

# Investing responsibly for the future, today.

## Being Responsible – Year 2

Annual Responsible Investing Report 2022



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# Foreword



**Karen  
KHARMANDARIAN**

Chief Investment Officer  
Founding Partner

***“Now for Sustainable Finance to come of age, the next leap forward to ESG 3.0 is about reorientation from impact-aligned towards impact-generating investments, focusing on real-world changes in terms of solving social challenges, and/or mitigating ecological degradation.”***

The Responsible Investing journey for the investment community has started and, despite the initial wanderings, significant progress has already been made towards funneling capital to activities deemed contributing positively to the general good of our societies and communities.

We have already moved from Sustainable Finance 1.0, where motivation was purely ethical, and focus was on exclusions, to current Sustainable Finance 2.0, characterized by the mainstreaming of ESG and a focus on financial risk, i.e how ESG considerations can impact investments and returns. Now for Sustainable Finance to come of age, the next leap forward to ESG 3.0 is about reorientation from impact-aligned towards impact-generating investments, focusing on real-world changes in terms of solving social challenges, and/or mitigating ecological degradation.

Labeling is a good start, enabling is the way forward. Time is pressing, and, as an ‘ESG native’ asset management company, we, at Thematics AM, like in the story of the hummingbird fighting a wildfire, we are willing to take more than our fair share and do our best to this end. The broad investment community increasingly plays an informed and active role in policy engagement and regulatory consultations, and adheres to standards that are both science-based and that

incorporate elements incentivizing the real economy to transition towards a sustainable world. However, as essential as the hummingbirds that we are could be, support from other stakeholders, policy makers, regulators, and other decision makers, as well as companies and their management teams is by no mean superfluous to not only make the investment arena a more level playing field but above all overcome in due time the major challenges we collectively face.



# Foreword



**Arnaud  
BISSCHOP**

Head of Responsible Investment  
Founding Partner

***“At Thematics AM, we welcome the acceleration of sustainable finance. It is a validation of our belief in positive returns through positive investing. Being responsible is in our DNA - we founded Thematics with a clear recognition of the long-term value that we could create through our deep thematic investing expertise and at the same time, the opportunity that it presents to generate positive and meaningful contributions, direct or indirect, to the society and to the planet.”***

Last year, we published our inaugural sustainability report called 'Being Responsible - Year 1'. It marked the formal start of our responsible investing journey as an asset manager. It also capped the first two years of building the foundation of our organisation, with responsible investing an integral element of our investment philosophy and the ethos that shapes and pushes us forward as asset manager.

In our first report, we introduced Thematics Asset Management to you, who we are, what our strongest convictions are, and what value we strive to deliver. In this second year, our goal is to introduce you more deeply to what we do - our equity strategies that are focused on themes shaping the future, today. It is also in keeping with our commitment to continue to provide greater transparency around how we invest and on how we continue to evolve and respond to the evident mainstreaming of sustainability factors into the capital markets.

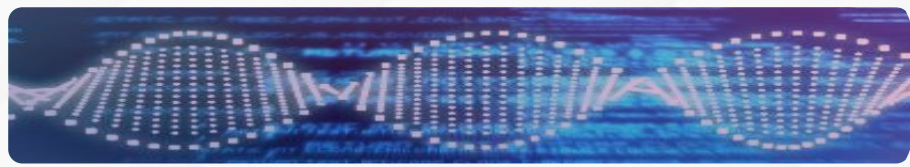
For Thematics AM, the year 2021 has been marked by multiple development milestones, both in terms of asset growth and organisational growth. We increased our assets under management by ±30% from previous year and launched the new Thematics Wellness strategy. To date, 100% of our solutions are 'ESG' or are managed in accordance with our responsible investing framework.

We also started the year 2021 with our new ESG Specialist, who is now helping to drive our policy

and process refinements, as well as supporting the integration of our responsible investment policy across the investment process. We further strengthened our senior management with the hiring of our new Chief Operations Officer. We also grew our investment and operations team.

The last 12 months has been, to say the least, busy. The industry has witnessed the acceleration of sustainable finance not only in Europe but across the globe. The EU Sustainable Finance Disclosure Regulation went into effect, the UK has drafted its own Sustainability Disclosure Reporting, and there have been growing discussions around climate and diversity and inclusion in the US. These are strong indications that sustainable and responsible investing has gone mainstream and is here to stay.

At Thematics, we welcome this acceleration of sustainable investing. It is a validation of our belief in positive return through positive investing. Being responsible investor is in our DNA - we founded Thematics with a clear recognition of the long-term value that we could create through our deep thematic investing expertise and at the same time, the opportunity that it presents to generate positive and meaningful contributions, direct or indirect, to the society and to the planet. As we continue on in 2022, our commitment remains - to be your trusted responsible thematic expert, offering solutions that allow you to invest in a better, more sustainable future, today.





# Foreword



**Maila  
BENIERA**

ESG Specialist

***Welcome to Thematics AM's second annual ESG report and my first as its ESG Specialist. Writing this in early December 2021, Covid-related cases were again reaching record high, the world heading into another wave of restrictions, and humanity making the most of the holiday season, spending time with families and friends amidst the limitations, disruptions, and uncertainty of what's to come and when things will get better. Yet through it all, steadfast and resilient.***

At Thematics, 2021 was a year of building strong foundations. Marking the third year since the company's creation, 2021 was characterised by cementing the pillars, building its people, defining its culture, setting the values, and filling the remaining gaps, ready for the next phase of growth. This critical stage in the company's development happening alongside the societal and economic disruptions of the Covid-19 pandemic has certainly made resilience part of the fire that baptised us.

Having been in this field for over a decade now, I could say that the last two to three years was really when sustainable investing has come of age. From a niche market and a nice-to-have just few years back, the adoption of sustainable strategies are becoming a must-have. These positive evolution signal a socio-behavioral shift, one that slowly recognises the intricate interconnectedness of human health, ecosystems health and economic health.

And as we continue to work on building back from the disruptions of the last 2 years, it calls to take the lessons that this crisis has brought to ensure that we build a future that's resilient, equitable, and sustainable. And that we, asset managers, have active role to play, for the interest of our investors and for the larger society in which we operate.

We've seen the global capital market ecosystem accelerating its alignment with sustainable development outcomes. Preference for sustainable

investment solutions has dramatically grown, spurred by regulatory developments and shifting investor values and preferences. In particular, sustainability-themed investments are surging, with notable record inflows in 2021, as they provide investors with access to familiar themes, such as climate transition, health and wellness, made more tangible against the backdrop of the global environmental and social emergencies the world currently faces, from changing climate, biodiversity loss, wildfires, typhoons, and pandemics.

These sit at the heart of what we do at Thematics AM. We invest in structural trends that are transforming our daily lives, in innovative and disruptive solutions aiming to address the challenges of today to build a resilient and sustainable tomorrow. I am tremendously excited to be part of it and to the years ahead of building sustainable strategies that generate meaning and positive outcomes for our investors.



# About us

Thematics Asset Management is a global pure-play thematic equity asset manager. Driven by a clear recognition and deep understanding of the market opportunities arising from the convergence of multiple forces that reinforce one another, giving to a theme the ability to provide sources of resilient and long-term growth, Thematics AM has emerged as a strong player in the thematic investing field. In 3 years, we have grown our assets under management to over USD 4 billion comprising our seven equity thematic strategies.

Founded in late 2018, the company builds upon the decades-long experience in thematic investing of its veteran founding partners, all of whom have established reputation and proven track record in the industry. It also leverages on the established brand, capability, and network of its parent company, the Natixis Investment Managers, one of the world's largest asset management firms (USD 1.4 trillion / EUR 1.2 billion AuM).

Nurtured by our French roots and being born in Paris, an established centre of sustainable finance acknowledged globally, our investment philosophy was shaped with conscious recognition of how we as an asset management organisation play role in building a more sustainable future through the solutions that we provide to our stakeholders.

# Who we are

## Management & Operations



**Mohammed  
AMOR**  
CEO



**Eglantine  
REVENAZ**  
Chief Operating  
Officer



**Fabienne  
MAILLOT**  
Corporate  
Secretary



**Cecile  
CHAPELLE**  
Chief Compliance  
Officer

## Investment Management & Client Service



**Karen  
KHARMANDARIAN**  
AI & Robotics  
CIO



**Alexandre  
ZILLIOX**  
AI & Robotics



**Isabelle  
PAJOT**  
Consumer



**Anne de la  
ROCHEFOUCAULD**  
Consumer



**Frederic  
DUPRAZ, CFA**  
Safety



**Matthieu  
ROLIN**  
Safety



**Nolan  
HOFFMEYER, CFA**  
Subscription  
Economy



**Walid  
AZAR ATALLAH**  
Subscription  
Economy



**Arnaud  
BISSCHOP**  
Water



**Simon  
GOTTELLIER**  
Water



**Marine  
DUBRAC, CFA**  
Wellness



**Pierre-Alexis  
FRANCOIS**  
Wellness



**Maila  
BENIERA**  
ESG Specialist



**Sam  
RICHMOND-BROWN**  
Client Portfolio  
Manager



**Fanny  
DE SACY**  
Head  
Client Management



# What we do

## Thematic investing

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

Thematic investing capitalises on opportunities spurred by primary forces converging and reinforcing each other, creating long-term, structural trends that are transforming the world. These primary forces - scarcity, technology, globalisation, and demographics - are powerful drivers of human innovation aimed to address the challenges of today for a better world tomorrow.

Thematic investing offers both investment opportunity and meaning. It provides investors with exposure to powerful growth areas that are not only conceptual investment themes but are megatrends that are unfolding and shaping every day lives across the globe. Unlike traditional portfolio construction, thematic investing is unconstrained in its approach, captures secular growth areas, and focused on companies exposed to its target theme.

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

As a thematic investor, our strength is in our expertise to identify those waves of change that are slow forming but irreversible, providing enduring growth that far outpaces quarterly or even annual earnings calendar. And so by design, we are active, conviction-based, with a long-term investment horizon investor.



**7**  
thematic  
strategies<sup>1</sup>



**4 EUR bn**  
assets under  
management



**100 %**  
sustainable  
strategies<sup>2</sup>



**19**  
Number of  
employees

<sup>1</sup> Thematics AM strategies as of 31/12/2021. Thematic Global Alpha Consumer is classified as a discontinued strategy and no longer included in this report.

<sup>2</sup> Sustainable strategies refer to strategies whose investment process adhere to the Thematics AM's Responsible Investing Policy



# What we do

## Why thematic investing

*Adopting a thematic lens to equity investing has multiple merits to investors.*



### ACTIVE VOTING RAISES VOICES OF INVESTORS

Thematic investing is intended to achieve a targeted and precise exposure to the entire value chain of an enduring theme with growth prospects. Investing today in tomorrow's winners cannot be done without opting for an active rather than passive approach to investing.

The global investment themes we identify are crucial in providing a perspective on the investment landscape, in identifying key long-term forces of change, and in giving us a framework for research and debate. For investors positioned correctly

along the continuum of these themes there is the ability to witness and participate in significantly attractive returns.

But because these themes do not have a linear but rather a dynamic evolution over time, we are convinced that an active approach is key. It helps us navigate through choppy markets and steers us towards the best path to performance. Only active management will help you identify at any point in time the best boats and the best skippers and monitor their route. It is the safest way to drive funds' performance and deliver value.

# What we offer

## Our thematic strategies

### Water Infrastructure

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

### Demand Efficiency

Water-efficient landscaping equipment and services | Industrial steam recirculation | Plumbing infrastructure | Maintenance and insurance services for home water related equipment

### Pollution Control

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

### Connect

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

### Eat

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

### Live

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

### Move

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

### Shop

Secured payment solutions | Fraud detection |

### Exercise

Sports and fitness equipment, apparel and accessories | Sports facilities

### Work

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

### Monitoring

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

### Nutrition

Plant-based, organic and other natural foods | Healthier food ingredients

### Support

Assistive technologies | Basic homecare, hygiene, and grooming products

### Relaxation

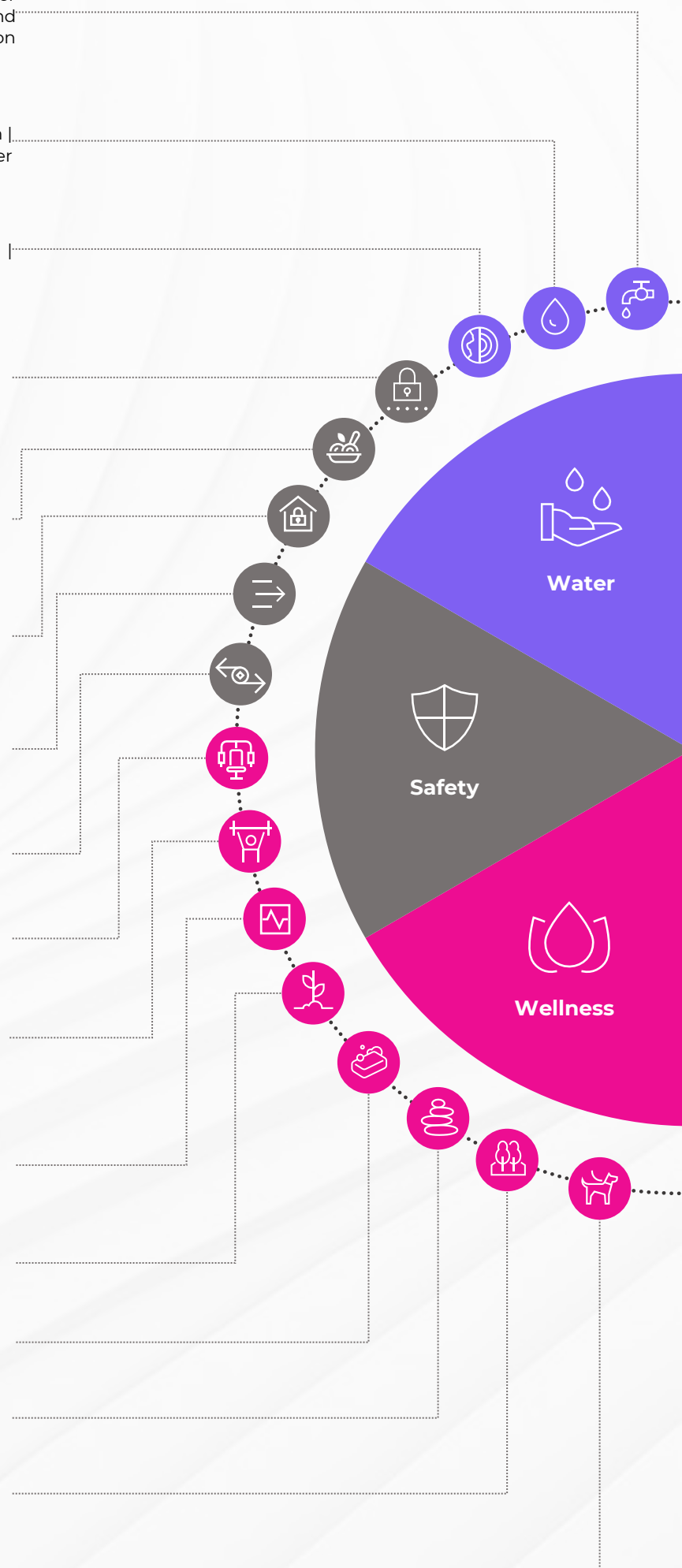
Relaxation and mental health promotion products and services

### Open-Air

Outdoor activities facilities and services | Outdoor equipment and apparels

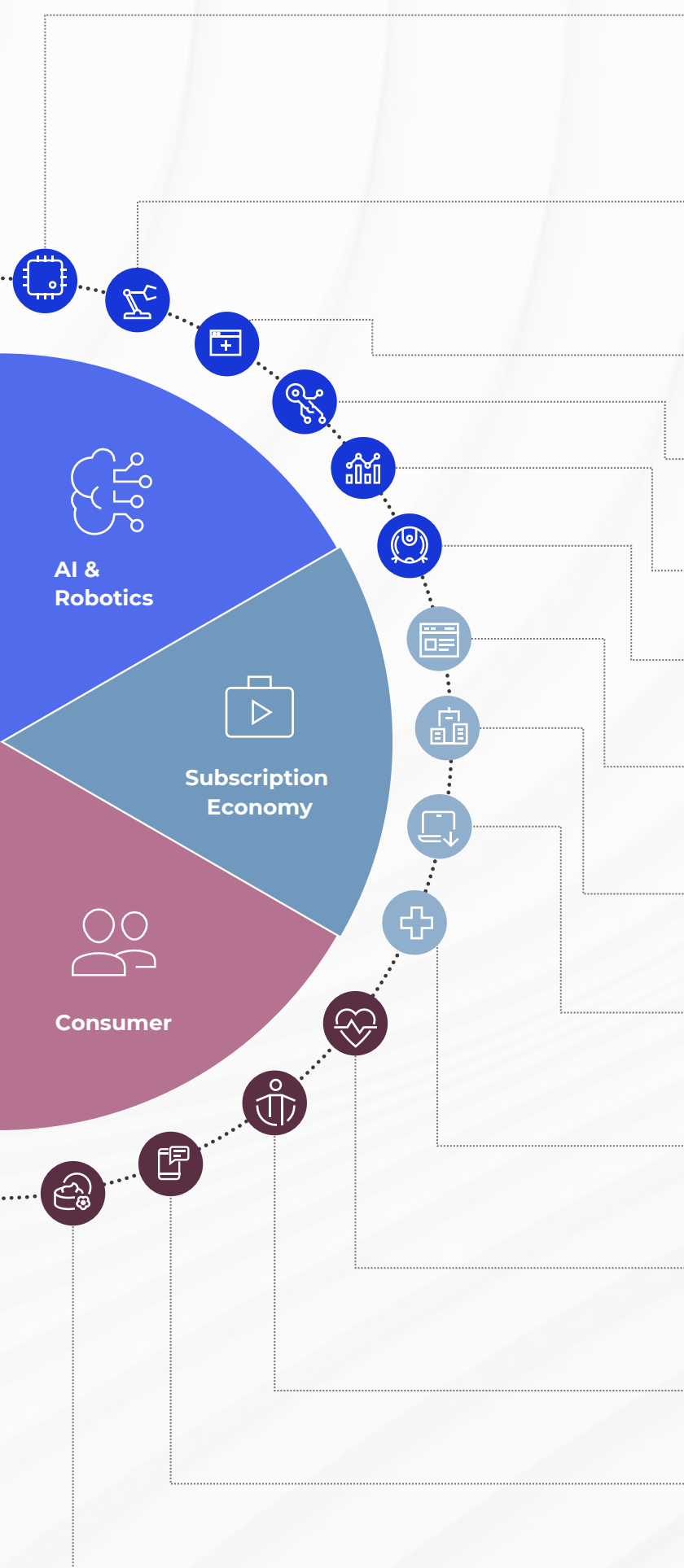
### Companionship

Digital connection services and apps | Pet, pet accessories



# What we offer

## Our thematic strategies



### Medical Automation

Robotics-assisted systems for surgeries | Instruments, consumables, and services for biopharmaceutical industry | Development, production and distribution of laboratory instruments and solutions in biopharmaceuticals, forensics and clinical diagnostics | Automated medication management and adherence solutions | Early disease detection technologies | Precision instruments in life sciences

