

Periodic disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852

Product name: **Thematics Water Fund**

Legal entity identifier: 549300Z5CQ07UZVGXX17

## Sustainable investment objective

### Did this financial product have a sustainable investment objective?

●● <input checked="" type="checkbox"/> Yes	●● <input type="checkbox"/> No
<p><input checked="" type="checkbox"/> It made <b>sustainable investments with an environmental objective</b>: 61.63%</p> <p><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> It made <b>sustainable investments with a social objective</b>: 34.83%</p>	<p><input type="checkbox"/> It promoted <b>Environmental/Social (E/S) characteristics</b> and while it did not have as its objective a sustainable investment, it had a proportion of ___% of sustainable investments</p> <p><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> with a social objective</p> <p><input type="checkbox"/> It promoted E/S characteristics, but <b>did not make any sustainable investments</b></p>

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



### To what extent was the sustainable investment objective of this financial product met?

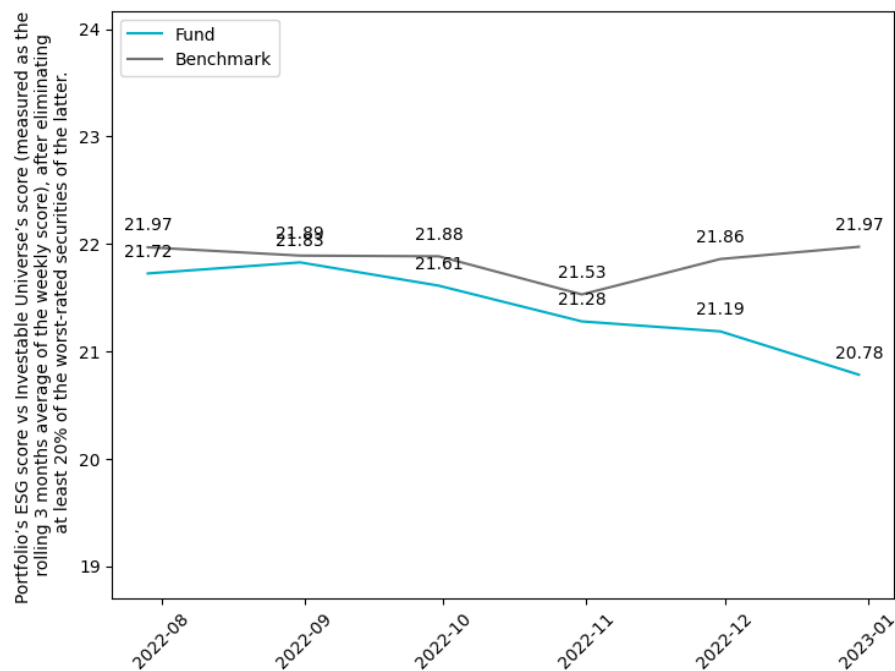
The Fund has contributed globally to the universal provision of clean water, water pollution prevention and control, and sustainable use and protection of all water resources.

No reference benchmark has been designated for the purpose of attaining the sustainable investment objectives.

● **How did the sustainability indicators perform?**

Unless stated otherwise, data are as of 31/12/2022:

1. Percentage of Fund's asset under management that contributes to the themes and meet the materiality or leadership criteria is 100% excluding cash.
2. Percentage of the Fund's assets under management of issuers generating more than 5% of revenue from harmful and/or controversial activities is 0%.
3. Percentage of the Fund's assets under management of issuers whose behaviour and overall performance are considered non-compliant to established global sustainability norms and principles governing corporate behaviour is 0%.
4. Percentage of the Fund's assets under management that are subject to ESG analysis by Investment Managers is 100%.
5. Portfolio ESG score's outperforms the ESG score of the Investable Universe (measured as the rolling 3 months average of the weekly score), after eliminating at least 20% of the worst-rated securities of the latter, based on external third-party ESG risk scoring.



**Sustainability indicators** measure how the sustainable objectives of this financial product are attained.

**NB:** a change of methodology has been performed during the exercise 2022. From July 2022, the Sustainalytics score has been used in replacement of the ISS score (that has been used from January to June 2022).

Therefore, the graph is only referring to the July-December period with the Sustainalytics score.

6.

