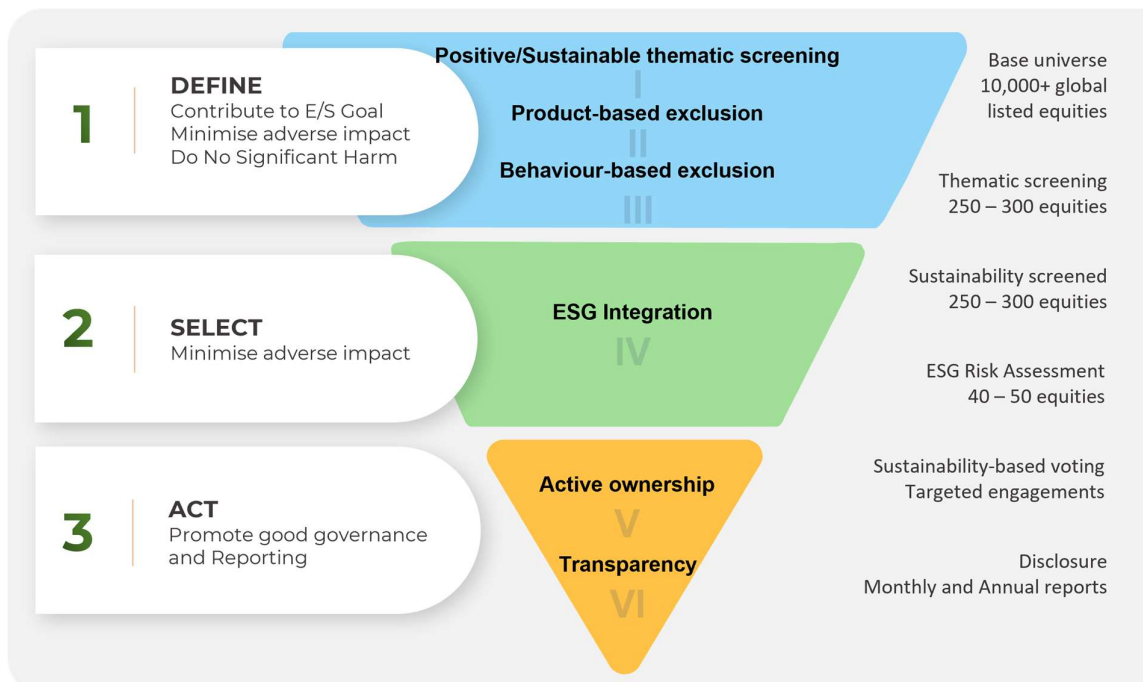


Figure 1. Thematics Asset Management Responsible Investment Framework

Exclusionary screening

Product-based screening

As a sustainable and responsible investor, we seek to lower if not eliminate our adverse impacts to society and the environment. Using a combination of third-party data from established ESG rating and research agencies and our own internally set ESG definitions and risk materiality assessment, our Portfolio Managers and in-house ESG Specialist systematically screen all of our strategies for any exposure to activities that have negative impact from a sustainability and/or ethical perspective.

Activity	Screening criteria
ENVIRONMENTAL	
Coal	To support the transition to a low carbon economy, we have been continuously reducing our exposure to coal. Effective June 2021, we adopted the strictest threshold concerning coal. Thematics AM shall not invest in companies that generate more than 5% of revenue from this activity. We have progressively lowered this threshold from the previous 25% and 10% (in 2019/2020). In addition, the company's absolute production of or capacity for thermal coal related-products or services shall not be increasing, nor should the company invest in new-build coal power plant projects.
Unconventional Oil and Gas	Our unconventional oil and gas policy covers oil sands, shale energy, and oil and gas resources located in the Arctic region. We exclude companies that generate more than 5% of their revenue from exploration and production of these resources, a stricter threshold from the previous 10%.
Conventional Oil & Gas	We exclude companies that generate more than 5% revenue from oil and gas. The scope covers oil and gas exploration, production, refining, transportation and storage; electricity generation; and provision of critical services or dedicated equipment to the oil and gas industry.
General Power Generation Sector Policy	We exclude companies involved in power generation from non-renewable energy sources or those providing dedicated equipment or services, whose carbon intensities are not aligned with the 2 degrees scenario. The current annual threshold is 350 gCO2/kWh. The companies must also not be structurally increasing their production or capacity from these non-renewable energy-related products or services.