### Factory Automation

Automated storage, transport, sorting and picking systems in intralogistics, incorporating IoT and AI | Sensors, measuring systems, laser markers, microscopes and machine vision system | Computerized numerical controls, servos and laser oscillators | Robots and Robomachines | Highly engineered connectivity and sensing products for electric vehicles, aircrafts, digital factories, smart homes and medical care | Material handling solutions

### Office Automation

Automated workflow solutions software and consulting | Supply chain automation

### Design Software

Design software for the semiconductor industry, manufacturing, architecture & construction | Digital reality solutions combining sensors, software & autonomous technologies

### Supply chain

Designs chips for AI, data center, and networking applications | Visions systems, software, sensors, and industrial barcode readers used in manufacturing automation

### Consumer & Services Automation

Smart homes - robotic vacuum cleaners, robot mops, air purifiers

### B2B Online

Subscription-based online business services: financial, professional, and real-estate information | online advertising

### B2B Offline

Subscription-based offline business services: equipment maintenance | advertising | real-estate information

### B2C Online

Subscription-based online consumer services: news | telehealth monitoring | business management software | music and recreation | appliance rental and maintenance | online fitness | financial data and services

### B2C Offline

Subscription-based offline consumer products or services: health devices and health monitoring | recreation and leisure | sports and fitness facility | water supply | Social connections | Office tools and equipment

### Primary Needs

Basic products, including staple food and beverage, shelter, homecare, hygiene and sanitation

### Wellness

Fitness programmes and sports equipment | Assistive devices | Medical and treatment facilities | Health maintenance equipment | Plant-based, organic, and natural food products

### Consumer Access

Mobile or digital money services | Online-based shopping | Food delivery services

### Pleasure

Beauty products | Leisure and recreation facilities and services | Luxury products or services





Thematics Wellness strategy



Exercise



Monitoring



Nutrition

Companion  
ship

Education



Open-Air

Inception date

15 – Apr - 2021

Assets under management

EUR 36.4 million

**Investment Objective**

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

The strategy is actively managed and invests its assets in equities of companies around the world engaged in technologies and services that contributes to the following: improving physical well-being, promoting healthy lifestyle and mental health , and enabling health monitoring and disease prevention through increased access to quality and affordable activities that improve psychosocial well-being .

**EU SFDR Classification**

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

Risks: The strategy invests primarily in global company shares (stocks). Equity investments may experience large price fluctuations. The strategy is subject to specific risks, including: Stock Connect Risk, Geographic Concentration risk, Smaller Capitalization risk, Portfolio Concentration risk and Sustainable risk.

## Future needs & structural transformations addressed by the theme

### 1 in 3 children

under 5 is affected by malnutrition, including stunting, wasting and overweight. Nutrition-related factors

contribute to about **45%** of deaths in children under 5 years of age.

### Over 40%

of global population or 2.2 billion people are now overweight or obese. However, preference for wellness foods, healthier diets, and healthy lifestyles is growing globally. Global sales of naturally healthy food and beverage products in 2020 reached USD 259 billion. The health and wellness market is expected to grow to USD 1 trillion by 2026.

Pre-pandemic, an estimated

**±927 million**

or 12.7 per cent of the global population, made out-of-pocket healthcare payments amounting to more than 10 per cent of their household budgets.

For **209 million**

people, their share of healthcare spending exceeded **25%** of their household budgets, taking away the share for other essential goods and services, such as food and education.

Healthy diets are inaccessible to

### 3 billion

people, in every region of the world in 2019. Shifting to healthy diets that integrate sustainability considerations is essential to reducing health and climate change costs by 2030, because the hidden costs of these type of diets are lower compared with those of current consumption patterns.

More than **700,000**

suicides were reported globally in 2019. Suicide is among the leading causes of mortality among people aged 15 to 29, with men nearly twice as likely as women to kill themselves.

Mental ill-health affects millions of people, and drives economic costs of more than

### 4% of GDP

A good mental health system helps people stay in good mental health, and connects those in need to appropriate support to manage their mental health condition or even fully recover from it

A World Health Organization survey showed

that **90%** of countries in early 2021 reported that **mental health and psychosocial support**

were included in their COVID-19 response plans.

School closures during the COVID-19 pandemic adversely impact learning outcomes and the social and behavioural development of children and young people. More than 90% of the world's student population, or

**1.5 billion** children and young people. Remote learning through online platforms and online educational materials have enabled continuous learning for many students, children and young people across the globe.

More than **1 billion**

people need 1 or more assistive products. With an ageing global population and a rise in noncommunicable diseases, more than 2 billion people will need at least 1 assistive product by 2030, with many older people needing 2 or more. 200 million people with low vision who do not have access to assistive products for low-vision.



Every day in 2017,

approximately **810**

women died from preventable causes related to pregnancy and birth.

Inception date

20 – Dec - 2018

Assets under management

EUR 358.8 million



Thematics Water strategy



Water  
Infrastruc-  
-ture



Demand  
Efficiency



Pollution  
Control

### Investment Objective

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

In order to contribute to these objectives, this financial product will make investments in economic activities, including but not limited to: water supply, sewerage, waste management and remediation; professional services related to innovation and low carbon technologies; and environmental protection and restoration services.

### EU SFDR Classification

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

Risks: The strategy invests primarily in global company shares (stocks). Equity investments may experience large price fluctuations. The strategy is subject to specific risks, including: Stock Connect Risk, Geographic Concentration risk, Smaller Capitalization risk, Portfolio Concentration risk and Sustainable risk.

## Structural transformations and societal needs addressed by the theme

**2 billion**

people still lacked safely managed drinking water in 2020, including

**771 million** who were without even basic drinking water. 3 in 10 people lack access to safely managed drinking water services

**>40%**

of the global population is facing water scarcity and is projected to rise.

**700 million**

people could be displaced due to water scarcity by 2030

**>80 percent**

of wastewater resulting from human activities is discharged into rivers or sea without any pollution removal

At the start of the COVID-19

pandemic, **2.3 billion**

people worldwide (one in three) still lacked a basic handwashing facility with soap and water at home, and 670 million had no handwashing facility at all.

Globally, only two in three schools had basic drinking water and sanitation services. This

means that **818 million**

**children** lacked basic handwashing facilities at their schools at the start of the COVID-19 pandemic.

**129 countries**

are not on track to achieve sustainable management of water resources by 2030. Globally, the average implementation rate for the integrated management of water resources increased from 49 per cent in 2017 to 54 per cent in 2020. The current rate of progress needs to double.

Improving water-use efficiency is key to reducing water stress. Water-use efficiency worldwide rose

**10 per cent**

All economic sectors have seen their water-use efficiency improve since 2015, with a 15 per cent increase in industry, 8 per cent in agriculture and 8 per cent in the service sector. However, more concrete measures are needed to save water and increase water-use efficiency, particularly in those regions that have or are close to having a high to critical level of water stress

**1 in 4 healthcare facilities**

lacks basic water services. Water and sanitation in health facilities are the most basic requirements of infection prevention and control, and of quality care. Countries globally are increasing their annual investments in water supply and sanitation infrastructure. For the developing economies, a threefold increase in investments to USD 114 billion is required if they are to meet their Sustainable Development Goals targets.

**±1,000 children die**

every day due to preventable water and sanitation-related diarrheal diseases.

**More than 1.7 billion people**

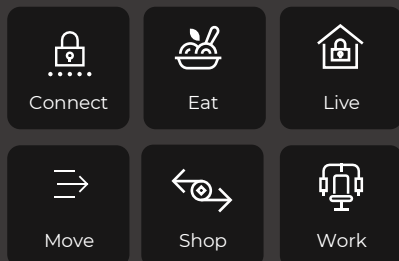
are currently living in river basins where water use exceeds recharge.

The number of **dead zones**

worldwide - areas of water that lack sufficient oxygen to support marine life - increased from around 400 in 2008 to approximately 700 in 2019.



Thematics Safety strategy



Inception date

18- Dec - 2018

Assets under management

EUR 760.9 million

### Investment Objective

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

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

### EU SFDR Classification

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

Risks: The strategy invests primarily in global company shares (stocks). Equity investments may experience large price fluctuations. The strategy is subject to specific risks, including: Stock Connect Risk, Geographic Concentration risk, Smaller Capitalization risk, Portfolio Concentration risk and Sustainable risk.

## Future needs & structural transformations addressed by the theme

### ± 1.3 million people

die each year as a result of road traffic crashes. Road traffic crashes cost most countries

### 3% of their GDP

Road traffic injuries are the leading cause of death for children and young adults aged 5-29 years. The most prevalent risk factors for road injuries and deaths include, lacking safety systems, such as safety systems in vehicles, road safety technologies, and non-use of safety equipment.

Poorly designed urban transport systems leads to air and noise pollution, road traffic injuries, and barriers to safe physical activity. Accelerated urbanisation is expected to lead to cities becoming epicentres of disease transmission, including vector-borne diseases. Investments in safe and healthy mobility, secure food systems, environmental protection, and emergency preparedness and responses in urban settings will be critical for cities.

The WHO estimated that occupational exposures, exposure to lead and acute poisonings due to unsound management are estimated to account globally for

### 1.3 million

deaths. Deaths from hazardous chemicals, such as heavy metals and some persistent and non-persistent organic pollutants that are toxic to humans are public health concerns but that are preventable.

### 600 million

- almost 1 in 10 people in the world – fall ill due to eating contaminated food and

### 420 000

Die every year, resulting in the loss of 33 million healthy life years.



Between 2015 and 2020, the proportion of the global population using safely managed drinking water services increased from 70.2 per

### 74.3 percent

cent to Despite this progress, till 2 billion people still lacked safely managed drinking water in 2020.

### USD 110 billion

is lost each year in productivity and medical expenses resulting from unsafe food in low- and middle-income countries. Foodborne diseases impede socioeconomic development by straining health care systems, and harming national economies, tourism and trade.

### 2 million people

die from work-related causes each year. There are 360 million non-fatal occupational accidents each year -resulting in more than

### 4 days

of absence of work.

Cybercrime cost the world

### USD 1 trillion

in 2020 and is projected to grow to USD 10.5 trillion annually by 2025. Cyberattacks can be through the form of viruses, malware, email phishing, social media fraud, and many others. With the increasing connectedness and digitalization of economy, so is the risk for abuse, theft, and attacks. Cybercrime can have wide-ranging impacts to individuals, corporations, and governments.

In Europe, over

### 100 000 deaths

per year have been caused by housing hazards, related to noise, damp, indoor air quality, cold and home safety. Inadequate housing conditions cause or contribute to many preventable diseases and injuries, including respiratory, nervous system and cardiovascular diseases and cancer.

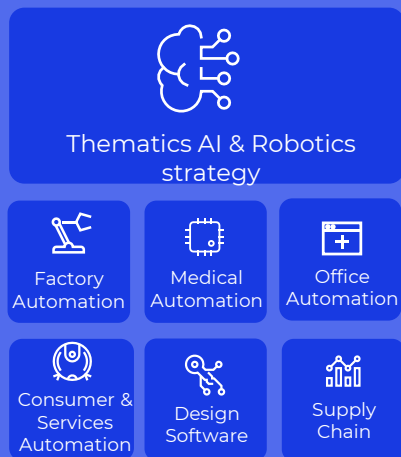


Inception date

20 – Dec - 2018

Assets under management

EUR 571.4 million



### Investment Objective

The strategy aims to contribute to promoting environmental and social characteristics through allocating capital towards the global structural trend around artificial intelligence and robotics that have direct and indirect environmental and social benefits, including resource use optimisation, climate mitigation and resilience, health and safety, improved healthcare quality and access, and smart home and cities. The strategy systematically integrates sustainability considerations across the investment process.

The strategy is actively managed and invests in equities worldwide that are exposed to the scope of the theme. These are companies developing services and technologies primarily in automation technologies for factories, healthcare and medicine, office, consumer services, and enabling technologies.

### EU SFDR Classification

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

Risks: The strategy invests primarily in global company shares (stocks). Equity investments may experience large price fluctuations. The strategy is subject to specific risks, including: Stock Connect Risk, Geographic Concentration risk, Smaller Capitalization risk, Portfolio Concentration risk and Sustainable risk.

## Future needs & structural transformations addressed by the theme

The global domestic material consumption per capita, or the total amount of materials directly used by an economy to meet its consumption needs, in

2017 was **12.2 metric tons**.

It continues to rise, increasing by more than 40 per cent, from 8.7 metric tons in 2000. It highlights the need to enhance resource efficiency and practices to reduce consumption in the future.

The global materials footprint rose to

**85.9 billion**

metric tons in 2018, up by 66.5% from 2000. The world's reliance on natural resources continued to accelerate in the past two decades. While the worldwide consumption and production acts as a driving force of the global economy, it rely on the use of the natural environment and resources in a model that continues to lead to destructive impacts on the planet.

**Over 40%**

of all countries have fewer than 10 medical doctors per 10,000 people. An additional

**18 million**

health workers are needed, primarily in low- and lower middle-income countries, if we are to achieve universal health coverage by 2030. Technology-enabled care or connected health helps to increase access and improved quality of health and social care. It creates an ecosystem where health technology, digital platforms, and mobile devices converges allowing carers and healthcare professionals to connect with patients more easily, regardless of distance.

In 2020, the transport sector was responsible for 24% of direct CO2 emissions from fuel combustion. It also accounted for 57% of global oil demand and 28% of total energy consumption. In addition, over 1.3 million people die each year of road crashes.

## Autonomous vehicles

have the potential to provide safer and cleaner mobility solutions.

G20 countries account for about **75%** of global materials use and 80% of global GHG emissions. Several G20 countries have already started to develop national strategies for sustainable materials management, resource productivity or the circular economy. New technologies, such as **3D printing, IoT, advanced industrial robots**

and other new and emerging technologies offers new alternative that also enable resource efficiency, GHG reduction, and more efficient use of assets and resources.

Although it is estimated that 85 million jobs may be displaced by a shift in the division of labour between humans and machines by 2025,

**97 million**

new roles may emerge that are more adapted to the new division of labour between humans, machines and algorithms.

In the Future of Jobs 2020 Report, it is estimated that **80%**

of businesses are now accelerating plans to digitize work processes and adopt new technologies. Employees are also planning to push automation across their operations.



Each year, an estimate

**1.3 billion tons**

or 1/3 of all food produced, worth around \$1 trillion – ends up rotting in the bins of consumers and retailers, or spoiling due to poor transportation and harvesting practices



Thematics Subscription Economy strategy



B2B Online



B2B Offline



B2C Online



B2C Offline

Inception date

23 – Dec - 2019

Assets under management

EUR 195.9 million

### Investment Objective

The strategy aims to contribute to promoting environmental and social characteristics through allocating capital towards the global structural trend around subscription economy that has direct and indirect environmental and social benefits, including but not limited to responsible and sustainable consumption, resource-efficient circular economy, climate mitigation and resilience, and improved access to basic services. The strategy systematically integrates sustainability considerations across the investment process.

The strategy is actively managed and invests in companies whose core business model is subscription-based, and operates mainly, but not exclusively in software and business services, healthcare and fitness, education and entertainment, retail, utilities, and transport. Subscription economy refers to the business model where companies offer access to products and/or services to the consumers for recurring payments (either on a subscription or a pay-per-use basis) instead of selling them as a one-time transaction.

### EU SFDR Classification

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

Risks: The strategy invests primarily in global company shares (stocks). Equity investments may experience large price fluctuations. The strategy is subject to specific risks, including: Stock Connect Risk, Geographic Concentration risk, Smaller Capitalization risk, Portfolio Concentration risk and Sustainable risk.

## Future needs & structural transformations addressed by the theme

Global population is projected to grow to around **8.5 billion** in 2030 and **9.7 billion** in 2050.

An equivalent of the natural resources of three planets is required to sustain current population volume and needs. Shifting to sustainable consumption and production patterns is a prerequisite to addressing global crises and is central to achieving sustainable development.

The global materials footprint rose to

**85.9 billion**

metric tons in 2018, up by 66.5% from 2000. The world's reliance on natural resources continued to accelerate in the past two decades. While the worldwide consumption and production acts as a driving force of the global economy, it rely on the use of the natural environment and resources in a model that continues to lead to destructive impacts on the planet.

In 2019, the world generated

**53.6 million metric tons**

of electronic and electrical equipment waste. Each person generated about 7.3 kilograms of e-waste in 2019, of which only 1.7 kilograms was documented to have been managed in an environmentally sustainable way. Improper disposal of e-waste causes poisonous chemicals to be released into the soil and water, putting environmental and human health at risk.

Digitalisation is changing all aspects of human life – from the way humans interact, work, shop and receive services. It is also shaping how value is created and exchanged. Increasing capability to access the digital economy will enable

today's **nearly half**

of the world's population to benefit from the opportunities that digitalization enables, including increased access to basic products and services, such as food, nutrition and health services.

## G20 countries

account for about 75% of global materials use and 80% of global GHG emissions. Several G20 countries have already started to develop national strategies for sustainable materials management, resource productivity or the circular economy. Subscription-based business models that enable resource-sharing provide a strong alternative potential towards reduction and waste minimisation for a greener transition.

In the U.S., the average cost for full-time, undergraduate students at a four-year university for books and supplies per year was approximately

**USD 1,240.**

In 2020, 25% of students indicated they worked extra hours to pay for their books and materials and 11% skipped meals in order to afford books and course materials. On-line, digital education platforms provide an easily accessible and affordable platforms for learning.