1. Percentage of the Fund's assets under management of newly invested issuers that has already high with a negative outlook and/or severe ESG controversies at the time of investment is 0%
2. Number of already invested issuers that becomes exposed to high with a negative outlook and/or severe ESG controversies and are capped to 2% is 0 which is below the maximum 5.
3. Number of already invested issuers that becomes exposed to high with a negative outlook and/or severe ESG controversies and, within a 6 month time frame:
  - are not engaged or,
  - are engaged but do not demonstrate sufficient performance improvement,
  - is 0.

7.

1. Total percentage of submitted votes in 2022 is 100% which is above the minimum 95%.
2. Percentage of submitted votes according to the sustainability-principled policy in 2022 is 100% which is above the minimum 95%.
3. Percentage of invested issuers covered by targeted engagement in 2022 is 6% which is above the minimum 5%.

● ***How did the sustainable investments not cause significant harm to any sustainable investment objective?***

The sustainable investment did not cause significant harm to other E/S objectives through employing a combination of binding strategies across the end-to-end investment process. The Fund considered the EU SFDR's PAIs at different stages of its investment process, through its 4 sustainability approaches: exclusion, norms-based assessment, ESG integration, voting and engagement. To demonstrate this, the Fund reports in an annual basis on the following: exposure to adverse activities covered in the PAI, such as coal and weapons; breach of the international norms and standards,

including the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights; exposure to high and severe level ESG controversies with negative outlook; the Fund's ESG risk score vs its investable universe; and its performance data on its sustainability principles-based voting and engagement.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

*How were the indicators for adverse impacts on sustainability factors taken into account?*

As indicated above, the Fund considered the EU SFDR's PAIs, and other ESG criteria, at different stages of its investment process through its 4 sustainability approaches: exclusion, norms-based assessment, ESG integration, voting and engagement.

- i. The Fund excludes companies with the following PAIs: those with exposure to illegal and controversial weapons; generates more than 5% of revenue from fossil fuels; in violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises; and companies in the energy sector whose GHG intensity are not aligned with the Paris Agreement. In addition to these PAIs, the Fund also exclude companies with more than 5% revenue exposure to the following activities: conventional oil and gas, unconventional oil and gas, conventional weapons and small arms, and tobacco. In an annual basis, the Fund reports on its exposure to these indicators.
- ii. In our behaviour/norms-based exclusion, the following PAIs are considered: we exclude companies which lack processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises; and Activities negatively affecting biodiversity sensitive area. In addition, the Fund also exclude companies that are exposed to high and severe risk level of ESG controversies with negative outlook [that have no sufficient risk management]. In an annual basis, the Fund reports on its exposure to non-compliant companies or those exposed to high or severe risk level ESG controversies.
- iii. In our ESG integration, where we score companies across material ESG indicators, the following PAIs are considered: GHG emissions and intensity; carbon footprint; energy consumption intensity per high impact climate sector; Activities negatively affecting biodiversity sensitive areas; emissions to water; hazardous waste ratio; board gender diversity; share of non-renewable energy consumption and production; and unadjusted gender pay-gap. In an annual basis, the Fund reports on its ESG risk score vs its

investable universe, demonstrating outperformance in terms of ESG risk management.

- iv. Post investment, we vote based on sustainability principles and target companies for formal engagement, including those who lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises, and companies which lack disclosures and governance on GHG emissions and intensity; carbon footprint; and unadjusted gender pay-gap. In an annual basis, the Fund reports on its voting data and engagement results to demonstrate its votes in alignment with sustainability principles, as well as how it voted on proposals on related issues, such as climate and pay gaps.

*Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

Yes. In our behaviour/norms-based exclusion, the following PAIs are considered: we exclude companies which lack processes and compliance mechanisms to monitor compliance with UN Global Compact principles, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. In an annual basis, the Fund reports on its exposure to non-compliant companies to the above standards.



### **How did this financial product consider principal adverse impacts on sustainability factors?**

As indicated above, the Fund considered the EU SFDR's PAIs, and other ESG criteria, at different stages of its investment process through its 4 sustainability approaches: exclusion, norms-based assessment, ESG integration, voting and engagement.

- i. The Fund excludes companies with the following PAIs: those with exposure to illegal and controversial weapons; generates more than 5% of revenue from fossil fuels; in violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises; and companies in the energy sector whose GHG intensity are not aligned with the Paris Agreement. In addition to these PAIs, the Fund also exclude companies with more than 5% revenue exposure to the following activities: conventional oil and gas, unconventional oil and gas, conventional weapons and small arms, and tobacco. In an annual basis, the Fund reports on its exposure to these indicators.