Activity	Screening Criteria
SOCIAL	
Conventional weapons	To support peace and disarmament efforts globally, while respecting countries' rights to self-defence, we limit our involvement in companies that manufacture or provide weapons, weapon components, or tailor-made combat-specific products or services. Companies that generate more than 5% of their revenue from weapons systems or their key components are excluded. Companies involved in the provision of key combat-specific products or services are also excluded, with a further reduced threshold of 5% from the previous 10%. In addition, we also exclude companies providing general, non-weapons specific products or services with a 10% threshold.
Small Arms	Companies that generate more than 5% of their revenue from the production and distribution of small arms and their key components, including provision of key services, are also excluded.
Controversial Weapons	<p>We do not invest in companies involved in the production of weapons considered illegal under international law with a zero-tolerance policy. This covers the following weapons:</p> <ul style="list-style-type: none"> - anti-personnel mines - cluster munitions - biological and chemical weapons - depleted uranium - white Phosphorous - nuclear weapons <p>Our policy is aligned with the stipulations of international treaties governing the use and production of these weapons, such as the Oslo Convention and Ottawa Treaty.</p>
Tobacco	While recognising individual freedom to choose what one consumes, Thematics AM recognises the risks posed by certain substances that contribute to serious health and environmental problems for users and others. We therefore limit our investments to tobacco. Companies generating more than 5% from the production and wholesale trading of tobacco products and from the provision of dedicated equipment or services are excluded, a further threshold tightening from 10% in 2019/2020.
Genetically Modified Plant & Seeds	Effective June 2021, we added in our exclusion those activities relating to the development and/or cultivation of genetically modified seeds and/or plants, as well as growing of genetically modified crops, with a 5% threshold.
Human Embryonic Stem Cell Research	We also added in our exclusion those activities relating to the use of human embryonic stem cells and the use of fetal cell lines for vaccine or biologics development. Companies generating majority of its revenue or has significant exposure to the use of embryo and/or fetal cell lines shall be excluded.

The exclusion list is built using primarily third-party data, external databases, and complemented by Thematics AM internal research.¹

Behaviour-based screening

In addition to the exclusion criteria based on product or activity involvement, Thematics AM also excludes companies that are non-compliant or systemically violate, demonstrate severe negative impact, or indeed cause significant harm relative to key social and environmental issues covered by internally agreed standards, norms, taxonomies, and regulations. These would include but not be limited to the International Bill of Human Rights, ILO Conventions, OECD Guidelines for Multinational Enterprises, and the UN Global Compact. The assessment is informed by data from third-party providers, additional research by Portfolio Managers and the ESG Specialist, as well as additional information from Portfolio Managers' engagement with companies.

ENVIRONMENTAL	
Environmental protection	We exclude companies that are repeatedly facing grave and controversies relating to their impact on the environment and/or have demonstrated systematic failure to address or mitigate allegations of environmental harm – as well as those where there is an absence of any environmental risk management policy across the company's operations. This is an encompassing criterion covering all environment-related issues, including climate change, biodiversity loss, and pollution, among others.
SOCIAL	
Human Rights	We exclude companies that are violating international agreements, standards, and directives in human rights protection, either deliberately or through neglect. These include: <ul style="list-style-type: none"> - Those facing repeated allegations of severe human rights abuses - Those where there is a repeated or systematic failure to address or mitigate allegations of human rights abuses and an absence of any human rights policy across the company's supply chain.
Labour Rights	We exclude companies that are violating international agreements, standards, and directives in labour standards, either deliberately or through neglect. These include: <ul style="list-style-type: none"> - Companies facing repeated allegations of severe or significant violations or fines and failure to address or mitigate issues relating to: <ol style="list-style-type: none"> a. Health & Safety of staff and suppliers b. Child Labour c. Modern Slavery

¹ Third-party and external database: Sustainalytics, ISS, Global Coal Exit List

GOVERNANCE	
Business Ethics	<p>We exclude companies that are violating international agreements, standards, and directives on business ethics, either deliberately or through neglect. These include:</p> <ul style="list-style-type: none"> - Repeated allegations of severe or significant violations or fines relating to: <ul style="list-style-type: none"> a. Corruption b. Extortion and bribery c. Competition Laws, Tax avoidance

ESG Controversy Management

In addition to excluding non-compliant companies to sustainability norms and standards, Thematics AM also excludes from its investable universe any companies that are exposed to high or severe risk level of ESG controversies, with a negative outlook, also based on third-party data.

A controversy is any event or aggregation of events relating to an ESG topic. It can be any incident or record of an activity by a company that may have unintended and/or undesired negative sustainability impacts on the environment, society or other stakeholders. The corporate “activity” creating a negative impact can be a single incident (i.e. a mine explosion) or an ongoing activity (the use of child labour in factories). The highest event rating under one controversy indicator or issue automatically becomes the Controversy Rating. Controversy ratings also follow the five-level hurricane scale:

Category 5 – Severe	The Event has a severe impact on the environment and society, posing serious business risks to the company. This category represents exceptional egregious corporate behaviour, high frequency of recurrence if incidents, very poor management of ESG risks, and a demonstrated lack of willingness by the company to address such risks.
Category 4 – High	The Event has a high impact on the environment and society, posing high business risks to the company. This rating level represents systemic and/or structural problems within the company, weak management systems and company response, and a recurrence of incidents,
Category 3 – Significant	The Event has a significant impact on the environment and society, posing significant business risks to the company. This rating level represents evidence of structural problems in the company due to recurrence of incidents and inadequate implementation of management systems or the lack of.
Category 2 – Moderate	The Event has a moderate impact on the environment and society, posing moderate business risks to the company. This rating level represents low frequency of recurrence of incidents and adequate or strong management systems and/or company response that mitigate further risks.
Category 1 – Low	The Event has a low impact on the environment and society, and risks to the company are minimal or negligible

The Outlook is a forecast of how an Event Rating will evolve over a 12 to 24-month period based on a set of criteria such as the company's risk factors, its management systems, and the external political and business environment. A Negative outlook indicates that the company's overall assessment status is likely to be downgraded over the next 12 to 24 months due to negative developments.