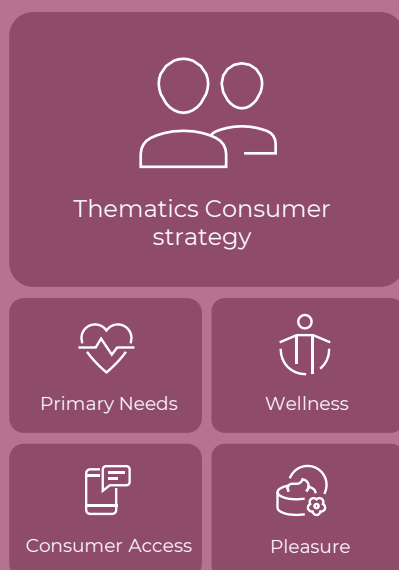
**700,000 tons**

Of textiles are thrown away each year in France alone. Textiles account for approximately 9% of annual microplastic losses to the oceans.

Between **5,000 and 17,000 liters**

of water are needed to produce 1kg of cotton, for a total of 215,000 billion liters of water per year consumed by the fast fashion industry. It is "the second most polluting industry" and produces 2 to 8 per cent of greenhouse gas emissions in the world.





**Inception date**

13 – Jan - 2005

**Assets under management**

EUR 1,100.3 million

### Investment Objective

The strategy aims to promote social characteristics through allocating capital towards the global structural trend around consumer solutions that have direct and indirect social benefits, including helping to increase access to basic and quality products and services for wellness, and promoting sustainable consumption. The strategy systematically integrates sustainability considerations across the investment process.

The strategy is actively managed and invests in companies, at least 70% of which are domiciled in Europe, and within the consumer-focused economic activities.

### EU SFDR Classification

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

Risks: The strategy invests primarily in global company shares (stocks). Equity investments may experience large price fluctuations. The strategy is subject to specific risks, including: Stock Connect Risk, Geographic Concentration risk, Smaller Capitalization risk, Portfolio Concentration risk and Sustainable risk.

## Future needs & structural transformations addressed by the theme

The number of undernourished people globally continue to

rise. In 2020, about **800 million**

people around the world experienced hunger. Bold actions are required to accelerate progress, in particular increasing access to food and addressing major drivers of food insecurity and malnutrition.

Healthy diets are inaccessible to

**3 billion**

people, in every region of the world in 2019. Shifting to healthy diets that integrate sustainability considerations is essential to reducing health and climate change costs by 2030, because the hidden costs of these type of diets are lower compared with those of current consumption patterns.

**Over 2 billion**

people in the world did not have access to adequate food in 2020, an increase of almost 320 million people in just one year. Investments in increasing access to affordable and healthy foods is required to ensure governments across the world are able to address hunger by 2030.

By 2030, 1 in 6 people in the world will be aged 60 years or over. The share of the population aged 60 years and above will increase from 1 billion in 2020 to

**1.4 billion**

This will increase demand for primary health care and long-term care. It will also require a larger trained health workforce to ensure provision of health services. The need for physical and social environments that are more age-friendly will also intensify.

Mental ill-health affects millions of people, and drives

economic costs of more than **4% of GDP**

A good mental health system helps people stay in good mental health, and connects those in need to appropriate support to manage their mental health condition or even fully recover from it

**Over 40%**

or 2.2 billion people are now overweight or obese. However, preference for wellness foods, healthier diets, and healthy lifestyles is growing globally. Global sales of naturally healthy food and beverage products in 2020 reached USD 259 billion. The health and wellness market is expected to grow to USD 1 trillion by 2026.

Digitalisation is changing all aspects of human life – from the way humans interact, work, shop and receive services. It is also shaping how value is created and exchanged. Increasing capability to access the digital economy will enable

today's **nearly half**

of the world's population to benefit from the opportunities that digitalization enables, including increased access to basic products and services, such as food, nutrition and health services.

**466 million**

people globally experience hearing loss. Hearing aid production currently only meets less than 10% of the global need.



Over 2 billion people globally will need at least 1 assistive products by 2030. With the rise of non-communicable diseases and ageing population, many older people is expected to need

**2 or more**

assistive devices. There are currently about 200 million people with low vision who do not have access to assistive products for low-vision.



# Responsible investing at Thematics AM

*We believe that making responsible investing part of the pillars of our investment philosophy enables better-informed investment decisions while generating sustainable outcomes.*

## Our investment philosophy

Responsible investing (RI) is one of the core principles from which Thematics Asset Management was built. Since the company's formal inception in November 2018, responsible investing is one of the 4 'pillars' on which we base our investment philosophy.

As an investor with a thematic lens, these core pillars include our:

- 1) emphasis on secular growth-driven opportunities
- 2) a focused approach
- 3) unconstrained style, with our forward-looking, benchmark-agnostic, diversified, and with global equity exposure, and
- 4) being responsible, 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. Sustainability considerations are therefor included at each step of our investment process.

## Why we do Responsible Investing

### Risk Management

We engage in RI because we consider sustainability issues as driver of structural changes in countries, markets, and companies, and we can only deliver better-informed investment decisions and long-term, risk-adjusted returns by integrating ESG considerations into our risk management process.

### RI is part of our fiduciary duty

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 capture the operational, financial, and reputational risks fully. For us, acting responsibly is firstly recognising that our investments have impact to the society and the environment. To be responsible asset manager for our clients, our approach is designed to combine performance with positive contributions to sustainability issues while minimising negative impact to social and environmental concerns. We are convinced that by integrating ESG intentions and consideration across the entire life cycle of our investment management process, we are able to deliver returns and at the same time, help enable and shape a future that is sustainable for our clients and for the global and interconnected society in which we operate.

### Long-term value creation

As economic players we also acknowledge our role as key actors in allocating capital and shaping a more sustainable future and it through responsible investing that we can do this. As investors of trends shaping the future, we acknowledge our role as active owners. Our responsible investment approach therefore aims to positively influence the governance of our investee companies, as they grow and mature into their own sustainability journey.



Secular Growth



Focused



Unconstrained



Responsible

# Thematic investing and sustainable investing

*The challenges of today are the very forces shaping the world tomorrow - from resource scarcity to technological change, to globalisation and shift in demography. Investing in these themes is investing in a more sustainable future.*

## Primary forces

01

### Resource Scarcity

Biodiversity loss, Climate change, Global competition for resources

02

### Globalisation

Urbanisation, Migrating global population

03

### Demographic change

Ageing population, People on the move, Emerging lifestyles

04

### Innovation

Hyperconnectivity, Digitalization, Shifting work patterns and learning mechanisms



## Generating impact through sustainable thematic investing

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

At Thematics AM, it is our view that thematic investing is inherently tilted towards sustainable investing. Investing in the megatrends transforming our daily lives today is investing in the solutions that are addressing the challenges the planet and humanity is facing.

Scarcity of resources as a result of overextraction to power economic growth and provide for the now almost 8 billion population is now fueling innovation in technologies for resource-efficient, cleaner, and more resilient solutions in agriculture and key industries. Rapid urbanisation as a result of the population growth and improvements in education have pushed people into cities in pursuit of better lives. This has driven advancements towards smart, connected, and sustainable urban infrastructure to maintain cities' livability. These changes have also given rise to emerging patterns of behaviors and value systems - around food preferences, fashion, health consciousness, and general living style. These are just few of the many examples.

02

# Our Responsible Investing Framework

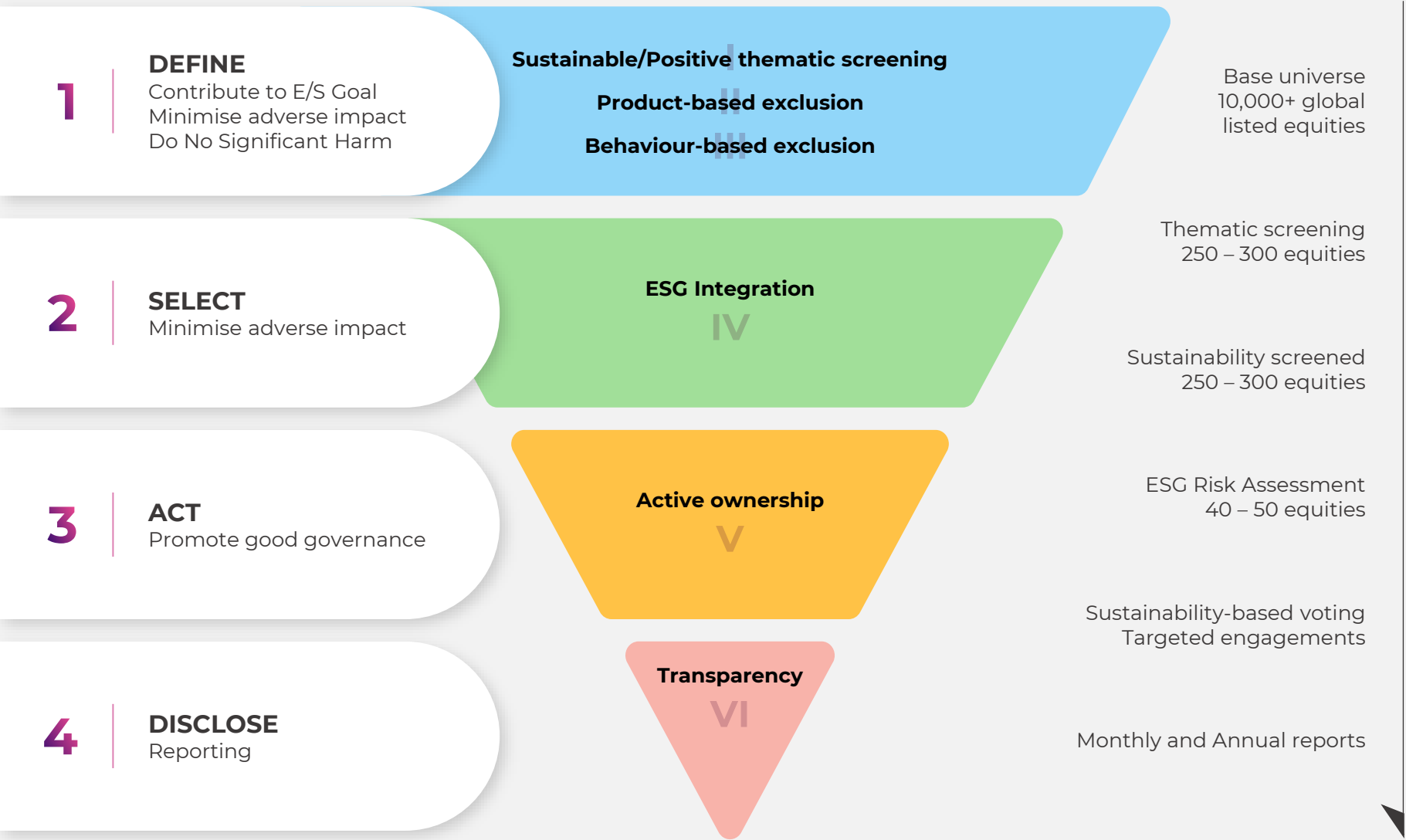
*At Thematics AM, responsible investing means integrating sustainability into our investment philosophy and processes.*

To achieve this, our RI Framework incorporate multiple strategies that are aligned with established and well-defined ESG or sustainability strategies. These strategies include: Sustainable/positive thematic investing, Exclusion, Norms-based screening, ESG Integration, and Active ownership.

These are binding elements and are applied across the investment process –

when we define the theme and its boundaries, when we Select the /securities to comprise the investable universe, during the final security selection for the portfolio, and post-investment.

Each of the strategy used is designed to achieve the environmental and/or social objectives of the fund.





# Sustainability strategies used

There is currently no one regulatory definition of what responsible investing is. It may be used interchangeably with sustainable investing and socially responsible investment, among other terms. However, there are well-accepted definitions and sustainability approaches prevalently used in the market.

These definitions are primarily guided by global standards and norms governing corporate behaviour. Informed by these industry definitions, Thematics AM, adopted multiple strategies to achieve its responsible investment objectives, each are discussed below.

1

## Sustainable/ Positive Thematic Screening



Investing in themes or assets specifically contributing to sustainable solutions - environmental and social. Defining our thematic funds and their scope include looking out for themes that also relate to sustainable development and selecting companies whose solutions are solving specific sustainability challenges (water, safety, wellness).

2

## Exclusion – Product- based



The exclusion from a fund or portfolio of certain sectors, companies, countries or other issuers based on activities considered not harmful or unethical. We exclude from the investment universe entities involved in activities that do not align with the moral values of investors or considered to have adverse impact to the environment, people, or society, such as coal and weapons.

3

## Exclusion – Behaviour- based



Screening of investments against minimum standards of business or issuer practice based on international norms such as those issued by the UN, ILO, OECD and NGOs. We exclude from the investment universe, companies, whose overall behaviour is not aligned with, or are systematically violating global standards of corporate behaviour.

4

## ESG integration



The systematic and explicit inclusion by investment managers of environmental, social and governance factors into financial analysis. We incorporate material ESG factors, alongside financial considerations, in the security selection process. Thematics AM has developed its proprietary ESG risk assessment methodology.

5

## Active Ownership



Employing shareholder power to influence corporate behaviour, including through direct corporate engagement, filing or co-filing shareholder proposals, and proxy voting that is guided by comprehensive sustainability guidelines.

6

## Transparency



Providing stakeholders with consistent and accessible information relating to investment management and performance.

# Responsible investing governance

## Responsible Investment Committee



**Karen  
KHARMANDARIAN**  
Chief Investment  
Officer



**Arnaud  
BISSCHOP**  
Head of Responsible  
Investment



**Maila  
BENIERA**  
ESG  
Specialist



**Cecile  
CHAPELLE**  
Chief Compliance  
Officer

**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  
Responsible  
Investing**

**Risk and  
Compliance  
Officer**

**ESG  
Specialist**

The RI Committee is tasked with ensuring that all of the guidelines set out in the Responsible Investing Policy are accurately and effectively implemented both at the strategy level and throughout the organisation.

The Committee meets, at minimum, on a quarterly basis to review the RI policy implementation across all investment strategies, to assess the RI performance of the strategies and to identify any appropriate actions to be taken - divestment, position re-sizing or targeted engagement with relevant investee companies.

# Responsible Investing Milestones

## Nov 2018-2019

- Inception of Thematics AM
- Launch of Thematics Water, Safety, AI & Robotics, and Meta strategies
- Formalisation of Responsible Investment Framework
- Integration of sustainability considerations
- Became UNPRI signatory
- Launch of the Subscription Economy strategy
- Transfer of Thematics Consumer strategy to Thematics AM from Ostrum Asset Management

## 2020

- Obtained French ISR Label
- First ever 'Being Responsible Report'

2019

2021

## 2021

- First dedicated ESG Specialist joined
- Further refinement of RI Policy
- Publication of first climate report
- Launch of Thematics Wellness strategy and obtained Label ISR
- Obtained Febelfin label – Water and Safety strategies
- Successful renewal of Label ISR for 5 initial strategies

## Signatory



## Sustainability Labels



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

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

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







# 2021 Sustainability Performance

Notes on data

- All data are as of 31/12/2021.
- Contributions to UN Sustainable Development Goals is based on ISS Data. ESG Opportunities refer to the weighted average exposure to the different UN Sustainable Development Goals. It corresponds to the percentage of revenues derived from products or services that have impact to the SDGs – contributive, neutral or obstructive - based on third party data (ISS research). The total score for each company equals the sum of the assessment for each company for all relevant 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). For the breakdown, Significant refers to 50% or more of activities contributing (+) or obstructing (-) to the objectives - Limited contribution refers to 20 to 50% range - Neutral refers to 0 to 20%.
- Minimise adverse impact – Activities monitored are those that are covered by Thematics AM Exclusion Policy. Unconventional oil and gas covers shale energy, tar sands, and arctic exploration. Illegal weapons include anti-personnel mines, cluster munitions, biological and chemical weapons. Controversial weapons include nuclear weapons, white phosphorous, depleted uranium. Percent of exposure refers to the weighted average of the estimated revenue exposure to the contemplated areas. Our exclusion policy covers full systems and tailor-made key components and essential services. Our exclusion list is informed by Sustainalytics. The full details of our exclusion policy can be found our Responsible Investment Policy, accessible [here](#).
- Do No Harm – To minimise risks and ensure securities are not harming significantly environmental or social objectives, we cap the positions to 2% when companies are or becomes exposed to controversies whose risk level is High or Severe and whose outlook is negative. Further, targeted engagement with the company is initiated. The cap would be lifted if sufficient performance improvement is demonstrated. Investment Managers will exit the investment if no progress is made and the risk identified deteriorates. The assessment is based on Sustainalytics' analyses, updated on a weekly basis.
- Manage ESG risks - ESG risk score refers to the weighted average ESG score from third party assessment (Sustainalytics or ISS).