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- iv. Post investment, we vote based on sustainability principles and target companies for formal engagement, including those who lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises, and companies which lack disclosures and governance on GHG emissions and intensity; carbon footprint; and unadjusted gender pay-gap. In an annual basis, the Fund reports on its voting data and engagement results to demonstrate its votes in alignment with sustainability principles, as well as how it voted on proposals on related issues, such as climate and pay gaps.



## What were the top investments of this financial product?

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: 31/12/2022

Largest investments	Sector	% Assets	Country
DANAHER CORP UN USD	Life Sciences Tools & Services	3.97%	United States
VEOLIA FP EUR	Multi-Utilities	3.66%	France
ESSENTIAL UN USD	Water Utilities	3.52%	United States
THERMO FISHER UN USD	Life Sciences Tools & Services	3.39%	United States
AMERICAN WATER UN S	Water Utilities	3.33%	United States
WASTE UN USD	Environmental & Facilities	2.77%	United States
STANTEC INC CT CAD	Construction & Engineering	2.72%	Canada
FERGUSON PLC LN GBp	Trading Companies & Distributors	2.62%	Great Britain

EUROFINS FP EUR	Life Sciences Tools & Services	2.56%	Luxembourg
XYLEM INC UN USD	Industrial Machinery	2.49%	United States
CLEAN HARBORS UN USD	Environmental & Facilities	2.47%	United States
IDEX CORP UN USD	Industrial Machinery	2.45%	United States
SEVERN TRENT LN GBp	Water Utilities	2.44%	United Kingdom
ALFA LAVAL AB SS SEK	Industrial Machinery	2.35%	Sweden
ECOLAB INC UN USD	Specialty Chemicals	2.13%	United States



## What was the proportion of sustainability-related investments?

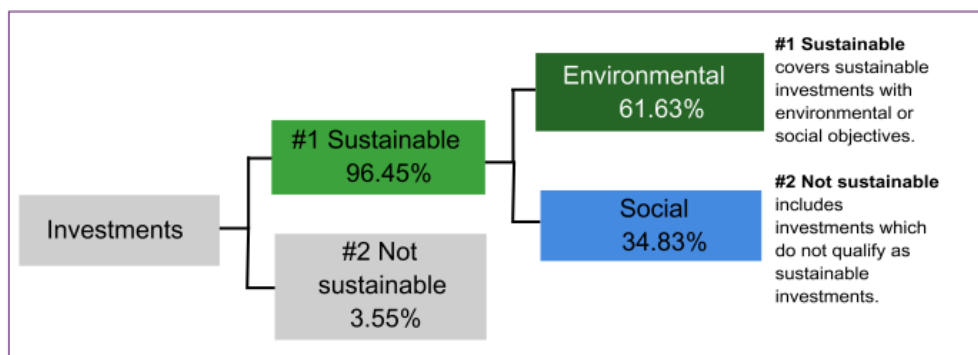
The Fund committed to a minimum sustainable investment of 90%. As of 31/12/2022, the actual investment was 96.45%

### ● *What was the asset allocation?*

Sustainable investments: 96.45%

Of which, 61.63% in environmental sustainable investments and 34.83% in social sustainable investments.

Cash: 3.55%



### ● *In which economic sectors were the investments made?*

The Fund invested in all economic sectors except energy sector.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) shows the green investments made by investee companies, e.g. relevant for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



## To what extent were sustainable investments with an environmental objective aligned with the EU Taxonomy?

Not applicable

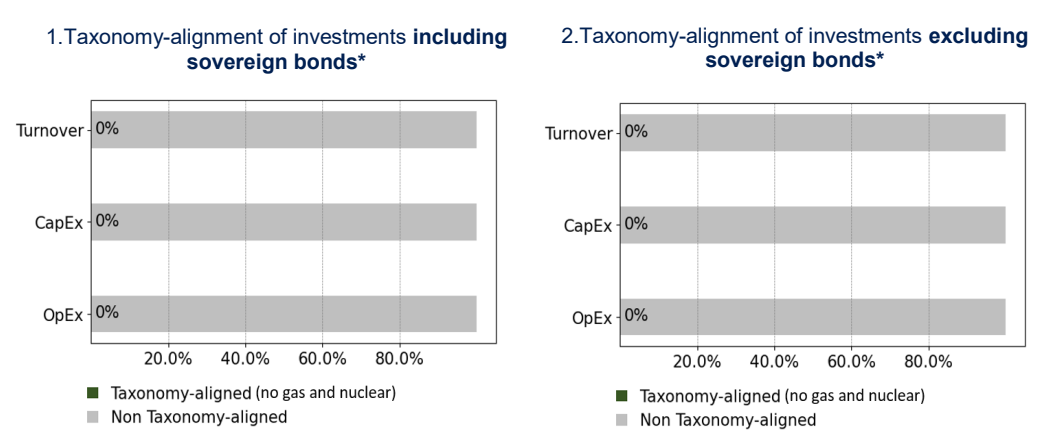
● **Did the financial product invest in fossil gas and/or nuclear energy related activities that comply with EU Taxonomy<sup>1</sup>?**