For stocks that are already part of Thematics portfolio that gets exposed the above type of ESG controversy post investment, a capping to 2% of the position size (if currently higher) shall be required to be complemented with a targeted engagement with a 6-month time frame. If the company has not demonstrated sufficient progress to address the risk associated to the controversy, divestment will be imposed.

ESG Integration

ESG Scoring framework

Thematics AM has developed a proprietary ESG scoring framework composed of targeted and focused sets of metrics deemed most material to its range of thematic strategies. These metrics represent two things:

- the most material risks that companies in our strategies are exposed to, linked to the nature of their activities, which could translate to financial and reputational risks if unmanaged, and;
- the most material areas where companies could have adverse impact, due to the nature of their activities.

This also aligns with the concept of double materiality as defined by the European Commission in the Guidelines on Non-financial Reporting: Supplement on Reporting Climate-related Information published in June 2019. It encourages a company to judge materiality from two perspectives: 1) "the extent necessary for an understanding of the company's development, performance and position" and "in the broad sense of affecting the value of the company"; 2) environmental and social impact of the company's activities on a broad range of stakeholders. The concept also implies the need to assess the interconnectivity of the two.

Material ESG Metrics

The Investment Managers score individual companies across the 11 different material ESG indicators drawing from a range of resources, including desktop research, company engagement, and ESG ratings from at least two third-party rating agencies (ISS and Sustainalytics).

When assessing the different criteria, our objectives are :

- On the Environmental side, to make sure the company will keep its **license to operate**,
- On the Social side, to confirm the company is getting **community consent**,
- On the governance side, to assess the safeguards to **protect minority shareholders interest**.



Figure 2. Thematics Asset Management Material ESG metrics

Weighting of Material ESG Metrics at Fund Level

Whilst we acknowledge the interconnected nature of environmental, social, and governance factors, it is our view there are specific topics and criteria which are more material than others depending on the business models, the geographies or the industries involved. To account for this, Thematics AM's framework sets the level of materiality for each of the 11 ESG indicator at fund level. The weighting is assigned at subsegment and categorised as either high or medium (2 or 1, respectively). The weight designation is primarily guided by the Portfolio Managers expertise and knowledge of sectorial business models, while also accounting for existing materiality mapping, such as that of the SASB.

ESG Factors with the highest materiality are assigned a 'weight' of 2. Factors that are assessed to have medium materiality are assigned a 'weight' of 1. See the graphic below for illustrative sample.

Following the process as outlined above, the output of this weight assigning is illustrated below. For the scoring of the rest of the strategies, see Appendix B.

Risk Mapping - Water Fund		Environment				Social			Governance				THEMATICS	
		Climate change strategy	Effluents and waste management	Environment al impact of products and services	Staff and supplier's health and safety	Labor practice	Society and product responsibility	Data privacy	Executive compensatio n	Quality of the Board	Shareholders rights and poison pills	Business ethics	TAM Score	Segment
Demand efficiency	Consumers	1	2	2	2	1	2	1	1	1	1	1	1,36	17,4%
	Industrials	2	2	1	2	1	1	1	1	1	1	2	1,36	13,3%
	Agriculture	1	2	2	1	1	1	1	1	1	1	2	1,27	0,0%
Pollution control	Distributors	1	1	1	2	2	1	2	1	1	1	1	1,27	10,8%
	Monitoring	1	1	1	1	1	1	2	2	1	1	1	1,18	16,8%
	Waste	1	2	2	2	2	2	1	1	1	1	2	1,55	7,3%
Water infrastructure	Regulated Utes	2	2	2	2	2	2	1	1	1	1	2	1,64	13,1%
	Concessions	2	2	2	2	2	2	1	1	2	2	2	1,82	9,4%
	Technologies	2	2	1	1	1	1	1	1	1	1	2	1,27	9,4%
Total		1,46	1,72	1,48	1,73	1,42	1,48	1,28	1,17	1,10	1,10	1,54	1,41	

Figure 3. Sample risk score based on materiality weighting at fund level, Thematics Water Fund as of 30/12/2020

This weighting at Fund level will then be used to calculate the total ESG score at Fund level using the individual company score per indicator

Company-level scoring

Portfolio Managers conduct a systematic ESG assessment of companies from the Investable Universe. They score individual company across the 11 material ESG indicators. Portfolio Managers' analyses focus on 3 key pillars – Policy, Implementation, Outcome [Policy, Outcome].

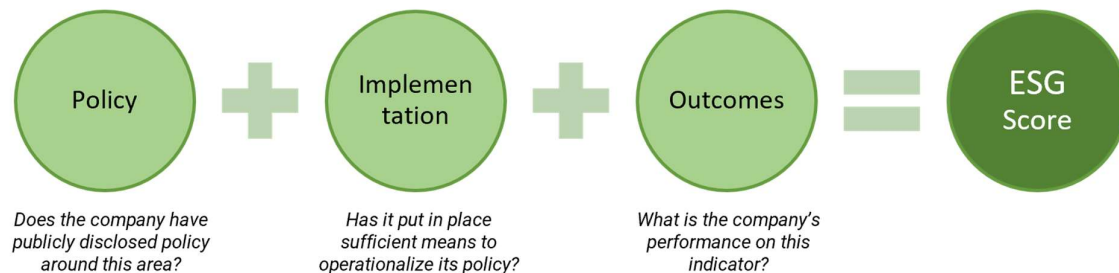


Figure 4. Thematics Asset Management Company level scoring

In the course of their analyses, Portfolio Managers' thinking process are guided by a set of common questions illustrated in Appendix A.