# Thematics Wellness strategy

## Sustainability contributions

	Subsegment	Product impact	SDG contributions – Target Level
	Nutrition	Improved nutrition   Increased sustainable plant-based food   Encourage demand for natural, organic, and other sustainable food options	<p>Target 2.1 End hunger and ensure access by all people to safe, nutritious and sufficient food all year round</p> <p>Target 2.2 End all forms of malnutrition, including stunting and wasting in children under 5 years of age, and address the nutritional needs of adolescent girls, pregnant and lactating women and older persons</p> <p>Target 2.4 Ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality</p> <p>Target 12.2 Achieve the sustainable management and efficient use of natural resources</p>
	Monitoring	Health monitoring and tracking devices	Target 3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all
	Exercise	Healthy lives through physical activity and sports   Increasing access to sports facilities   Promoting sustainable and healthy lifestyle	Target 3.4 Reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being
	Relaxation	Encourage demand for equipment and services enabling relaxation for mental well-being	Target 3.4 Reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being
	Companionship	Digital applications enabling social connections   Improved mental health through pets	Target 3.4 Reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being
	Support	Assistive technologies enabling decent and dignified life   Increased access to homecare and hygiene products for basic needs	<p>Target 3.7 Ensure universal access to sexual and reproductive health-care services, including for family planning, information and education, and the integration of reproductive health into national strategies and programmes</p> <p>Target 5.6 Ensure universal access to sexual and reproductive health and reproductive rights</p> <p>Target 10.2 Empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status</p>
	Open-Air	Promoting physical activities	Target 3.4 Reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being
	Education	Increasing access to educational materials through digital solutions	Target 4.3 Ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university

Source: Thematics AM Internal Assessment

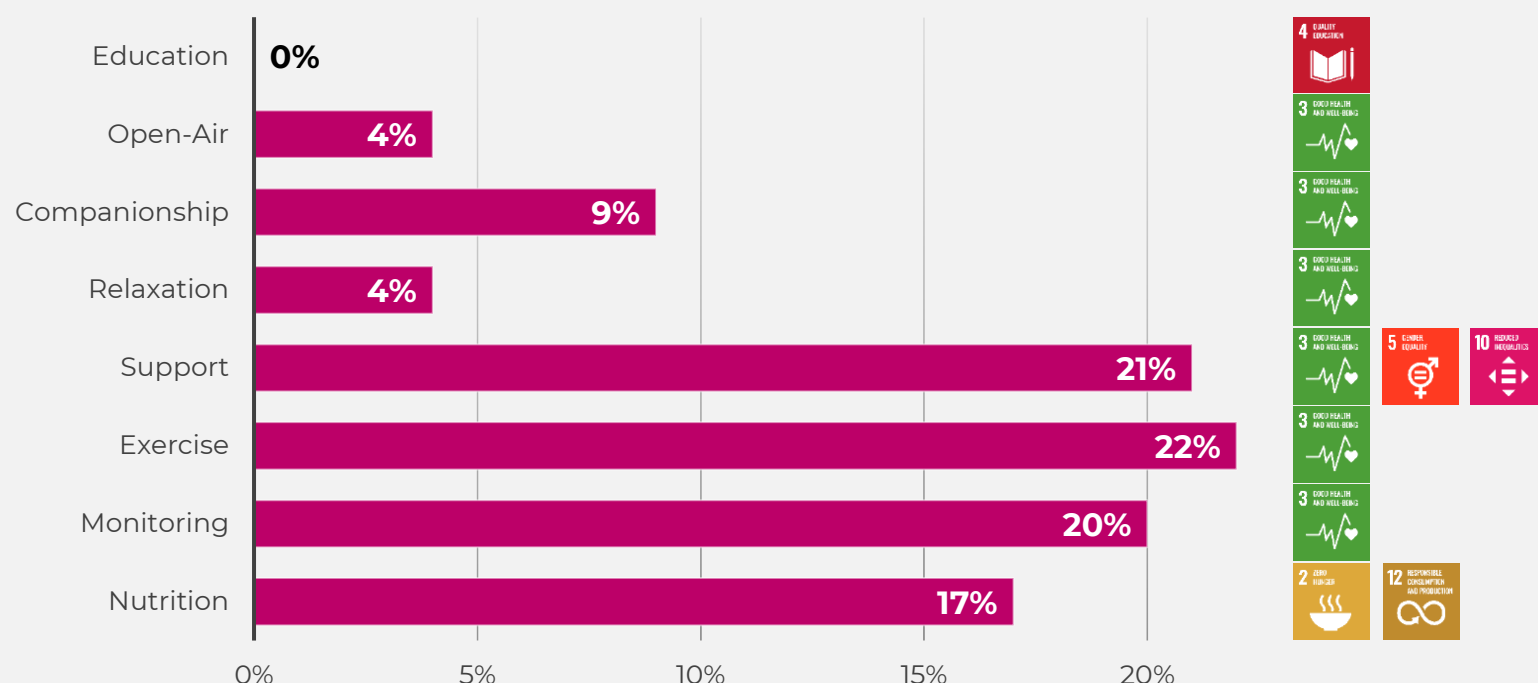


Figure 1. Percentage distribution of AuM per subsegment; Thematics AM as of 31/12/2021



Netherlands  
Specialty Chemicals

Sustainalytics ESG Risk Score  
15.5 – Low Risk

MSCI  
AAA

- Royal DSM was awarded 'Asia's Most Sustainable Company of the Year' by Asia Corporate Excellence & Sustainability Awards, for its strong commitment towards transforming global food systems through a series of quantifiable and science-based targets.
- Royal DSM has committed to achieve 60% of electricity from renewable resources by 2025 and 75% by 2030. It also committed to be deforestation-free in its primary supply chains by 2030 at the latest.
- DSM's climate strategy and water governance and strategy were assessed as A and A, respectively by CDP in 2020.
- The company is a constituent of the FTSE4Good Index since 2004.
- Royal DSM is listed as one of the most sustainable companies in Brazil according to the Exame Sustainability Guide for its efforts to improve public health through nutrition.

2

ZERO  
HUNGER

### Goal

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

### Products or services

*Specialty food enzymes, cultures, probiotics, bio-preservation, hydrocolloids, sugar reduction, and savory taste solutions to the food and beverage industry; fortified staple foods; emergency foods for vulnerable groups to prevent or treat malnutrition; therapeutic foods to treat malnourishment and underweight; early life nutrition*

- As part of its innovation in Food & Beverage market, DSM launched the CanolaPRO™, a sustainable plant-based protein source; it is also partnering with another company to bring Avansya, a zero-calorie, cost-effective, non-artificial sweeteners to the market.
- In addition to its human nutrition solutions, DSM has been championing efforts to increase the availability of fortified foods and micronutrient-rich food in countries with very low-income populations through various partnerships, such as with the World Food Programme, UNICEF, and Africa Improved Foods.

3

GOOD HEALTH  
AND WELL-BEING

### Goal

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

### Products or services

*Micronutrients for birthing women, infants and children; medical nutrition solutions targeted towards specific therapeutic areas that address complex nutritional challenges in patients of all ages; dietary supplements, such as vitamin, lipid, carotenoid and nutraceutical solutions; personal care and homecare solutions*

- In response to Covid-19 and to enable preventive health and immunity, DSM launched a range of market-ready immune supporting solutions for adults and children.

12

RESPONSIBLE  
CONSUMPTION  
AND PRODUCTION

### Goal

*Ensure sustainable consumption and production patterns*

### Products or services

*Specialty materials with greater efficiency and improved environmental performance for global end-markets including electrical components and electronics, automotive, food packaging, medical, personal protection, commercial marine, and apparel.*

- In 2020, DSM launched the world's first bio-based ultra-high molecular weight polyethylene fiber, used in wide range of critical applications including personal protection, outdoor equipment, nets for the aquaculture and renewable energy sector. Production of 1 metric ton of bio-based Dyneema generates 5 metric tons less CO<sub>2</sub>eq than the same volume of fossil-based Dyneema.
- In 2020, 63% of DSM's total group sales came from its Brighter Living Solutions, which are products, services and technologies that, considered over their life cycle, offer a superior environmental impact (ECO+) and/or a superior social impact (People+) when compared to the mainstream alternative for the same application. The impact of Brighter Living Solutions can be realized at any stage of the product life cycle, from raw materials through the manufacturing process to potential re-use and end-of-life disposal.



Sustainability Contributions – UN SDGs

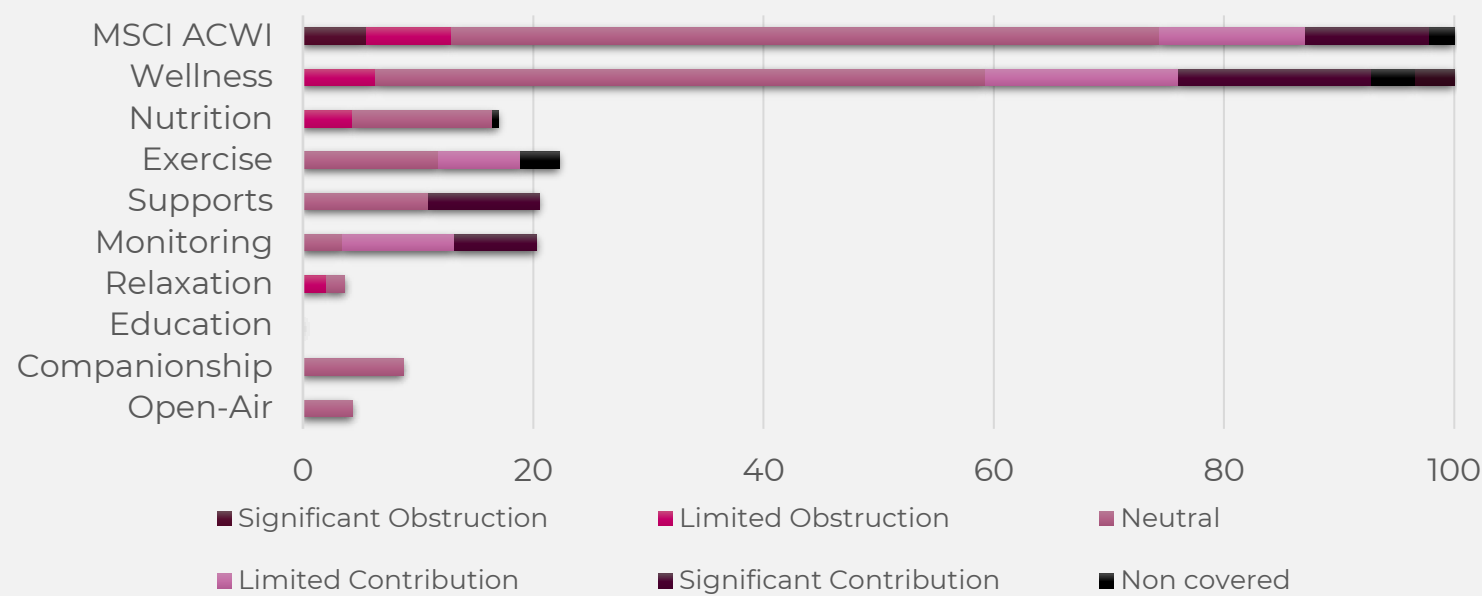


Figure 2. SDG Performance; Thematics AM & ISS as of 31/12/2021

Minimise adverse impact

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

Figure 3. Exposure to controversial or adverse activities  
Thematics AM Internal Assessment & Sustainability as of 31/12/2021

Manage ESG Risks



Figure 4. Weighted Average ESG Risk vs Reference Index  
Thematics AM & Sustainability as of 31/12/2021

Do No Harm

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

Figure 5. Exposure to non-compliant securities  
Thematics AM Internal Assessment & Sustainability as of 31/12/2021

ESG Controversies	Exposure
Severe Risk Controversies	0
High Risk Controversies	0

Figure 6. Exposure to non-compliant securities  
Thematics AM Internal Assessment & Sustainability as of 31/12/2021

# Thematics Water strategy

## Sustainability contributions

Subsegment	Product impact	SDG contributions – Target Level
<b>Water Infrastructure</b>  Regulated utilities Concessions Technologies	<p>Increase access to safe drinking water as a basic human need</p> <p>Sufficient supply of water and wastewater services to a range of diverse communities</p> <p>Increasing water distribution capacity</p> <p>Supporting rapid urbanisation and cities' livability</p>	<p>Target 6.1 Achieve universal and equitable access to safe and affordable drinking water for all</p> <p>Target 6.5 Implement integrated water resources management at all levels</p> <p>Target 11.1 Ensure access for all to adequate, safe and affordable housing and basic services</p>
<b>Demand Efficiency</b>  Consumers Distributors Industry Agriculture	<p>Sustainable water withdrawals</p> <p>Advanced water management technologies</p> <p>Enabling emission and waste reduction to increase water usage efficiency across all sectors of the economy</p>	<p>Target 6.4 Substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity</p> <p>Target 6.6 Protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes</p> <p>Target 9.4 Upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes</p>
<b>Pollution Control</b>  Measurement Waste management	<p>Water treatment technologies</p> <p>Hazardous waste Management</p> <p>Tracking of water quality and allows for the efficient enforcement of regulations around water quality</p>	<p>Target 3.9 Substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination</p> <p>Target 6.3 Improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally</p> <p>Target 14.1 Prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution</p>

Source: Thematics AM Internal Assessment

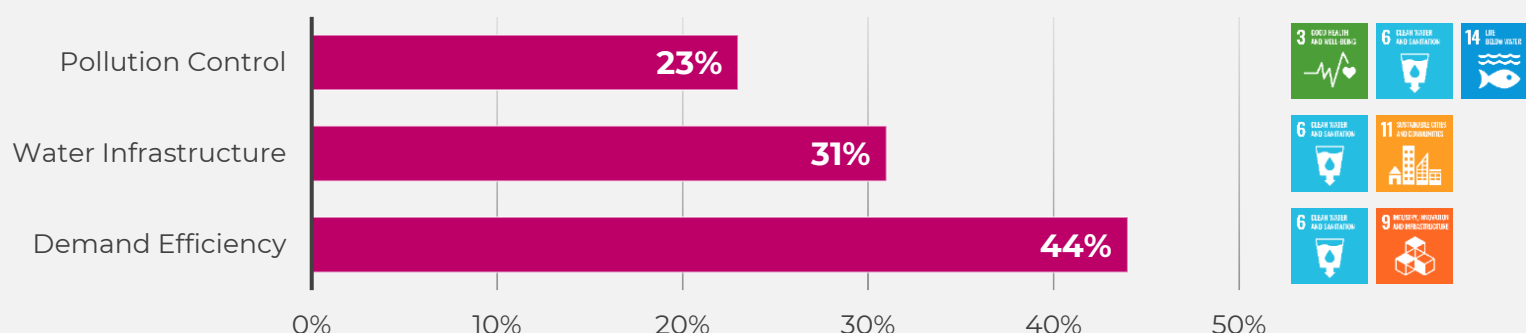


Figure 7. Percentage distribution of AuM per subsegment; Thematics AM as of 31/12/2021

Canada  
Non-Residential Construction

ISS  
50.41 – Prime Status\*

Sustainalytics ESG Risk Score  
19.4 – Low Risk

- Stantec was named the fifth, out of 8,080 companies analysed, most sustainable company in the world and first in North America by Corporate Knights
- Awarded A- Rating by the CDP (Carbon Disclosure Project)
- Committed to set 1.5°C science-based emissions reduction targets

- Signatory to the UN Global Compact since 2015
- Named by Forbes as one of the World's and Canada's Best Employers and America's Best Employers for Women
- Listed on the 2020 and 2021 Bloomberg Gender Equality Index and Jantzi Social Index

6 CLEAN WATER AND SANITATION



### Goal

*Ensure availability and sustainable management of water and sanitation for all*

### Products or services

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

To meet projected water demand in Ulaanbaatar, Stantec provided technical advisory services to help increase water supply by nearly 70 million cubic meters per year, improve wastewater management, and increase availability of potable water to peripheral migrant yurt-based communities.

14 LIFE BELOW WATER



### Goal

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

### Products or services

*Coastal protection and restoration, groundwater protection and recharging, and watershed management*

Stantec is leading the design of a 43 km long levee and floodwall system in Texas, US. The \$1.9 billion effort will make the area less vulnerable to natural disasters, sea-level rise, and subsidence, as well as restore 183 hectares of marsh and preserve 227 hectares of forested wetlands.

11 SUSTAINABLE CITIES AND COMMUNITIES



### Goal

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

### Products or services

*Landscape architecture (focused on reduced water use and naturalizing communities), on-site wastewater recycling system, water conservation measures*

With Taiwanese water resources coming mainly from rainfall, climate change is having a significant impact on water availability. To stabilize the water supply in Kaohsiung City, Stantec is involved in the first large-scale recycling and reclamation of effluent from a wastewater treatment plant. Reclaimed water is transported through a dedicated pipe to supply industrial users inside the Linhai Industrial Park.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



### Goal

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

### Products or services

*Ecosystem restoration, climate change adaptation and mitigation planning, natural resource damage assessments, socio-ecological systems resiliency, sustainable economic appraisals, environmental impact assessments*

Stantec partnered with Yorkshire Water to develop an automated solution to identify highly flammable liquids and septicity risk of catchment assets. The team's award-winning approach improves assessment accuracy and health and safety. This tool allowed for over 7,000 catchment assessments covering 22,400 miles (36,049 km) of sewer within 18 months.

Source: Stantec Sustainability Report 2020

\*Companies are categorized as Prime if they achieve/exceed the sustainability performance requirements (Prime threshold) defined by ISS ESG for a specific industry (absolute best-in-class approach) in the ESG Corporate Rating. Prime companies are sustainability leaders in their industry and are better positioned to cope with material ESG challenges and risks, as well as to seize opportunities, than their Not Prime peers. The financial materiality of the Prime Status has been confirmed by performance studies, showing a continuous outperformance of the Prime portfolio when compared to conventional indices over more than 14 years.



Sustainability Contributions – UN SDGs

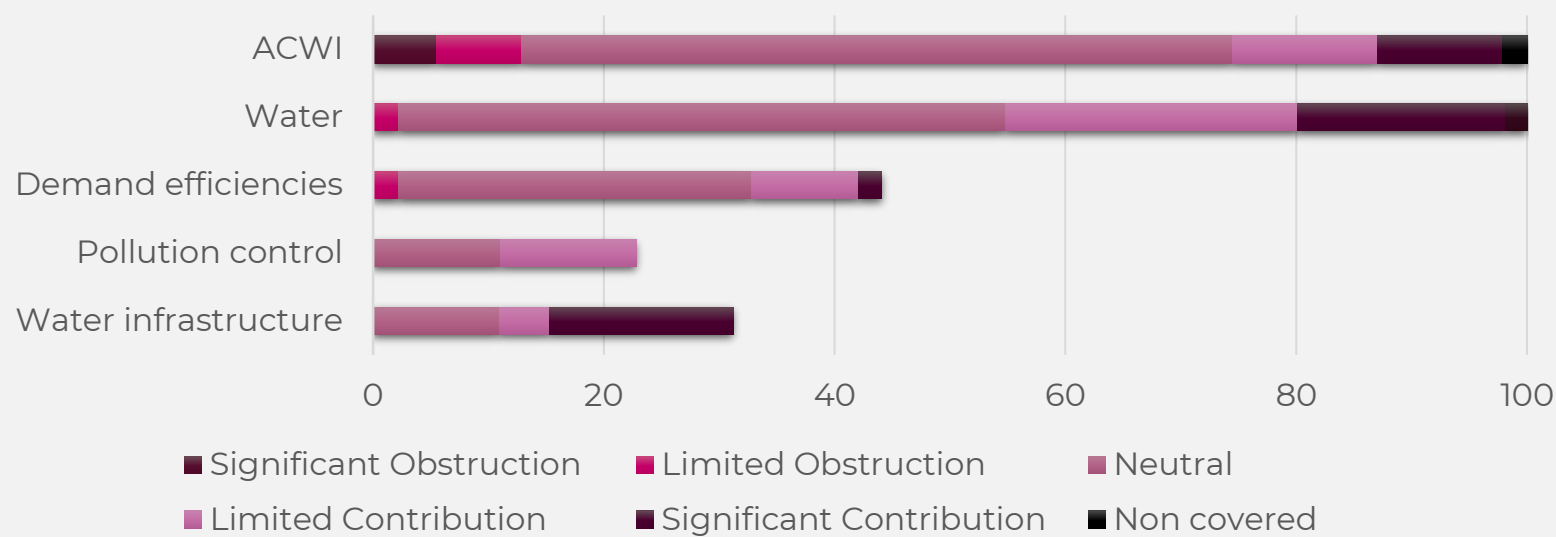


Figure 8. SDG Performance; Thematics AM & ISS as of 31/12/2021

Minimise adverse impact

Areas	% Exposure
Fossil Fuels	0.04
Unconventional Oil & Gas	0
Conventional Oil & Gas	0.10
Illegal Weapons	0
Controversial weapons	0
Conventional Weapons	0.06
Small Arms	0
Tobacco	0