Yes :

In fossil gas     In nuclear energy

No

*The graphs below show in green the percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



This graph represents 100% of the total investments.

\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives – see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.



- **What was the share of investments made in transitional and enabling activities?**

Not applicable



**What was the share of sustainable investments with an environmental objective that were not aligned with the EU Taxonomy?**

As of 31/12/2022, the proportion of sustainable investment with an environmental objective was 61.63%.



**What was the share of socially sustainable investments?**

As of 31/12/2022, the proportion of socially sustainable investment was 34.83%.



**What investments were included under “not sustainable”, what was their purpose and were there any minimum environmental or social safeguards?**

Cash investment for liquidity purposes. This investment does not follow any minimum environmental or social safeguards.



**What actions have been taken to attain the sustainable investment objective during the reference period?**

We have followed the investment strategy:

1. Sustainable thematic screening

The Investment Managers have selected securities:

- contributing to the theme’s sub-segments that in turn contribute to 1 or more of the following sustainability targets: water usage efficiency, sustainable water withdrawals, water treatment technologies, advanced water management technologies; hazardous waste management, pollution monitoring; water supply and water delivery infrastructure.
- that have met the materiality or leadership requirement of the themes.
  - Materiality means: the issuer must at least generate 20% of the revenue and/or profits from the relevant products.
  - Leadership requirements: the issuer’s products must be, in the opinion of the Investment Managers, leader in the industry, innovative or with the potential to become disruptive.

2. Activity-based exclusion

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The Investment Manager have excluded securities that have exposure to harmful and controversial activities, such as coal, conventional oil and gas, non-conventional weapons etc. For more information, please refer to our exclusion policy under: <https://www.thematics-am.com/en-FR/being-responsible/reports-and-publications>.

### 3. Behaviour-based exclusion

In addition, the Investment Managers have systematically excluded securities whose behaviour and overall performance are considered non-compliant to established global sustainability norms and principles governing corporate behaviour, in particular on environmental protection, human rights, labour rights, and business ethics. These standards include the UN Global Compact Principles, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles for Business and Human Rights, and the International Labour Conventions. The screening is informed by third-party data.

4. In the final portfolio construction phase, the Investment Managers have carried out an ESG analyses using its proprietary ESG assessment guided by established materiality frameworks, such as but not limited to, Sustainability Accounting Standards Board (SASB) and Global Reporting Initiative (GRI). The Investment Managers have scored individual companies across the 11 different materials environmental, social, and governance indicators drawing from a range of resources, including desktop research, company engagement from at least two third-party rating agencies (ISS and Sustainalytics). The total ESG score has carried an equal weight (25%) as other investment criteria (i.e. Quality, Trading Risk and Management) and has impacted the security's inclusion and final weight of the investment.
5. In order to measure the effectiveness of the ESG approach implemented, the Investment Manager have ensured that the Fund will have a better ESG rating than its Investable Universe (measured as the rolling 3 months average of the weekly score), after eliminating at least 20% of the worst-rated securities of the latter, based on external third-party ESG risk scoring. The coverage has been above 90%.
6. Companies exposed to high with negative outlook and/or severe level controversies have been excluded. No company was already in the portfolio and became exposed to high with negative outlook and/or severe ESG controversies.
7. The Investment Managers have intended to exercise 100% of the voting rights on the issuers of the securities held in the portfolios managed, and in compliance with its sustainability principled-based voting policy.
8. The Investment Managers have engaged with a certain percentage of issuers each year.



## How did this financial product perform compared to the reference sustainable benchmark?

Not applicable

- *How did the reference benchmark differ from a broad market index?*

Not applicable

- *How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the sustainable investment objective?*

Not applicable

- *How did this financial product perform compared with the reference benchmark?*

Not applicable

- *How did this financial product perform compared with the broad market index?*

Not applicable

**Reference benchmarks** are indexes to measure whether the financial product attains the sustainable objective.