Scoring:

- The company is scored 2 in an ESG indicator if it demonstrates above average governance and risk management and its products contribute positively to the specific indicator.
- The company is scored 1 in an ESG indicator if no major risk has been identified and/or if major ESG risks are mitigated by appropriate commitments and approaches which have already demonstrated results.
- The company is scored 0 in an ESG indicator if an ESG risk is identified and is not sufficiently covered by any appropriate commitment or approach.

Portfolio Managers base their judgement on public documentation and information. They also receive third party ESG data and analysis. Each company is reviewed with respect to authoritative standards on ESG, such as the UN Global Compact, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles for Business and Human Rights and the Sustainable Development Goals. Third party analysis provides:

- ESG ratings on industry specific ESG issues and their rationales.
- An ESG impact evaluation of the product portfolio and performance relative to the United Nations Sustainable Development Goals (UN SDGs).
- An ESG controversy assessment.
- Summaries of ESG risks, opportunities, and governance.

If necessary, Portfolio Managers complete their analysis via a discussion with the company management and additional documentation provided by the company. They also exchange analyses on specific matters with equity 'sell-side' brokers/salespeople.

The output of this process is a score of individual company across 11 material ESG indicators. To arrive at the final company ESG score, these are multiplied by the indicator weights designated above. See illustration below for a fund level score view.

Company Scoring – Water Fund		Environment			Social				Governance				TAM Score
		Climate change strategy	Effluents and waste management	Environmental impact of products and services	Staff and supplier's health and safety	Labor practice	Society and product responsibility	Data privacy	Executive compensation	Quality of the Board	Shareholders rights and poison pills	Business ethics	
Company 1	Consumers	1	1	2	1	0	0	1	1	1	0	1	50,0%
Company 2	Concessions	0	1	1	1	0	1	1	1	1	0	0	31,8%
Company 3	Concessions	0	2	2	1	0	0	1	1	1	0	0	36,4%
Company 4	Concessions	1	1	2	1	0	1	1	1	0	0	1	50,0%
Company 5	Concessions	1	2	2	1	0	1	1	1	1	0	0	50,0%
Company 6	Concessions	1	2	2	1	0	1	1	1	1	0	0	50,0%
Company 7	Industrials	1	1	1	1	1	0	1	0	0	1	1	37,5%
Company 8	Monitoring	0	1	2	1	1	2	1	1	1	1	1	60,0%
Company 9	Monitoring	1	1	2	1	1	2	1	0	0	1	1	55,0%
Company 10	Monitoring	1	1	2	2	1	2	1	0	1	1	1	65,0%
Company 11	Industrials	1	1	2	1	1	1	1	1	1	1	1	62,5%
Company 12	Technologies	1	1	2	1	1	1	1	1	0	1	1	53,8%
Company 13	Technologies	1	1	2	1	1	1	1	1	2	2	1	65,4%
Company 14	Distributors	0	1	1	0	0	1	1	1	1	1	1	40,0%
Company 15	Industrials	1	1	2	1	1	1	1	1	1	0	1	62,5%
Company 16	Consumers	1	1	1	1	1	1	1	1	1	0	1	50,0%
Company 17	Technologies	1	1	2	0	0	1	1	1	1	1	2	50,0%
Company 18	Regulated Utes	2	2	2	1	1	2	1	1	2	1	0	70,8%
Company 19	Distributors	1	1	1	1	1	1	1	1	1	2	2	58,3%
Company 20	Consumers	0	0	2	0	0	1	1	2	1	2	1	54,2%
Company 21	Waste	0	1	2	1	1	1	1	1	1	1	1	50,0%
Company 22	Consumers	1	1	1	1	1	1	1	1	2	2	1	57,1%
Company 23	Distributors	0	1	2	1	1	1	1	1	1	1	1	58,3%
Company 24	Regulated Utes	0	2	2	1	1	2	1	1	0	1	1	66,7%
Company 25	Monitoring	1	1	2	2	1	2	1	0	2	1	1	70,0%
Company 26	Industrials	2	1	0	2	2	1	1	1	2	1	1	50,0%
Company 27	Waste	1	1	2	1	1	1	1	1	0	1	1	56,3%
Company 28	Industrials	2	1	2	1	1	1	1	1	1	1	1	62,5%
Company 29	Monitoring	1	2	2	2	1	2	0	0	0	0	0	65,0%
Company 30	Monitoring	1	1	1	1	1	1	1	1	1	1	0	50,0%
Company 31	Consumers	1	1	1	1	1	1	1	1	2	0	1	57,1%
Company 32	Distributors	0	1	1	2	1	1	1	1	2	1	1	55,0%
Company 33	Industrials	1	1	1	1	1	1	1	1	1	1	1	50,0%
Company 34	Consumers	1	1	2	1	1	1	1	1	0	0	1	50,0%
Company 35	Consumers	0	1	0	1	1	1	1	1	1	1	1	42,9%
Company 36	Monitoring	1	1	2	1	1	2	1	2	1	1	1	70,0%

Figure 5. Illustrative ESG scoring, Thematics Water Fund

Position sizing

With the binary scores of companies across the four investment criteria - 'ESG', 'Quality', 'Trading Risk', 'Management' – each equally weighting 25%, Portfolio Managers proceed to the position sizing based on their qualitative and qualitative assessment.