Figure 9. Exposure to controversial or adverse activities  
Thematics AM Internal Assessment & Sustainalytics as of 31/12/2021

Manage ESG Risks

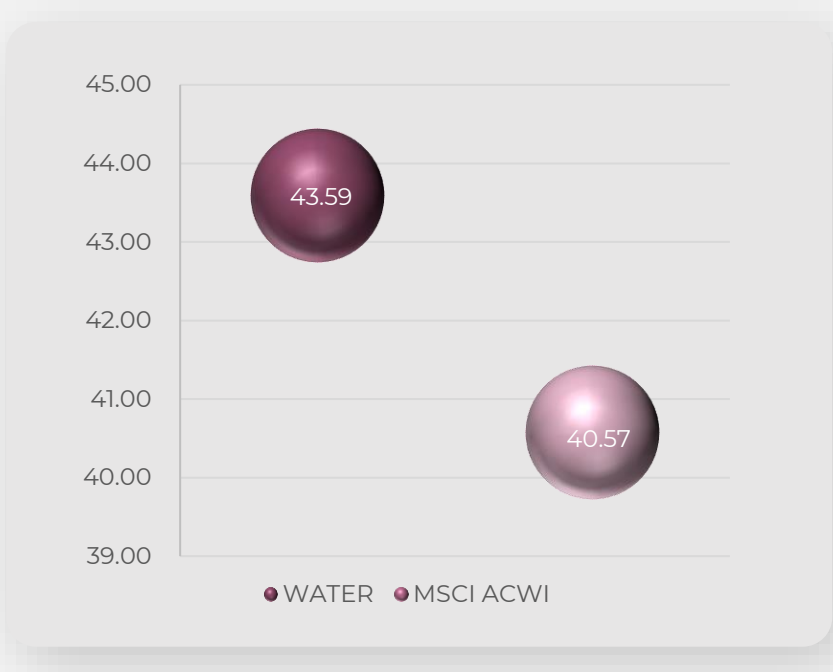


Figure 10. Weighted Average ESG Risk vs Reference Index  
Thematics AM & ISS as of 31/12/2021

Do No Harm

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

Figure 11. Exposure to non-compliant securities  
Thematics AM Internal Assessment & Sustainalytics as of 31/12/2021

ESG Controversies	Exposure
Severe Level ESG controversies	0
Highly Severe Level ESG Controversies	0

Figure 12. Exposure to non-compliant securities  
Thematics AM Internal Assessment & Sustainalytics as of 31/12/2021

# Thematics Safety strategy

## Sustainability contributions

	Subsegment	Product impact	SDG contributions – Target Level
	<b>Connect</b> Safety chips Cybersecurity Cyberinsurance Data centers	Enabling advanced threats detection and crime prevention   Data privacy   Cybersecurity   Customer protection   Secured and efficient infrastructure	Target 11.5 Significantly reduce the number of deaths and the number of people affected and substantially decrease the direct economic losses relative to global gross domestic product caused by disasters  Target 16.4 Significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organized crime
	<b>Eat</b> Clean processing & restaurants Instruments Testing	Safer food production and processing   Pest controls   Enabling hygiene and sanitation in the food industry	Target 3.4 Reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being  Target 3.9 Substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination  Target 12.4 Achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment
	<b>Live</b> Access control Guarding & cash transit Pest control	Safe and livable buildings   Advanced patient care   Environmental safety & protection   Secure dwellings and decent living	Target 11.6 Reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management  Target 11.1 Ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums
	<b>Work</b> Personal safety Industrial safety Hazardous waste	Employee safety and protection   Enabling infrastructure safety and advanced protection systems	Target 8.8 Protect labour rights and promote safe and secure working environments for all workers
	<b>Shop</b> Digital payments Payment processors Point-of-sale Credit cards	Secured economic transactions   Customer protection   Data privacy   Enabling crime prevention	Target 8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all  Target 9.3 Increase the access of small-scale industrial and other enterprises to financial services, including affordable credit, and their integration into value chains and markets.  Target 16.4 Significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organized crime
	<b>Move</b> Automotive & Truck safety Railroad Other transportation	Advanced and safer solutions for mobility   Protective technologies	Target 3.6 Halve the number of global deaths and injuries from road traffic accidents  Target 10.7 Facilitate orderly, safe, regular and responsible migration and mobility of people  Target 11.2 Provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport

Source: Thematics AM Internal Assessment

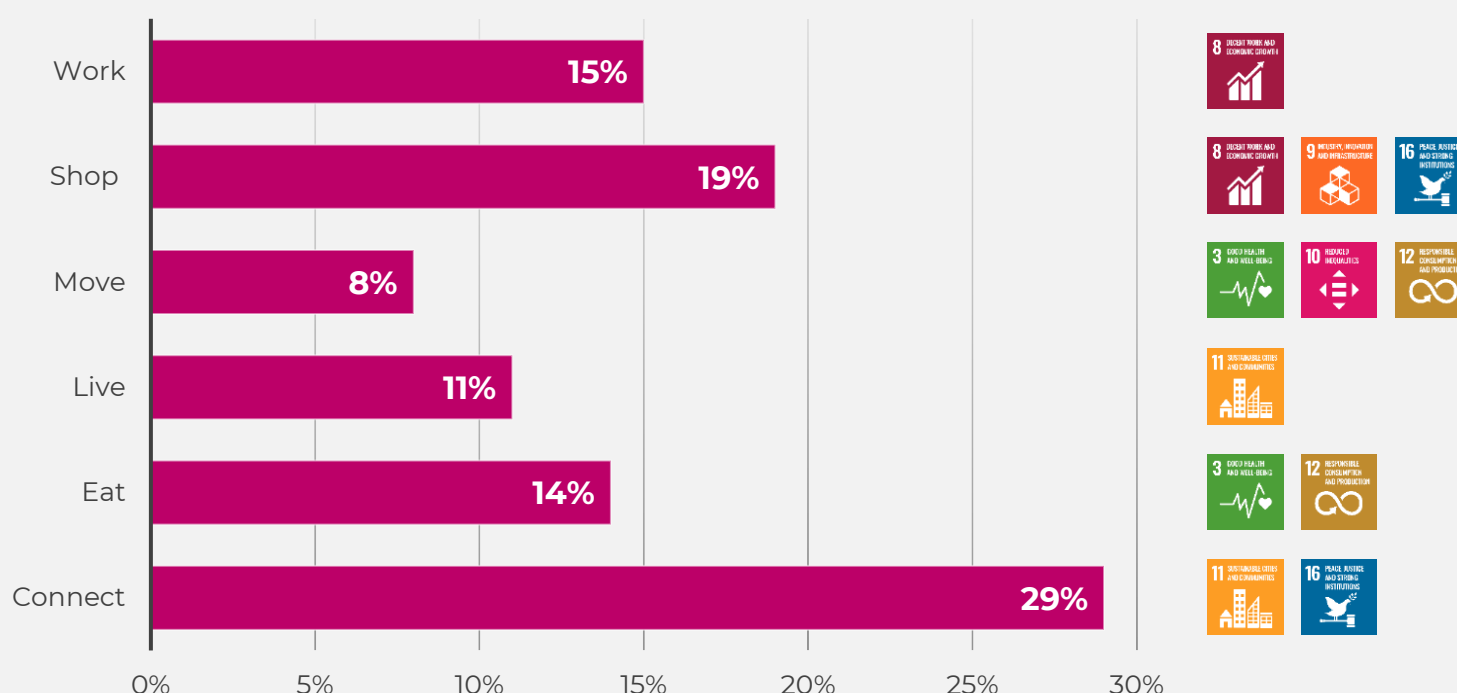


Figure 13. Percentage distribution of AuM per subsegment; Thematics AM as of 31/12/2021

United Kingdom  
Electronic Equipment, Instruments  
& Components

Sustainalytics ESG Risk Score  
1.9 – Negligible Risk

MSCI  
BBB

- Named Britain's Most Admired Company in 2020. The award is based on a survey of the UK's largest companies and employers across 26 sectors to peer review each other against 13 criteria.
- Ranked 8th out of 668 European companies in the 2020 European Women on Boards Gender Equality Awards. The awards recognise global businesses who are driving change for gender diversity in the workplace and empowering gender equality in decision making.
- Committed to be within a 40-60% gender-balanced range by the end of March 2024 for all its company boards.

- As part of its Covid response in 2020, the company launched a new global parental leave policy that is open to all its 7,000+ employees in over 20 countries, marking further progress towards its commitment to build fairer and more inclusive businesses.
- Named by the Financial Times and Statista as one of Europe's Climate Leaders. Their rankings are based on detailed research focusing on around 4,000 companies across Europe, looking at their respective reductions in core greenhouse gas emissions (scope 1 and 2) in relation to revenues between 2014 and 2019.

#### 8 DECENT WORK AND ECONOMIC GROWTH



### Goal

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

- Halma's interlock products protect workers' safety and have been supplied to more than 40,000 manufacturing and other facilities worldwide.
- The company's gas sensors have been supplied and in use globally protecting the safety of more than 250,000 people on a daily basis.

### Products or services

*Emergency communications systems that protect people in buildings in critical circumstances; Real-time corrosion monitoring and valve interlocking systems that safeguard people and processes; Systems to manage the movement of people in high risk areas, preventing accidents and ensuring that critical processes operate safely; Explosion protection devices and systems to protect pressurised vessels and pipework in critical industrial processes; Gas detection systems that detect hazardous gases and analyse air quality; Safety and communications components and systems that make elevators smarter, simpler and safer.*

#### 11 SUSTAINABLE CITIES AND COMMUNITIES



### Goal

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

- Halma enables over 200 million water tests and supply more than 5 million water quality tests to partners working in international relief and development annually.
- The company's fire detection products protect buildings with an aggregate area of more than 5,000 square kilometres.

### Products or services

*Water analysis and treatment -systems that assist communities around the world by sustainably improving water quality and availability; Fire suppression systems to automatically extinguish fires, protecting people, property and assets; Environmental monitoring technologies used to analyse water, air and gases to monitor the quality of our environment and ensure that our resource infrastructure operates efficiently; Security sensors, control panels and apps to protect commercial, residential and public buildings.*

#### 3 GOOD HEALTH AND WELL-BEING



### Goal

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

- Halma supplies more than 1 million diagnostic products per year, for blood pressure monitoring, ophthalmology, and other vital signs monitoring.

### Products or services

*Components, devices and systems that provide valuable information to understand patient health and enable providers to make decisions across the continuum of care; Therapeutic solutions that enable treatment across key clinical specialties.*



Sustainability Contributions – UN SDGs

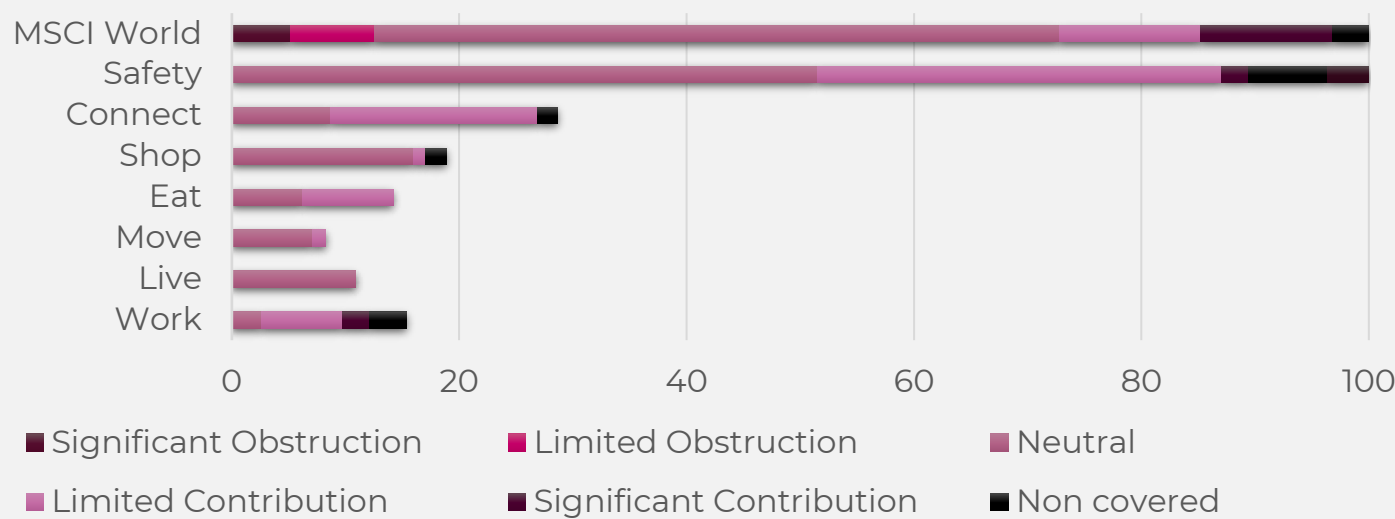


Figure 14. SDG Performance; Thematics AM & ISS as of 31/12/2021

Minimise adverse impact

Areas	% Exposure
 Fossil Fuels	0
 Unconventional Oil & Gas	0
 Conventional Oil & Gas	0.08
 Illegal Weapons	0
 Controversial weapons	0
 Conventional Weapons	0.04
 Small Arms	0
 Tobacco	0

Figure 15. Exposure to controversial or adverse activities Thematics AM Internal Assessment & Sustainalytics as of 31/12/2021

Manage ESG Risks

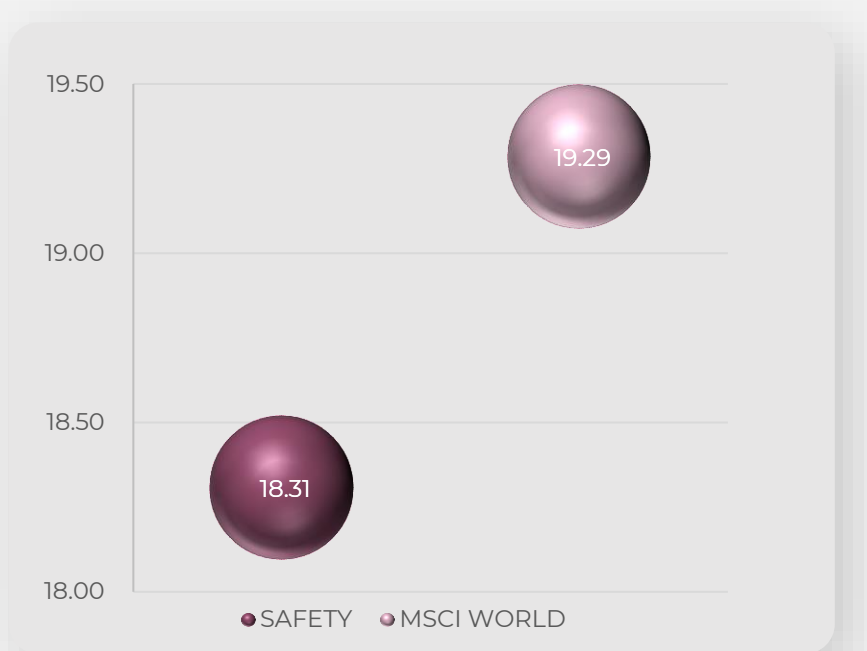


Figure 16. Weighted Average ESG Risk vs Reference Index Thematics AM & Sustainalytics as of 31/12/2021

Do No Harm

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

Figure 17. Exposure to non-compliant securities Thematics AM Internal Assessment & Sustainalytics as of 31/12/2021







ESG Controversies	Exposure
Severe Level ESG controversies	0
Highly Severe Level ESG Controversies	0

Figure 18. Exposure to non-compliant securities Thematics AM Internal Assessment & Sustainalytics as of 31/12/2021

# Thematics AI & Robotics strategy

03

## Sustainability contributions

Subsegment	Product impact	SDG contributions – Target Level
 <b>Factory Automation</b> Industrial robots Logistic automation 3D Printing	Resource-use efficiency   Climate adaptation   Smart and connected cities   Workplace and Employee safety   Sustainable energy use   Emission reduction   water quality efficiency   Food production innovation   Meaningful work   Shift to mass customisation create opportunities for SME's	<p>Target 8.4 Improve progressively the global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation</p> <p>Target 8.8 Protect labour rights and promote safe and secure working environments for all workers</p> <p>Target 9.4 Upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes</p>
 <b>Design Software</b> Manufacturing Prototyping Simulation	Responsible product design   Resource optimization   Low carbon transition   Predictive modelling for product resiliency	<p>Target 7.3 Double the global rate of improvement in energy efficiency</p> <p>Target 12.2 Achieve the sustainable management and efficient use of natural resources</p> <p>Target 12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle</p>
 <b>Medical Automation</b> Surgical robots & rehabilitation Lab automation Precision medicine & intelligent diagnosis	Improved healthcare quality   Increasing access to basic medical services   Advanced and accelerated development of disease treatments technologies   Improved life duration and quality   Enabling shift from reactive to preventive care   Reducing healthcare costs and burden on the economy through innovating diagnostics and medical procedures   Meet the need of the ageing society	<p>Target 3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all</p> <p>Target 8.5 Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value</p>
 <b>Consumer &amp; Services Automation</b> Household robots & smart assistants Smart home Autonomous vehicles	Decrease cost of mobility/affordable transport to everyone   Extending personal mobility   Safer and inclusive communities   Smart homes   Enabling sustainable urbanisation	<p>Target 9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all</p> <p>Target 11.2 Provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons</p>
 <b>Supply Chain</b> Semiconductors Sensors Hardware components	Energy-efficient semiconductors   Enabling low-carbon transition	<p>Target 9.4 Upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities</p>
 <b>Office Automation</b> Office software Analytics	Enabling flexible and hybrid work   Data privacy and security   Improved supply chain flexibility   Energy efficiency   Enabling citizen engagement and empowerment   Improved quality of outputs	<p>Target 8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors</p>