- An overall score of 4 implies a range of 2%-5%
- An overall score of 3 implies a range of 1%-4%
- An overall score of 2 implies a range of 1%-3%
- An overall score of 1 implies a range of 1%-2%

The target weight of the position within the range will be driven by the potential valuation upside identified by the Portfolio managers.

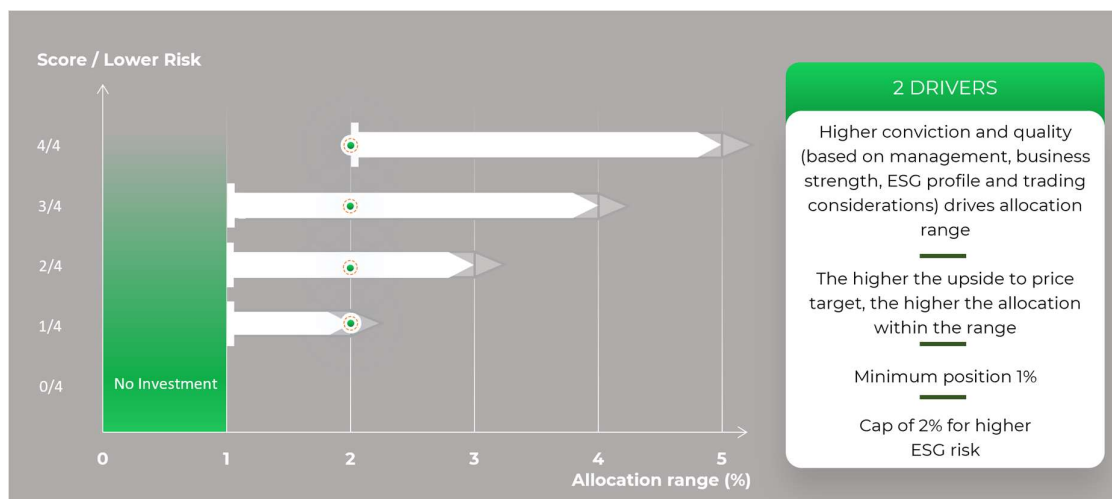


Figure 6. Position sizing allocation range

Controversy-based post-investment capping as continuous ESG risk management

To ensure continuous accounting for ESG risks that are evolving by nature, Portfolio Managers are required to cap the position at 2% in companies already in the portfolio, that become exposed to high to severe risk level of ESG controversies and which have been assessed as no sufficient ESG risk management by third-party data providers (negative outlook). 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 otherwise.

Frequency of review of ESG information

ESG risk and opportunity is reviewed on an ongoing, daily basis – with the portfolio managers continually receiving company and industry updates. In terms of published ESG scores for the portfolio (from both a risk and opportunity standpoint), this is a metric that is published every month for inclusion in the fund factsheets (covered in detail in the Reporting section of this report). More broadly, the Thematics AM ESG committee reviews the investable universe of each strategy each year and makes sure it does not include any companies involved in any activities excluded at theme level. The committee uses data from multiple third-party providers, ie screening.

Resources used to undertake ESG analysis

The PM/analyst will draw from a range of resources when analyzing a company. The data used to form an overall opinion on a company is a synthesis of outputs that come from a combination of some or all of the following:

- PM's network of contacts from the broader relevant industry
- Equity sell-side analysts and research documents,
- Third party sustainability data providers, including
 - a. Institutional Shareholder Services (ISS)
 - b. Sustainalytics

- c. Trucost of S&P Global
- d. MSCI
- e. CDP
- f. Bloomberg ESG

Principal Adverse Impact in our Responsible Investment Framework

Principal Adverse Impact (PAI) is a key element of the EU's SFDR. PAI is defined as "Negative, material or likely to be material effects on sustainability factors that are caused, compounded by or directly linked to investment decisions and advice performed by the legal entity." PAI indicators are a predefined list of ESG indicators and metrics (including carbon emissions, wastewater emissions, social violations, among others) that are considered to always have a negative impact.

Thematics AM's responsible investment (RI) framework takes into account the negative impact of its investments through employing multiple sustainability strategies from end-to-end of its investment process. Acting in accordance with applicable and evolving standards and regulations, we continuously refine and update our RI policy to align and comply with these normative and legal instruments. Thematics AM takes into account the EU SFDR's PAI at different stages of our investment process through our 5 sustainability approaches: exclusion, norms-based assessment, ESG risk assessment, voting and engagement.

Principal adverse impact accounting		
Sustainability approach	PAI covered	Details
Product-based Exclusion	<ul style="list-style-type: none"> - GHG intensity of investee companies - Exposure to companies active in the fossil fuel sector - Share of non-renewable energy consumption and production - Exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons) 	Please refer to the product-and behaviour-based exclusion discussions in the Define section of our Responsible Investment Policy
Behaviour/ Norms-based assessment	<ul style="list-style-type: none"> - Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises - Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises - Activities negatively affecting biodiversity sensitive area 	Please refer to the product-and behaviour-based exclusion in the Define section of our Responsible Investment Policy
ESG assessment	<ul style="list-style-type: none"> - GHG emissions 	Please refer to the ESG Integration in the Select

	<ul style="list-style-type: none"> - Carbon footprint - Energy consumption intensity per high impact climate sector - Activities negatively affecting biodiversity sensitive areas - Emissions to water - Hazardous waste ratio - Board gender diversity - Unadjusted gender pay-gap 	section of our Responsible Investment Policy
Voting & Engagement	<ul style="list-style-type: none"> - GHG emissions - Carbon footprint - Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises. - Activities negatively affecting biodiversity sensitive area - Unadjusted gender pay-gap 	Please refer to the behaviour-based exclusion in the Define section of our Responsible Investment Policy and the Thematics AM Voting & Engagement Policy accessible here .

Proxy Voting Policy

Why we vote

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. Creating long-term value for our stakeholders through the promotion of strong governance
2. Protecting the rights of shareholders
3. Promoting a fair and equitable compensation policy for all stakeholders
4. Establishment of strong accountability and transparency
5. Respecting and preserving the environment and society

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

- **Board of directors**
 1. Accountability
 2. Responsiveness
 3. Composition
 4. Board independence
- **Shareholders' rights**
 5. Shareholders' meetings
 6. Shareholders' voting rights

- **Integrity and quality of financial information**
 - 7. Approval of annual accounts
 - 8. Ratification of director actions
 - 9. Selection and remuneration of statutory auditors
 - 10. Dividend payment
 - 11. Quality of governance information
- **Remuneration policy**
- **Environmental, Social, and Governance Issues**

Our voting process

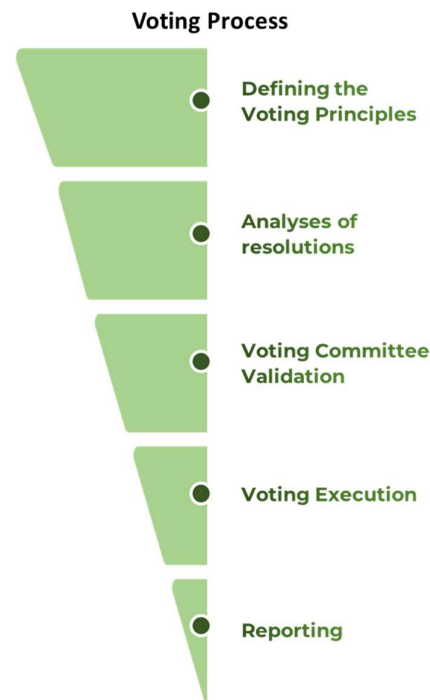


Figure 7. Thematics AM Voting Process

Implementation of Voting Policy

Defining the 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, 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).

Voting Committee Validation

For resolutions that are particularly important or for which principles have not been set forth in the voting policy, or where it calls for assessment on a case-by-case basis, Portfolio Managers can submit a vote amendment to the RI Committee, who then reviews and validates the final voting decision.

Voting Execution

Voting is carried out via ISS' Proxy Exchange platform, with a gateway between ISS and Broadridge for those portfolios 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 and engagement performance in an annual basis. The report is available on the Thematics AM website.

Engagement

Our Engagement Framework

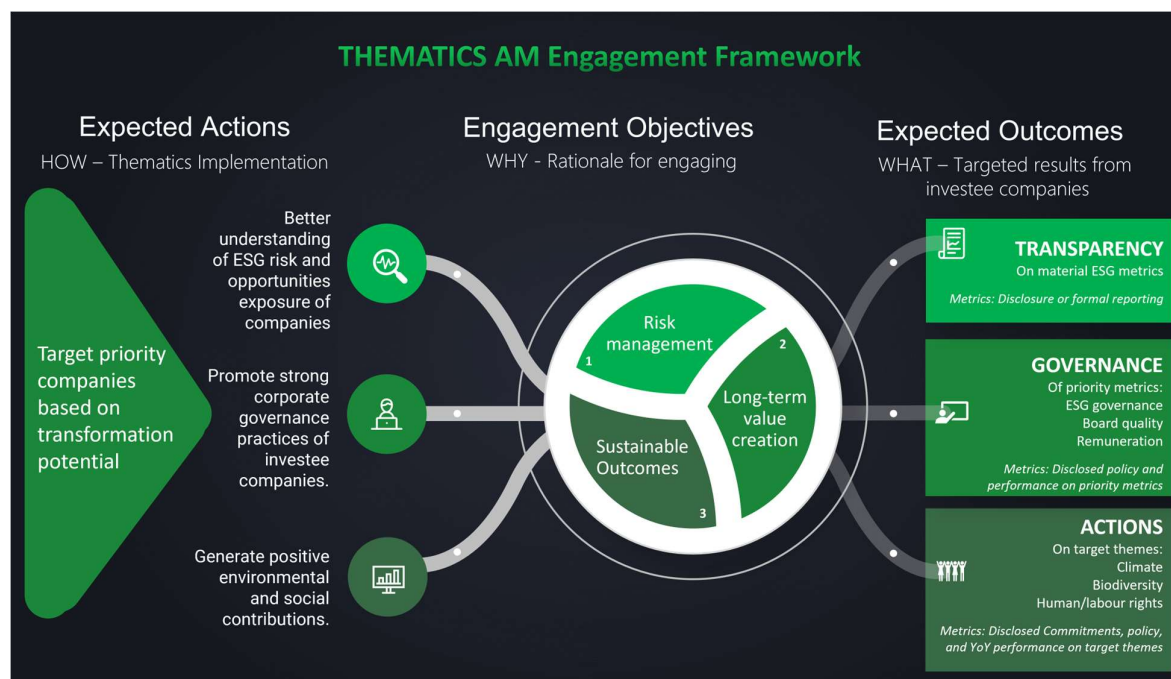


Figure 8. Thematics AM Engagement Framework

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:

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

Expected Outcomes

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

- a. Companies with the highest transformation potential in any of the three core priority engagement themes – Transparency, Governance, Actions, will be prioritised 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.
- b. 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.
- c. 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.
- d. 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 fund'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 asset management association or Association Française de la Gestion Financière (AFG). We are also a signatory to the French SIF (Forum pour l'Investissement Responsable – FIR).

Securities lending

Thematics AM does not engage in securities lending.

Derivatives

Thematics AM does not use derivatives.

Unlisted entities / securities

Thematics AM does not invest in unlisted entities / securities.

Charity organizations

Thematics AM does not invest in charity organisations.

Mutual funds

Thematics AM does not invest in mutual funds.

12. Responsible investment considerations across the investment process

Thematics AM responsible investment strategies are embedded across the three main phases of the investment process: Define – Select – Act.

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.

At this stage, we minimise adverse impacts through product- and behaviour-based exclusions. Recognising that even companies in positive thematic areas could have an adverse impact on society or the environment, we apply the first adverse impact minimisation filter as we define the investable universe. The adverse impacts are minimised through product- and behaviour-based exclusionary criteria at company and fund level.

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. The policy provides guidelines to analyse and score stocks regarding the negative impact of their potential ESG risks and the positive impact of their ESG commitment.

The detailed scoring process, metrics and weightings used are discussed in details in our Responsible Investment Policy document.

Act

The final 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, '**Shareholder Engagement**' with companies on ESG issues and '**Proxy Voting**' are core elements of our active ownership and engagement approach.

13. RI Reporting and controls

Reporting

Within our annual report entitled **Being responsible**, we provide a review of our strategies ESG performance, which includes:

- A portfolio-level ESG risks (controversies) description, aggregated and split between Environmental, Social and Governance,
- A portfolio-level ESG Opportunities (SDG alignment) description, aggregated and split between Environmental and Social goals.
- A report on the lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD MNE Guidelines

In our monthly fund factsheets, as a supplement to the 'conventional' performance data presentation and overview of positioning, we include automated portfolio level ESG Risks (Controversies) and Opportunities (SDG alignment). This is also available within our Fund marketing presentations.

Reporting of ESG Risks

To report on ESG risk relative to the reference index and the investable universe of each fund, we disclose the level of controversies within the portfolio. Therefore, we have identified a range of categories for these controversies and use third-party data (Sustainalytics) to screen for occurrences identified for the companies in both portfolios and indices. In terms of disclosures, we calculate a weighted average of the controversy level.

We disclose the percentages of non-covered names for full transparency.

Reporting of ESG Opportunities

To report on ESG Opportunities, we believe that the United Nations Sustainable Development Goals ('SDGs') are the best, and most widely-accepted way to frame a company's ESG opportunities. With a long-term goal of investing with the intention of creating a more sustainable world, the achievement of the SDGs should be beneficial over a similarly long timeframe to the companies in which we invest.



Figure 9. The UN Sustainable Development Goals (SDGs)

In order to be able to provide that data at both the portfolio level and the reference index level, we use third party data from ISS. The scores that we use consider companies that are both making positive and negative impacts relative to 15 Social and Environmental objectives of the SDGs. We aim to deliver (and have delivered) strategies that contribute more positively towards the SDG achievement than the broader reference index.

From a Social perspective, there are 7 objectives:

7 Social Objectives – and their Corresponding UN SDG			
Alleviating Poverty 1	Combating Hunger & Malnutrition 2	Ensuring Health 3 6	Providing Basic Services 1 3 4 6 7 10 11
Delivering Education 4	Attaining Gender Equality 5	Safeguarding Peace 16	

Source : ISS

The 8 Environmental objectives are:

8 Environmental Objectives – and their Corresponding UN SDG			
Achieving Sustain. Agriculture & Forestry 2 15	Conserving Water 6	Contributing to Sustain. Energy Use 7 13	Promoting Sustain. Buildings 11
Optimising Material Use 12	Mitigating Climate Change 13	Preserving Marine ecosystems 14	Preserving Terrestrial Ecosystems 15

Source : ISS

For reporting purposes, the Thematics methodology uses ISS data to assess the products and services of the companies that we are analyzing to verify whether they contribute in a positive or negatively way from an Environmental ('E') and Social ('S') perspective, to the underlying SDGs, and scores them accordingly. The total score for each company equals the sum of the assessment for each company for all 15 objectives and can range from -10 (where 100% of sales contribute negatively to one or several SDGs), all the way up to +10 (where 100% of sales contribute positively to one or several SDGs).