Source: Thematics AM Internal Assessment

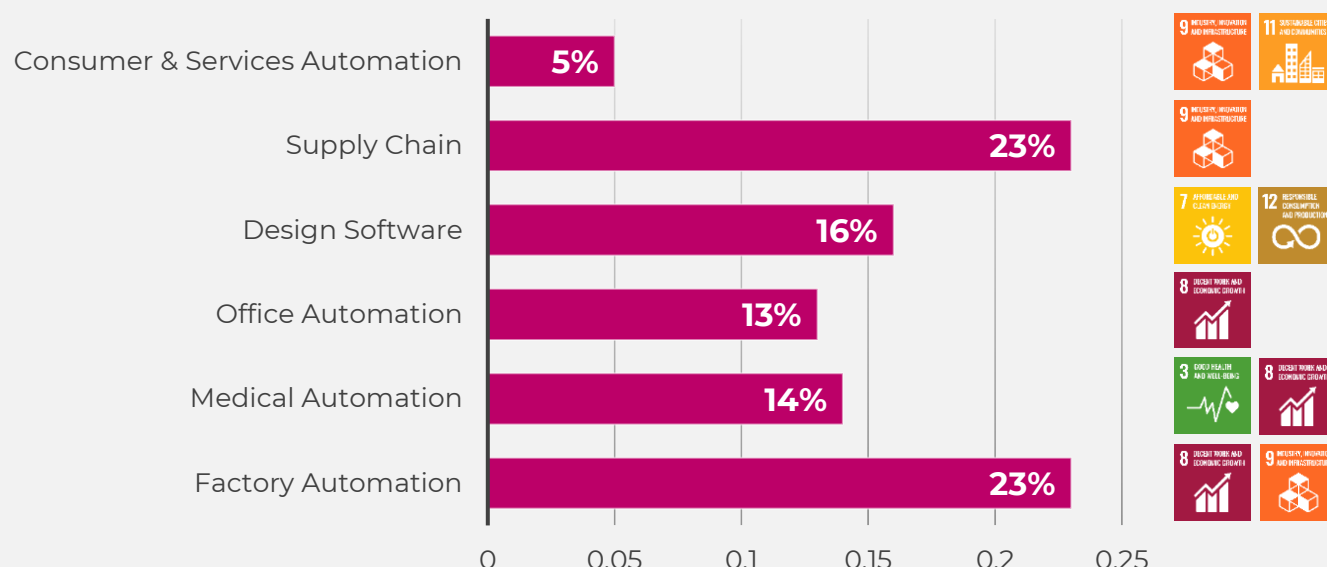


Figure 19. Percentage distribution of AuM per subsegment; Thematics AM as of 31/12/2021

Sweden  
Electronics Equipment

Sustainalytics ESG Risk Score  
13.8 – Low Risk

MSCI  
AA

- In 2021, Hexagon AB announced its ESG commitments, which include:
  - Carbon neutrality in its scope 1 and 2 emissions – by 2030
  - Carbon neutrality across its entire value chain in scope 1, 2 and 3 emissions – by 2050
  - Sustainability supplier audits across 100 per cent of its direct suppliers, in risk areas – by 2023
  - At least 30 per cent of its leadership positions filled by women – by 2025
- In 2020, Hexagon, strengthened further its sustainability commitments through:
  - Appointment of Head of Sustainability
  - Updated process and system for whistleblowing adopted
  - Environmental Policy implemented
  - Conflict Minerals Policy implemented
  - New supplier screening process implemented



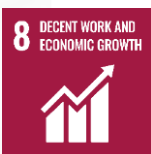
## Goal

*Take urgent action to combat climate change and its impacts*

## Products or services

*Advanced geospatial technology, such as metrology hardware, laser scanners, airborne cameras and UAVs, monitoring equipment, and mobile mapping*

Nations, researchers and organisations rely on Hexagon's advanced geospatial technology to monitor, visualise and analyse changes in the planet. The solutions enable visualisation and reporting of global warming impacts – such as deforestation, flooding, wildfires, melting glaciers and more – in real-time, providing the information necessary for governments to implement initiatives and focus resources on preparedness and response to natural disasters and other dangerous scenarios.



## Goal

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

## Products or services

*AI-driven surveillance technology, including coordinate measurement machines, laser trackers and scanners*

Hexagon's safety-enhancing technology can issue real-time warnings in the event of avalanches, collapsed dams, landslides or blocked railways and roads. Operational safety solutions provide collision avoidance and monitor operator alertness in critical processes like power and mining, while dispatch solutions for police, ambulance and firefighters ensure worker and citizen safety all over the world, every day.



## Goal

*Ensure sustainable consumption and production patterns*

## Products or services

*Design, engineering, production and metrology solutions that increase efficiency throughout the life-cycles of products manufactured in almost all industries; Sensors and software for precise positioning*

Using simulation tools to virtually test materials, measuring instruments to correct processes and leveraging optimisation solutions to streamline operations, Hexagon's products enable customers to reduce resource inputs, emissions, and waste, thus lowering the environmental impact.



## Goal

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

## Products or services

*Green-tech projects*

Hexagon launched a strategic business venture named R-evolution in 2021, which will invest in green-tech projects where Hexagon's technology can be applied. The first set of investments, centered around renewable energy, involves the construction and operation of solar farms in Spain, targeted at producing energy with 50,000 tonnes less CO2 equivalents per annum than the grid's residual mix. R-evolution will leverage the returns generated from Hexagon's equity investments to strategy further carbon reduction projects. The strategy is to expand focus to areas of sustainable agriculture, saving oceans, protecting forests, and more. Future ambitions also include inviting others to join the revolution – from companies to pension strategies to individuals – providing all the opportunity to make a difference.

Source: Hexagon Sustainability Report 2020, Annual Report 2020



Sustainability Contributions – UN SDGs

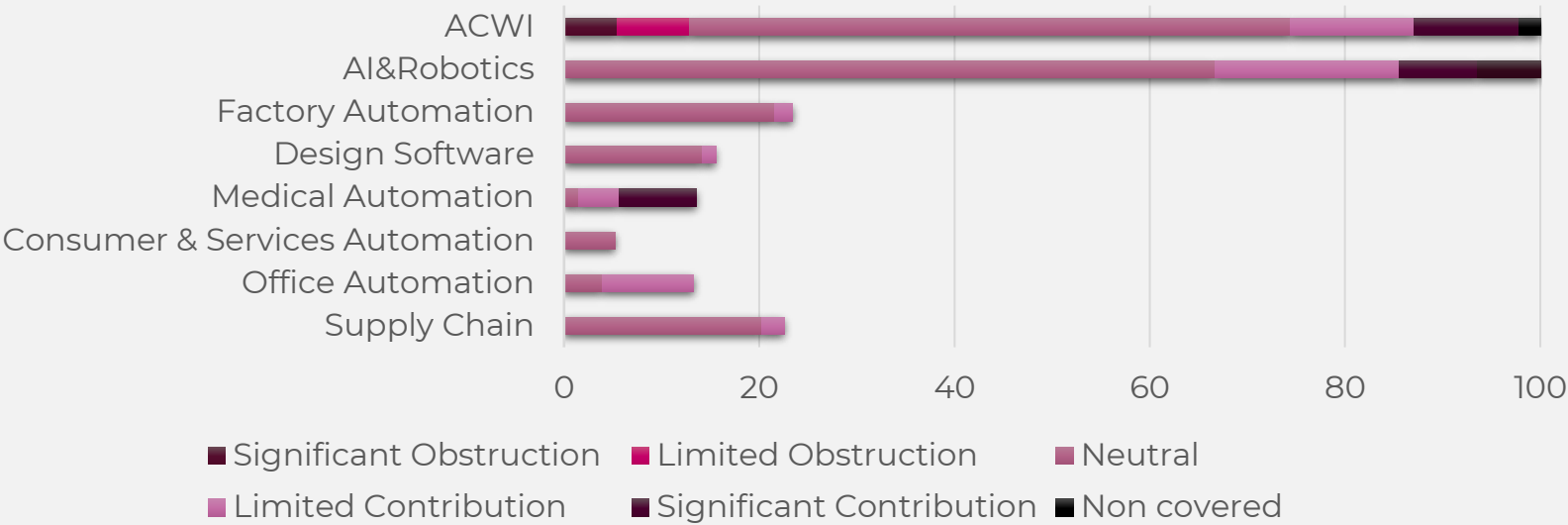


Figure 20. SDG Contributions; Thematics AM & ISS as of 31/12/2021

Minimise adverse impact

Areas	% Exposure
Fossil Fuels	0.01
Unconventional Oil & Gas	0
Conventional Oil & Gas	0
Illegal Weapons	0
Controversial weapons	0
Conventional Weapons	0.16
Small Arms	0
Tobacco	0

Figure 21. Exposure to controversial or adverse activities  
Thematics AM Internal Assessment & Sustainalytics as of 31/12/2021

Manage ESG Risks

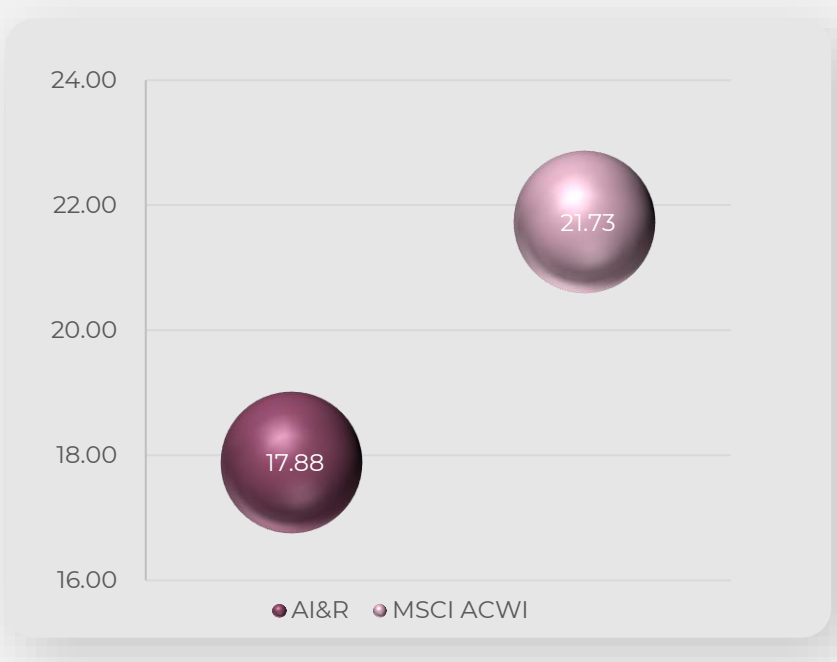


Figure 22. Weighted average ESG Risk vs Reference Index  
Thematics AM & Sustainalytics as of 31/12/2021

Do No Harm

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

Figure 23. Exposure to non-compliant securities  
Thematics AM Internal Assessment & Sustainalytics as of 31/12/2021

ESG Controversies	Exposure
Severe Level ESG controversies	0
Highly Severe Level ESG Controversies	1

Figure 24. Exposure to non-compliant securities  
Thematics AM Internal Assessment & Sustainalytics as of 31/12/2021

# Thematics Subscription Economy strategy

## Sustainability contributions

	Subsegment	Product impact	SDG contributions – Target Level
	<b>B2B Online</b>	Subscription-based online business services: financial, professional, and real-estate information   online advertising	<p>Target 8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all</p> <p>Target 8.4 Improve progressively, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation</p> <p>Target 9.3 Increase the access of small-scale industrial and other enterprises to financial services, including affordable credit, and their integration into value chains and markets</p>
	<b>B2B Offline</b>	Subscription-based offline business services: equipment maintenance   advertising   real-estate information	<p>Target 12.2 Achieve the sustainable management and efficient use of natural resources</p> <p>Target 12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle</p>
	<b>B2C Online</b>	Subscription-based online consumer services: news   telehealth monitoring   business management software   music and recreation   appliance rental and maintenance   online fitness   financial data and services	<p>Target 1.4 Ensure that all men and women have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance</p> <p>Target 8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all</p> <p>Target 9.c Significantly increase access to information and communications technology and strive to provide universal and affordable access to the Internet in least developed countries by 2020</p>
	<b>B2C Offline</b>	Subscription-based offline consumer products or services: health devices and health monitoring   recreation and leisure   sports and fitness facility   water supply   Social connections   Office tools and equipment	<p>Target 3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all</p>

Source: Thematics AM Internal Assessment

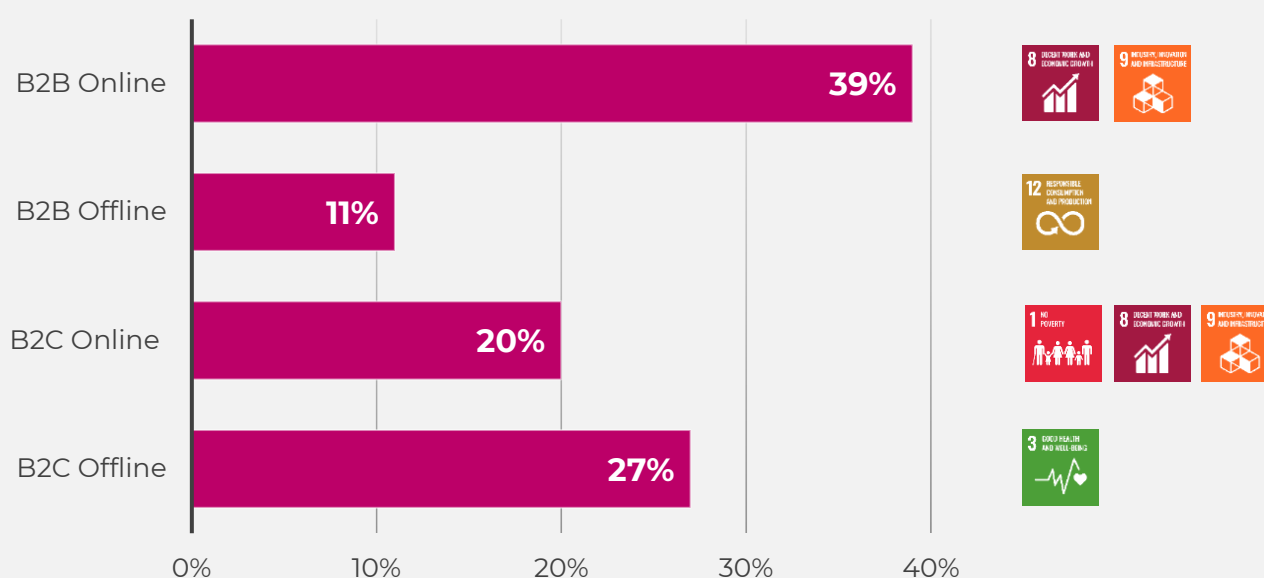


Figure 25. Percentage distribution of AuM per subsegment; Thematics AM as of 31/12/2021

- Teladoc Health ranks first in customer satisfaction by J.D. Power 2021 U.S. Telehealth Satisfaction Study, which measures consumer satisfaction with their telehealth service experience based on four factors: customer service, consultation, enrollment, and billing and payment.
- Since 2016, Teladoc Health has actively provided access to both physical and mental healthcare to those affected by natural disasters and local crises in communities across the United States. In December 2021, it provided free, 24/7 general medical telehealth visits to residents, first responders and others directly impacted by the devastating tornadoes in Kentucky.

### Products or services

Teladoc Health is pureplay provider of virtual health care services



#### Goal

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

- Teladoc conducted more than 10 million visits in 2020, serving as a lifeline for more people in “healthcare deserts.”
- Nearly 5 million of members live in areas with low primary care coverage.
- Forty percent of people who have sought mental health treatment through Teladoc Health said they would not have received care without a virtual option, enabling greater access to mental health treatment.
- In 2021, Teladoc Health sat in the healthcare board of the Global Health and Healthcare Governors of the World Economic Forum, to help lead the discussion on how approaches to health can continue to evolve and transform to meet consumer and healthcare provider expectations for more connected, accessible and smarter care at a lower cost.
- Through virtual access to healthcare, Teladoc’s solutions help break down barriers in term of access and cost disparities that can prevent people from getting care when they need it.
- In response to the COVID-19 outbreak, Teladoc Health has deployed thousands of telehealth devices around the world—and waived access fees for healthcare providers.



#### Goal

Reduce inequality within and among countries

Outside of the United States, Teladoc health is a primary sponsor of The World Telehealth Initiative, a non-profit organization, providing sustainable medical expertise to the world’s most vulnerable communities to build local capacity and deliver core health services through a network of volunteer healthcare professionals supported by Teladoc Health technology. In 2020, WTI supported nearly 500 sessions in countries including Bangladesh, Ethiopia and Haiti, addressing a broad range of essential medical services. As WTI’s primary corporate sponsor, Teladoc Health contributed approximately \$700,000 of support in 2020, including both direct strategizing and in-kind technology and professional time to WTI.



#### Goal

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

- Teladoc estimated that 5,000 metric tons of CO2 emissions are avoided for every 1M virtual visits.
- The virtual care is an environmentally sound way of growing the capacity of the global healthcare system in a context increasing public awareness toward the health, economic and racial challenges faced worldwide. The accessibility to the virtual care in any area with internet access makes the health care more accessible and inclusive.