From a reporting perspective, we publicly disclose information for both the E and the S pillars, meaning that the total ESG Opportunity score can be calculated by adding both together. Please note that the score provided is a weighted average score of names within the portfolio. We disclose the percentages of non-covered names for full transparency.

Commitment to outperformance

For all the strategies, we have a commitment to outperform the investable universe customized for each strategy (except for the Climate Selection fund which is compared to its reference index, the MSCI ACWI PAB) on the Environmental as well as the Governance Controversy levels.

Selectivity

Thematics AM has developed its own proprietary ESG Assessment to facilitate its ESG Integration in the investment process. Portfolio Managers individually score the selected securities across different material ESG metrics. The ESG score represents 25% of the total investment score, along with 3 other categories of risk – business model, management, and trading.

As securities which are not held in portfolios are not scored by PMs, Thematics AM relies on 3rd party data to be able to demonstrate that the process is selective by guaranteeing that it drives a portfolio which score is significantly better than its investable universe (meaning the portfolio weighted average ESG score is above the investable universe weighted average ESG score when removing the worst 20% in weight), with a coverage on both above 90%. As an exception, the AAA European Selection portfolio follows a different selectivity approach, by excluding the worst 20% ESG score of the investable universe (in weight).

Selection of the relevant scores monitored

At Thematics AM, we aim to be fully transparent in terms of monitoring portfolio-level ESG and Impact scores relative to each strategy's relevant reference index. Consequently, we have opted for 3rd party scoring for both, primarily to remove ourselves from any potential industry debates about opaque scoring practices, but also to allow for greater and more direct comparability relative to other strategies. As such, while we prize our proprietary analysis and scoring highly, such data is used exclusively in the 'Select' stage of our investment process, when we size and adjust positions in our portfolios. We would highlight that, in an effort not to 'sole source' all data from 1 provider, we have selected ISS for reporting data, and have chosen the ESG Risk scores provided by Sustainalytics.

Implementation of selectivity monitoring

The ESG policy is implemented before and after stocks are acquired, while individual stock analysis is updated on a constant and ongoing basis. Indeed, Thematics AM receives and

treats daily news flow and actuality on stock development (merger, acquisition, spin-off, delisting, controversies).

Level 0: Portfolio Managers are responsible for the initial control of the guidelines, having access to the list of stocks excluded of their universe as well as the research platforms and scores of third-party providers, including the one they are monitored against.

Level 1: The Risk department monitors, on a weekly basis, the score of the strategies vs their reference index. The strategies must perform better than the reference index in terms of ESG rating when you take out the bottom 20 percent ESG performers of the index, based on the third-party ESG risk ratings. Portfolio managers receive a report of such analysis, flagging their current positioning vs their reference index, and alerting on any deviation to the requirement.

Level 2: The Head of Compliance of Thematics AM reviews the implementation of the policy as well as the risk monitoring implementation on an annual basis.

ESG Risk Score Neutralisation

As the portfolio managers score the ESG risk for all stocks held in their strategy, but the monitoring is made out of external scores to be compared to larger investable universe, they have the possibility to exceptionally neutralize some of these stocks in the ESG selectivity monitoring process. It can happen if the portfolio managers identify a non-alignment of ratings between data providers, a lack of disclosure, or some fundamental disagreement with the risk assessment score. Total exposure to stocks non covered and neutralized (ie covered but considered as not) can never exceed 10% of the portfolio.

Communication resources used to provide investors with information about the SRI management of the strategies

Please find below all public media and documents and URLs used to inform investors about the SRI approach to the strategies:

1. Prospectus / KIID Fund / Fact Sheet / Annual and Semi-annual reports:
<https://www.im.natixis.com/fr/strategies/thematics-meta-fund/lu1923622457>
<https://www.im.natixis.com/fr/strategies/thematics-safety-fund/lu1923621996>
<https://www.im.natixis.com/fr/strategies/thematics-ai-and-robotics-fund/lu1923622887>
<https://www.im.natixis.com/fr/strategies/thematics-water-fund/lu1923621483>
<https://www.im.natixis.com/fr/strategies/thematics-subscription-economy-fund/lu2095319096>
<https://www.im.natixis.com/fr/strategies/aaa-actions-agro-alimentaire/fr0010152967>
<https://www.im.natixis.com/fr/strategies/thematics-global-alpha-consumer/fr0010256412>
2. Thematics AM website
<https://thematics-am.com/>
3. Link to Web page of ESG Analysis provider(s)
 - 1/ Institutional Shareholder Services (ISS)
Homepage: <https://www.issgovernance.com/>
* ESG Screening, controversy identification methodology:
<https://www.issgovernance.com/esg/screening/esg-screening-solutions/>
* SDG scoring methodology:
<https://www.issgovernance.com/esg/impact-un-sdg/sustainability-solutions-assessment/>
 - 2/ Sustainalytics
Homepage: <https://www.sustainalytics.com/>
 - 3/ Trucost of S&P Global
Homepage: <https://www.spglobal.com/esg/trucost>
 - 4/ MSCI Climate
Homepage: <https://www.msci.com/our-solutions/esg-investing/climate-solutions/climate-data-metrics>
 - 5/ CDP
Homepage: <https://www.cdp.net/en>
 - 6/ Bloomberg ESG
Homepage: <https://www.bloomberg.com/professional/dataset/global-environmental-social-governance-data/>