Source: Teladoc Corporate Social Responsibility Report 2020



Sustainability Contributions – UN SDGs

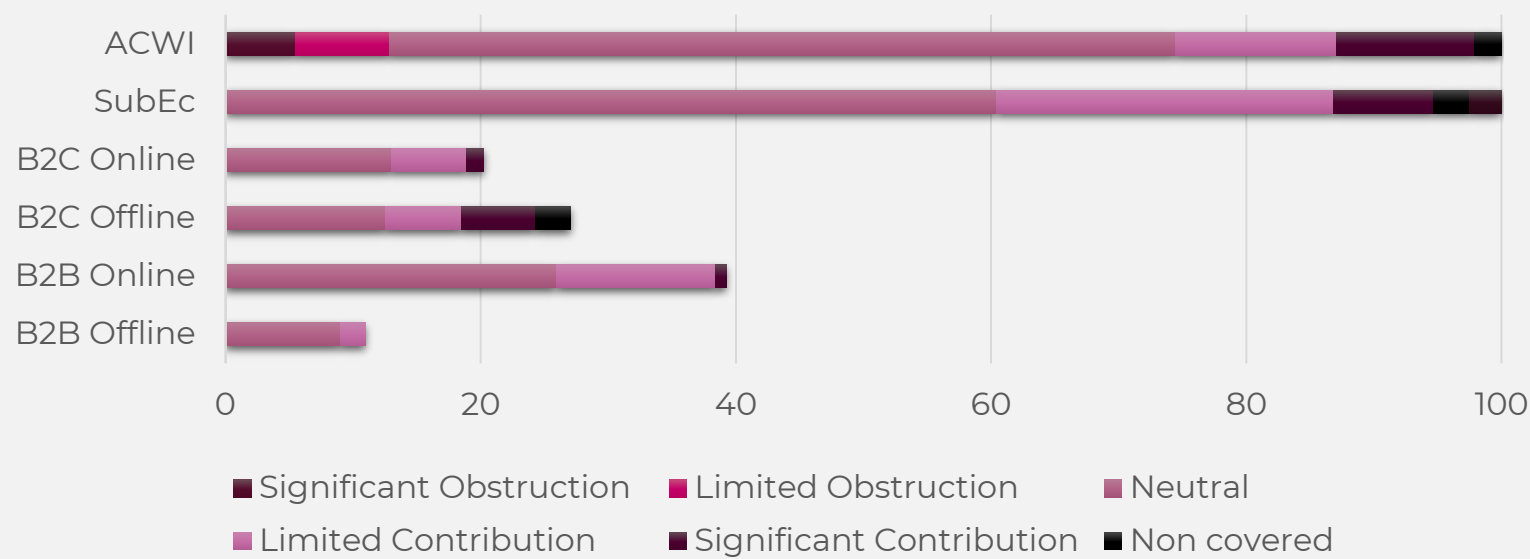


Figure 26. SDG Performance; Thematics AM & ISS as of 31/12/2021

Minimise adverse impact







Areas	% Exposure
 Fossil Fuels	0
 Unconventional Oil & Gas	0
 Conventional Oil & Gas	0
 Illegal Weapons	0
 Controversial weapons	0
 Conventional Weapons	0.03
 Small Arms	0
 Tobacco	0

Figure 27. Exposure to controversial or adverse activities  
Thematics AM Internal Assessment & Sustainalytics as of 31/12/2021

Manage ESG Risks

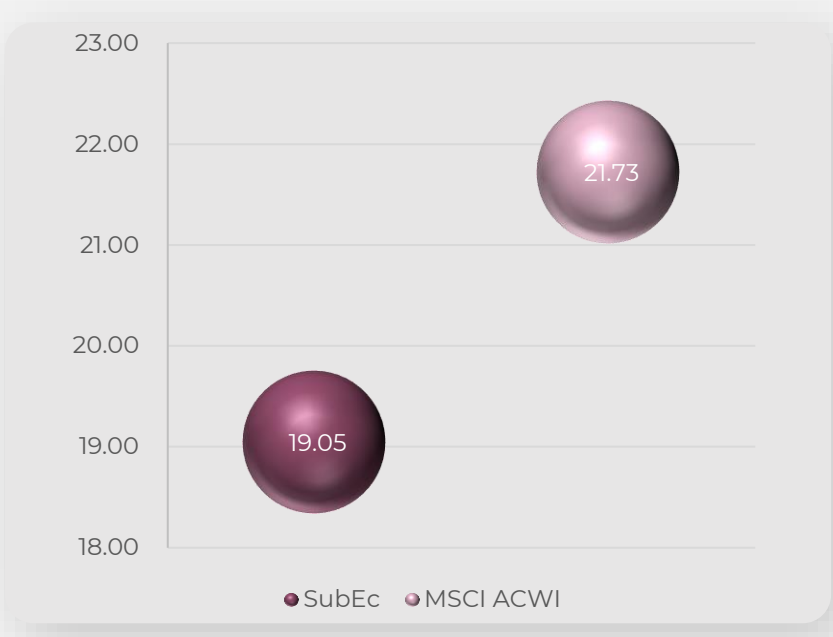


Figure 28. Weighted Average ESG Risk vs Reference Index  
Thematics AM & Sustainalytics as of 31/12/2021

Do No Harm

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

Figure 29. Exposure to non-compliant securities  
Thematics AM Internal Assessment & Sustainalytics as of 31/12/2021

ESG Controversies	Exposure
Severe Risk	0
High Risk	0

Figure 30. Exposure to non-compliant securities  
Thematics AM Internal Assessment & Sustainalytics as of 31/12/2021

# Thematics Consumer strategy

## Sustainability contributions

	Subsegment	Product impact	SDG contributions – Target Level
	Primary Needs	Improving access to basic products and services	<p>Target 2.1 End hunger and ensure access by all people to safe, nutritious and sufficient food all year round</p> <p>Target 3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all</p> <p>Target 5.6 Ensure universal access to sexual and reproductive health and reproductive rights</p>
	Wellness	Improved nutrition   Increased sustainable plant-based food Encourage demand for natural, organic, and other sustainable food options   Healthy lives through physical activity and sports   Increasing access to sports facilities   Promoting sustainable and healthy lifestyle	<p>Target 2.2 End all forms of malnutrition, including stunting and wasting in children under 5 years of age, and address the nutritional needs of adolescent girls, pregnant and lactating women and older persons</p> <p>Target 2.4 Ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality</p> <p>Target 3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all</p> <p>Target 12.2 Achieve the sustainable management and efficient use of natural resources</p>
	Route to Market	Mobile or digital money services   online-based shopping   food delivery services	<p>Target 1.4 Ensure that all men and women have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance</p> <p>Target 8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all</p> <p>Target 9.c Significantly increase access to information and communications technology and strive to provide universal and affordable access to the Internet in least developed countries by 2020</p>
	Pleasure	Encourage demand for equipment and services enabling relaxation for mental well-being	<p>Target 3.4 Reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being</p>

Source: Thematics AM Internal Assessment

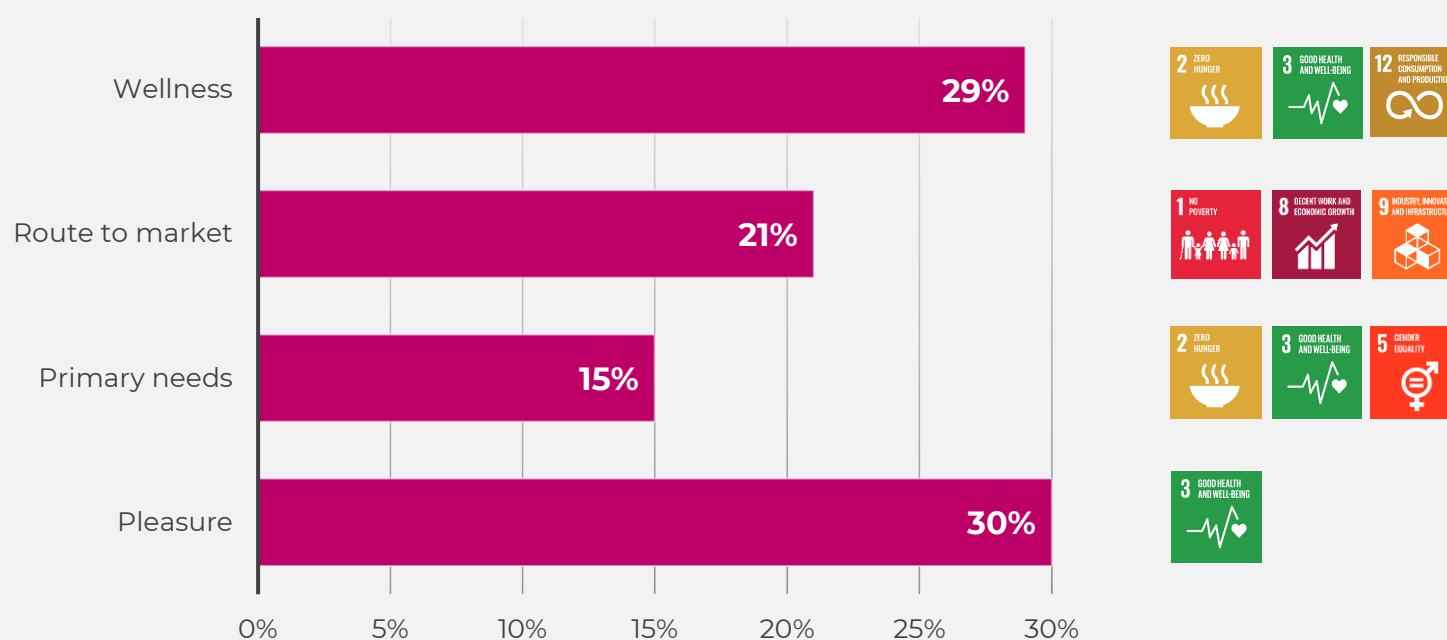


Figure 31. Percentage distribution of AuM per subsegment; Thematics AM as of 31/12/2021



France  
Packaged Foods & Meats

Sustainalytics ESG Risk Score  
19.9 – Low Risk

MSCI  
AAA

- In June 2020, Danone became the first publicly listed company to adopt the “Entreprise à Mission” status created by the French “Pacte” law in 2019. An “Entreprise à Mission” is defined as a company whose objectives in the social, societal, and environmental fields are aligned with this purpose and set out in its by-laws.
- Danone Recognized For The Third Year In A Row As Global Environmental Leader With Triple ‘A’ Score Given By CDP. Out of the nearly 12,000 companies scored in 2021, Danone is one of the only 14 companies that achieved a place on the A List for the three environmental areas covered by CDP: climate change, forest preservation and water security.
- Danone ranks 3 out Of 350 companies in the Food and Agriculture benchmark of the World Benchmarking Alliance. assessing and ranking 350 of the world’s most influential food and agriculture companies on their contribution to the Sustainable Development Goals. The ranking is based on 45 indicators distributed across four measurement areas of governance and strategy, environment, nutrition and social inclusion.
- Danone is included in the 2021 Bloomberg Gender-Equality Index (GEI) and the Ethibel Sustainability Index (ESI) Excellence Europe and the Ethibel Sustainability Index (ESI) Excellence Global since 2020.

Products or services

Danone is a world leader in four businesses: Essential Dairy and Plant-Based Products, Early Life Nutrition, Medical Nutrition and Waters



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

- 88% of volumes of products sold by Danone in 2020 were eligible to the Nutri-Score A or B (or equivalent)
- 90% of volumes of products sold are in healthy categories
- The company’s Dan’Cares program, which aims at guaranteeing quality health coverage for all employees to cover major risks while taking into account practices in the respective markets, was globally expanded in 2020, covering 100,109 employees in 53 countries.



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

- In 2020, 29% of total milk collected directly by Danone comes from producers working with Danone under long-term contracts, also called Cost-Performance Model contracts.
- ~80% of Danone partner producers own small farms with fewer than ten cows. About 30% of Danone’s milk is sourced from farmers with less than 10 cows. From the 50K farms in Danone’s supply chain, 80% are smallholders.



**Goal**  
Ensure sustainable consumption and production patterns

- 33 Danone entities are B Corp certified and ~50% of Danone’s consolidated sales is covered by the B Corp certification.
- 81% of Danone’s total packaging is recyclable, reusable or compostable.
- Danone brands are developing innovative circular packaging solutions offering environmentally-friendly choices to consumers. 67% of Danone’s plastic packaging is recyclable, reusable or compostable.



**Goal**  
Ensure availability and sustainable management of water and sanitation for all

- In 2020,Danone formally launched its Water Policy dedicated to having a positive impact on nature and local communities.
- Achieved 49% of reduction of water consumption intensity in production sites (in m3 /tons of products).
- The Danone’s Communities Fund has supported 9,692,966 beneficiaries to have access to safe drinking water from social businesses, in 17 countries.

Source: Danone’s Contribution to UN’s Sustainable Development Goals Report 2020 Performance



Minimise adverse impact

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

Figure 32. Exposure to controversial or adverse activities  
Thematics AM Internal Assessment & Sustainalytics as of 31/12/2021

Manage ESG Risks

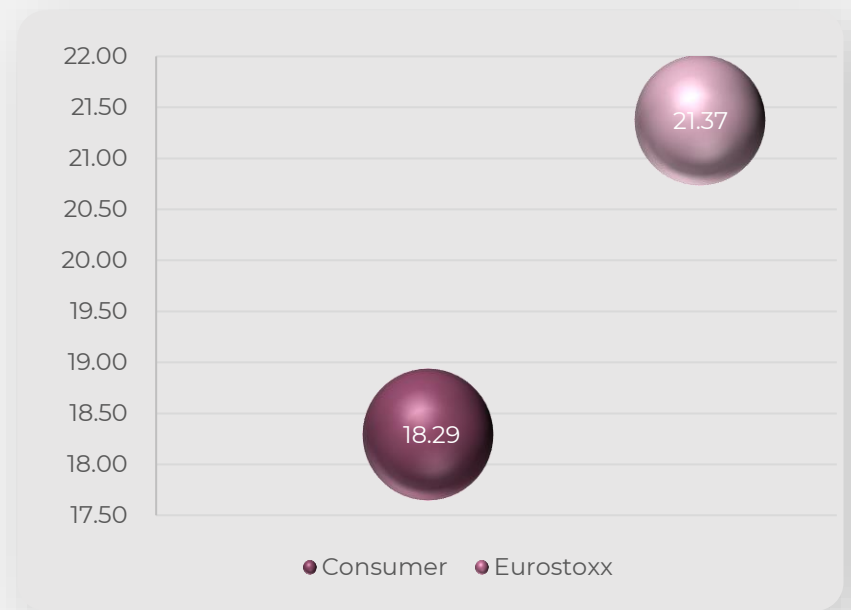


Figure 33. Weighted average ESG Risk vs Reference Index  
Thematics AM & Sustainalytics as of 31/12/2021

Do No Harm

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

Figure 34. Exposure to non-compliant securities  
Thematics AM Internal Assessment & Sustainalytics as of 31/12/2021

ESG Controversies	Exposure
Severe Level ESG controversies	0
Highly Severe Level ESG Controversies	0

Figure 35. Exposure to non-compliant securities  
Thematics AM Internal Assessment & Sustainalytics as of 31/12/2021

# Weighted Average Carbon intensity (WACI)

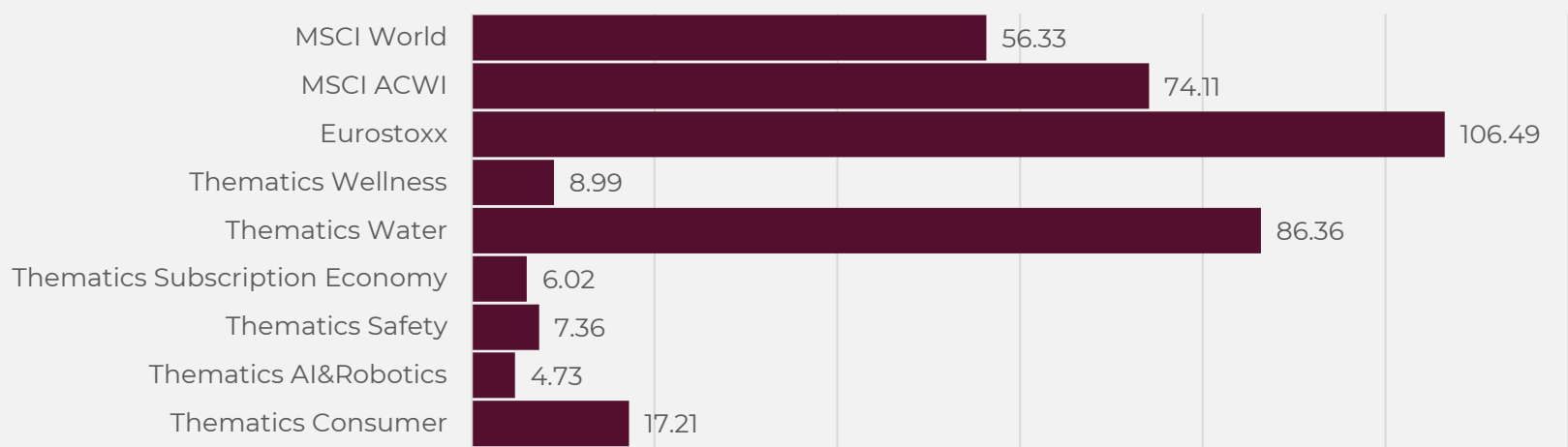


Figure 36. WACI (in tonnes CO2e/USD million revenues) of strategies vs Reference Index: The reference index of Safety is MSCI World, and MSCI ACWI for all others; Thematics AM & Trucost as of 31/12/2021

Carbon exposure analysis offers a systematic assessment of the carbon risks and opportunities within a portfolio or index at a point in time. The analysis quantifies greenhouse gas emissions (GHG) embedded within a portfolio presenting these as tonnes of carbon dioxide equivalents (tCO2e). The scope used in this analysis was Scope & Scope 2 emissions. The Weighted Average Carbon Intensity metric estimates the strategies' exposure to carbon-intensive compa-

nies. For this calculation, the carbon intensity of each constituent in the strategy (tCO2e/USD 1 million) is taken and multiplied by its weight in the strategy. The final carbon intensity is the sum of these contributions. The greenhouse gas emission intensities are allocated based on position size or weights, rather than on an ownership or responsibility basis.

## Temperature Alignment

We note the relatively higher carbon intensity of the Water strategy. The negative impacts are largely driven however by less than 5% of the portfolio in particular in the Municipal Waste Management segment – landfills indeed generate Methane (a gas that is highly contributive to global warming), a natural byproduct of the decomposition of organic material – most of those companies are tackling this issue by investing in collection systems for landfill gas. The remaining 95% have less than 10 TCOE/EUR m WACI.

We are engaging with the carbon intensive companies with the aim to support their transition to net-zero. We believe that the case of the Water strategy underlines the importance of applying the appropriate responsible investing approach, when to exclude securities and when engagement can be the more effective means to encourage and promote the adoption of sustainable management practices.

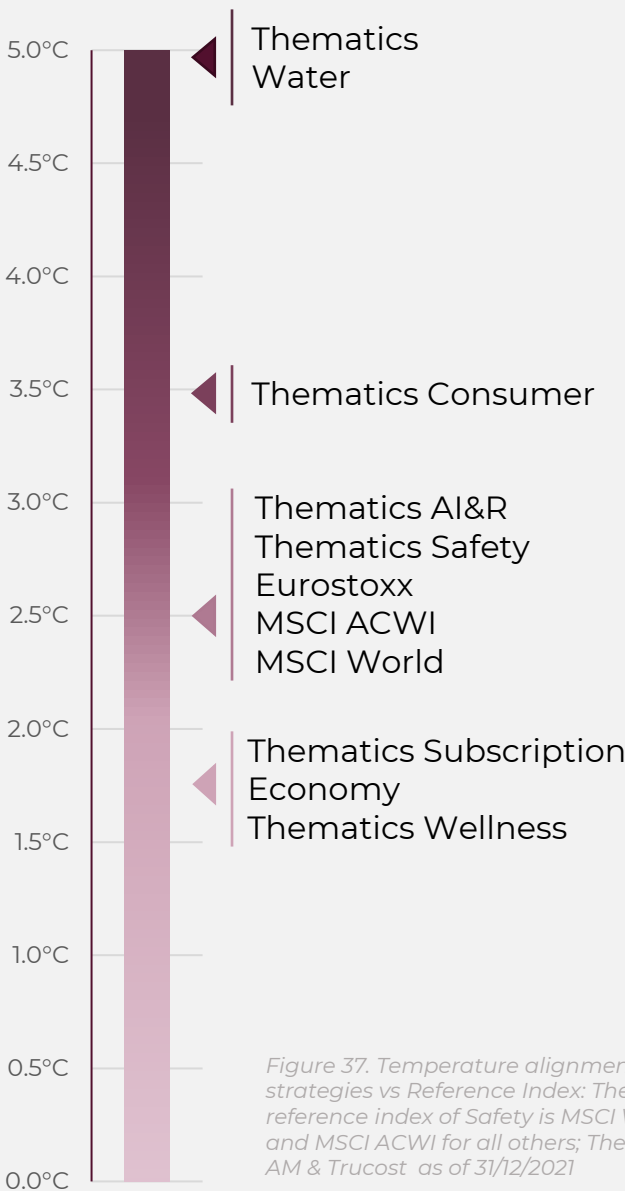


Figure 37. Temperature alignment of strategies vs Reference Index: The reference index of Safety is MSCI World, and MSCI ACWI for all others; Thematics AM & Trucost as of 31/12/2021

# Promoting good governance

## Voting

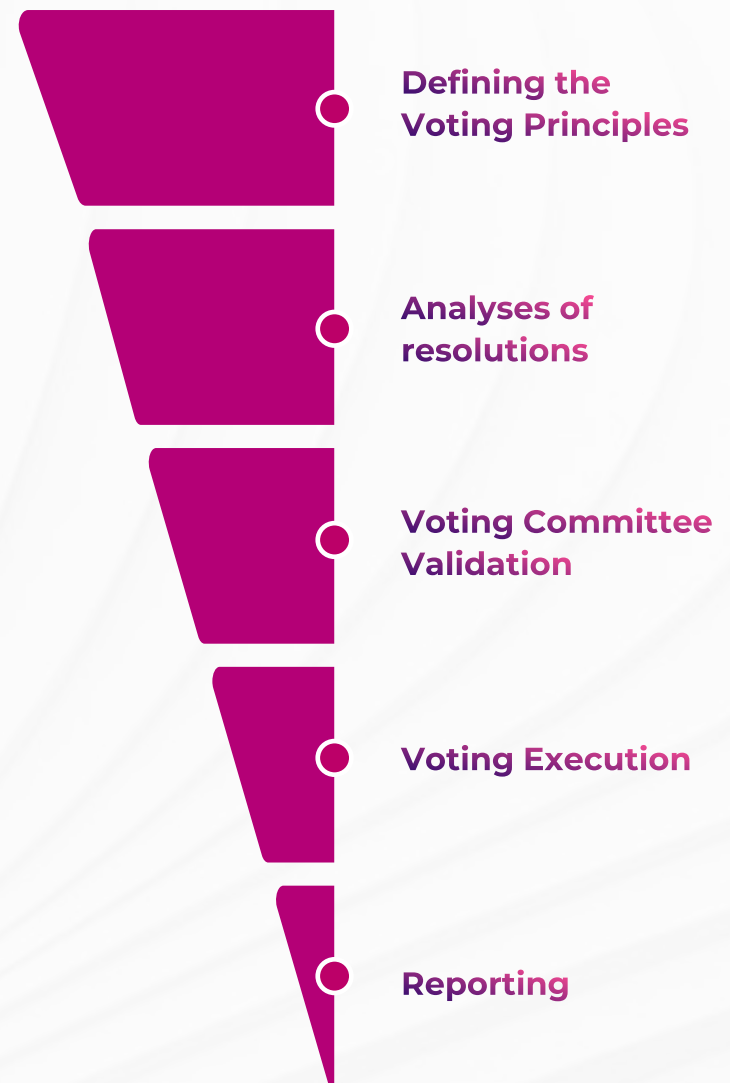
### Why we vote

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

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

### Our voting process



## 2021 Voting Activities

	Total	% of total
Number of proxy meetings voted at	233	97.08%
Number of resolutions voted at	4224	97.95%
Resolutions voted with Management	3819	90.41%
Resolutions voted Against Management	405	9.59%
Meetings not voted on	7	2.91%

Figure 38. Voting statistics; Thematics AM as of 31/12/2021; ISS Proxy Voting



## Resolutions by Category

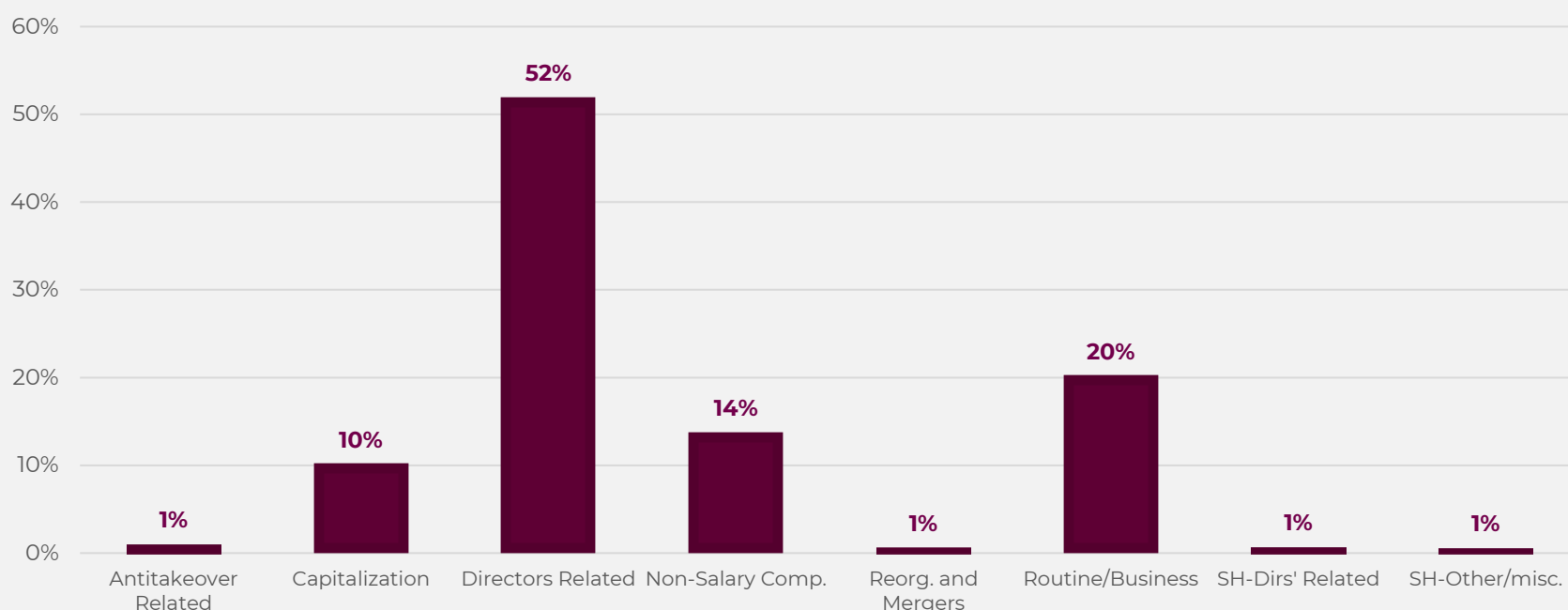


Figure 39. Percentage distribution of resolutions by category; Thematics AM as of 31/12/2021; ISS Proxy Voting

## Votes against management by category

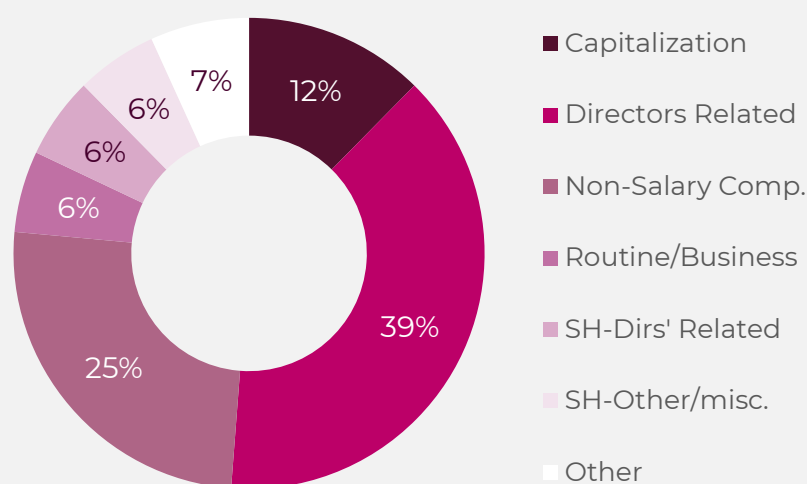


Figure 40. Percentage distribution of votes against management by category; Thematics AM as of 31/12/2021; ISS Proxy Voting

In this reporting period, which covers January 01, 2021 to December 31, 2021, we participated in 233 proxy meetings (97.1% of meetings). We voted on a total of 4,224 resolutions, majority which relates to Director Elections. In 9.6% of those resolutions, we voted against the management's recommendation. Resolutions where we voted Against concerns, non-independent director nominees, nominees that will result to non-racial or non gender-diverse board, excessive remuneration, and non-protection of shareholders' rights, among others.

## Shareholder proposals

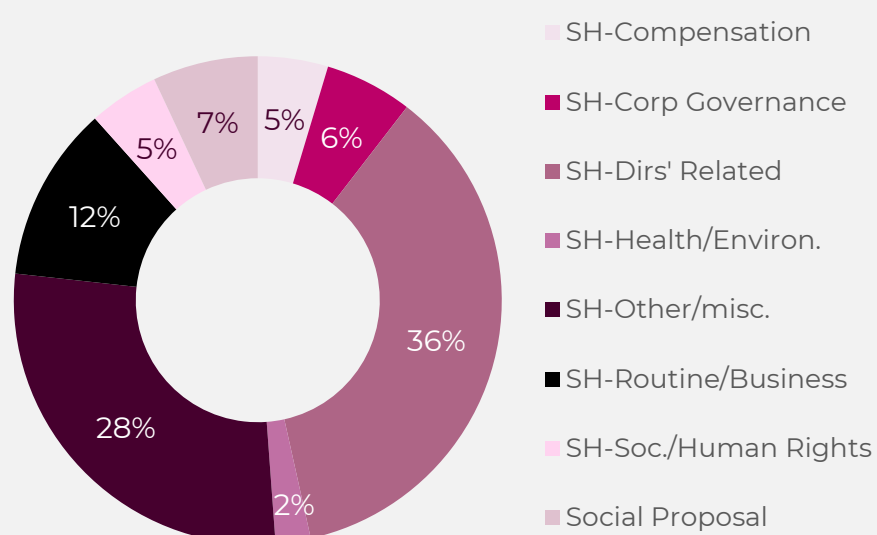


Figure 41. Percentage distribution of shareholders proposal by category; Thematics AM as of 31/12/2021; ISS Proxy Voting

Out of the 4,312 resolutions, 86 were proposed by shareholders. Of these, notable ESG topics include proposals to disclose on GHG emissions, human rights impact assessment, transparency around impacts of plastics packaging, and worth noting, the ban on sale of facial recognition technologies to government entities due to its human rights implications. We voted to support a significant majority of these proposals except on those that are deemed as overly prescriptive.

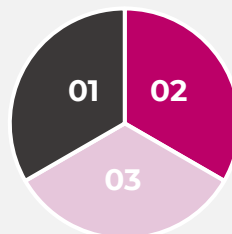
# Promoting good governance

## Engagement

Guided by our responsible investment principles and views on corporate governance, we formalized our defined our engagement framework in 2021. This sets-out:

1. why we engage
2. what we expect from engaging with our investee companies; and
3. how we will implement this within the organization

While we have already been engaging with investee companies on sustainability topics, 2021 marked the official start of our in-depth and targeted sustainability engagement.



### 1.Risk management

#### TRANSPARENCY

On material ESG metrics

Metrics: Disclosure or formal reporting



### 2.Long-term value creation

#### GOVERNANCE

Of priority metrics:  
ESG governance  
Board quality  
Remuneration

Metrics: Disclosed policy and performance on priority metrics



### 3.Sustainable Outcomes

#### ACTIONS

On target themes:  
Climate  
Biodiversity  
Human/labour rights

Metrics: Disclosed Commitments, policy, and YoY

## Engagement Objectives: Why we engage

Good governance enables companies to more clearly assess the risks they face and thereby improve their performance over the medium and long term. As 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** - For investors, relevant and reliable information on companies' management and performance is critical to a fully informed investment decision. 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.

**Long-term value creation** - 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.

**Sustainable outcomes** - Some of the sustainability challenges faced by the world today represent risks of critical magnitude. Continued destruction of our biodiversity and ecosystems have led to catastrophic events that we have witnessed in recent years, from wildfires, floods and 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.

## Expected Outcomes – What we aim to achieve

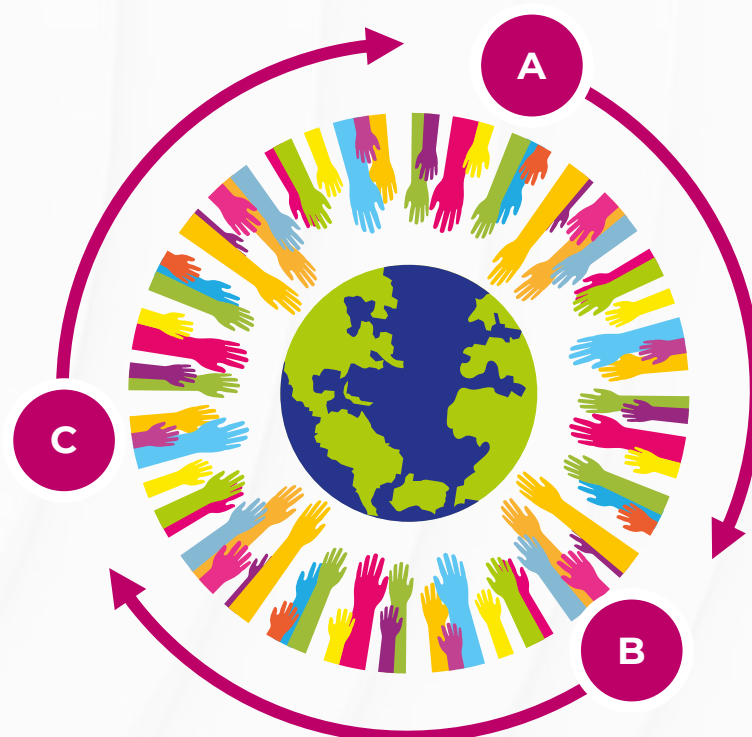
For each of the three engagement objectives, we have also defined the targeted results from our investee companies.

**Transparency** - To enable our risk management objectives, our engagement with investee companies is aimed at building transparency, primarily on material environmental, social, and governance metrics. As a long-term investor with the majority of companies across our strategies belonging to the middle and small capitalisation groups, engaging for transparency serves to establish strong governance practices at the critical stage of growth of our investee companies.

**Strong Governance** Creating long-term value rests upon the institutionalisation 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.

**Actions on critical sustainability challenges** 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. Having assessed the risk management-preparedness level of our investee companies, we have determined that the ideal starting point is for companies to acknowledge and recognise the impact that climate change and biodiversity losses will have on their operations and businesses.

# Industry collaboration & advocacy



## Initiatives in 2021

<p><b>A</b></p> <p><b>2021 Global Investor Statement to Governments on the Climate Crisis</b></p>	<p>The 2021 Global Investor Statement to Governments on the Climate Crisis delivers the strongest-ever investor call for governments to raise their climate ambition and implement robust policies. This statement, coordinated by the seven Founding Partners of The Investor Agenda, is now signed by 587 investors representing over USD \$46 trillion in assets. The joint statement to all world governments urges a global race-to-the-top on climate policy and warns that laggards will miss out on trillions of dollars in investment if they aim too low and move too slow.</p>
<p><b>B</b></p> <p><b>Pledge for the Development of Impact Finance</b></p>	<p>The Pledge for the development of Impact Finance is initiated by the Finance for Tomorrow of the Paris Europlace. This declaration aims to strengthen the contribution of the financial sector to the achievement of the international sustainable development goals and is based on three principles to be implemented in order to scale up Impact Finance: the implementation of a structured and demanding definition of Impact Finance; the promotion of an upstanding impact approach; a clear and transparent communication as well as the appropriate measurement and reporting tools; and the integration of Impact Finance into regulatory and market frameworks.</p>
<p><b>C</b></p> <p><b>Signatory to the Taskforce on Climate-related financial Disclosure</b></p>	<p>The Task Force on Climate-Related Financial Disclosures (TCFD) was created in 2015 by the Financial Stability Board (FSB) to develop consistent climate-related financial risk disclosures for use by companies, banks, and investors in providing information to stakeholders. By publicly declaring support for the TCFD and its recommendations, we are committed to taking action to build a more resilient financial system through climate-related disclosure.</p>



# Conclusion:

*While we are still emerging from this pandemic, working on building back better, we are also continuously being confronted with the threats of climate and biodiversity losses. As investors, we recognise our role in the capital markets and it is our strong commitment to continue with our responsible investing path forward, with the aim of doing more and doing better.*

Since our creation in November 2018, we have built the foundations across our 3 Ps – process, product, and people. We will keep on strengthening our capabilities across these pillars henceforth.

In terms of Process – our priority in 2022 is formalising our net-zero strategy and reinforcing our climate risk management. Climate change is unquestionably one of the biggest threats we face today. It presents tremendous risks when left unaddressed. At the same time, it also presents investment opportunities that could have a transformative impact on our future and the planet when acknowledged and seized. Our goal is to ensure that we are well positioned to mitigate the risks of climate in our investments.

In terms of Product – the mainstreaming of ESG and sustainable finance has also fueled the appetite for thematic investing, in particular on sustainable themes. We will leverage our deep expertise and established reputation on thematic strategies to capture the growing opportunities around emerging macro trends, in particular on climate adaptation, low carbon transition, and other social and environmental themes.

In terms of People – to enable the targets above, we will be onboarding a new climate specialist in the first quarter of 2022 to help drive our ESG and climate initiatives. Amidst the acceleration of regulatory developments and market standards on sustainable finance, we will continue to bolster our knowledge and expertise to ensure we deliver solutions with performance and meaningful results.

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