

## Sustainability-related Product Disclosure

Information
Product Name: <b>Thematics Subscription Economy Fund</b> Legal Entity Identifier: <b>5493 00FSLUEG4G4YTX 88</b> SFDR Classification: <b>Article 8</b> Date of the document: <b>04/03/2024</b>

### (a) Summary

#### Investment Objective

The investment objective of Thematics Subscription Economy Fund is long-term growth of capital through an investment process systematically including Environmental, Social and Governance ("ESG") considerations.

This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment.

#### The Fund has the following E/S characteristics

The Fund invests in companies exposed to the global structural trend around subscription economy. It aims to promote ESG through selecting companies exposed to the scope of the theme, avoiding companies exposed to controversial activities, non-compliant to global sustainability standards and norms, exposed to high with negative outlook and/or severe ESG controversies, maintaining better ESG rating than the Investable Universe, and actively voting and engaging with investee companies.

No reference benchmark has been designated for the purpose of attaining the E/S characteristics promoted by the Fund.

#### Investment strategy

The following sustainable approaches are applied across the end-to-end investment process:

- Thematic screening: selection of securities whose solutions both: contribute to the theme via the theme's sub-segments that in turn contribute to 1 or more of the outcomes stated in the prospectus, and meet materiality or leadership requirements defined by the Investment Manager.
- Product-based exclusion: exclusion of issuers generating more than the internally defined thresholds (% of revenue exposure) from harmful and/or controversial activities, such as coal, conventional oil and gas, non-conventional weapons.
- Behaviour-based exclusion: exclusion of 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 such as 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.
- ESG Integration: portfolio construction taking into account the ESG analysis based on the Investment Manager's proprietary ESG score.

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- Voting & Engagement: promotion of good governance, transparency and actions on material ESG issues.

### **Proportion of investments**

The Fund is expected to invest at least 90% of its NAV in companies that qualify as aligned with E/S characteristics.

The Fund is expected to invest up to 10% of its NAV in cash or cash equivalents for liquidity purpose.

### **Data sources, methodology and limitations**

Thematics AM has developed its proprietary methodology

- to identify companies that contributes to one or more outcomes stated in the prospectus,
- to identify and assess the most important ESG risks and opportunities companies are exposed to and also the most material environmental and social areas where companies could have adverse impact.

Also, The EU SFDR's PAIs are considered at different stages of the investment process through the 4 sustainability approaches: product-based exclusions, behaviour-based exclusion, ESG integration and voting and engagement.

Within this framework, Portfolio Managers will draw from a range of resources when analysing a company. The data used to form an overall opinion on a company is a synthesis of outputs that come from a combination of some or all of the following:

- Portfolio Managers' network of contacts from the broader relevant industry,
- Equity sell-side analysts and research documents,
- Third party sustainability data providers.

Methodologies and data are subject to limitations including dependency on the availability and quality of data provided by investee companies and/or the coverage by third-party providers.

### **Monitoring and Due Diligence**

Portfolios Managers are primarily responsible of the investment due diligence. This means that they are in charge of the sustainability analyses to ensure that the security meets the selection criteria, they perform the ESG assessment according to the proprietary scoring methodology, they are also involved in the proxy voting process and carry out ESG-focused engagement with the support of the ESG Team.

Independent monitoring and controls are carried out by Risk, Compliance and Internal Control departments on compliance with the minimum commitments and binding elements, the investment restrictions, compliance with Sustainable Finance Regulations etc.

### **Engagement strategy**

Engagement is an integral part of Thematic AM's Responsible Investment approach. Thematics's targeted results focus on achieving the following: Transparency, Strong governance and Investee actions on critical sustainability challenges: climate change, biodiversity, and human rights.

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## **(b) No sustainable investment objective**

**Does this financial product have a sustainable investment objective?**

No

**What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

Not Applicable.

**How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

Not Applicable.

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

Not Applicable.

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

Not Applicable.

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## **(c) Environmental or social characteristics of the financial product**

The Fund invests in companies exposed to the global structural trend around subscription economy. It aims to promote ESG through selecting companies exposed to the scope of the theme, avoiding companies exposed to controversial activities, non-compliant companies to global sustainability standards and norms, exposed to high with negative outlook and/or severe ESG controversies, maintaining better ESG rating than the Investable Universe, and actively voting and engaging with investee companies. No reference benchmark has been designated for the purpose of attaining the E/S characteristics promoted by the Fund.

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## **(d) Investment strategy**

**What investment strategy does this financial product follow?**

### **Positive thematic screening**

The Investment Managers select securities whose solutions both:

- contribute to the theme via the theme's sub-segments that in turn contribute to the 1 or more of the following positive outcomes: responsible and sustainable consumption, resource-efficient circular economy, climate resilience, and improved access to education and other basic services.
  - meet the materiality or leadership requirement of the theme.
  - 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. Product-based exclusion**

The Investment Manager further screens the Investable Universe by excluding 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/reportsand-publications> .

## **3. Behaviour-based exclusion**

In addition, the Investment Managers systematically exclude 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. ESG Integration**

In the final portfolio construction phase, the Investment Managers carry 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 score individual companies across the 11 different material environmental, social, and governance indicators drawing from a range of resources, including desktop research, company engagement and ESG Ratings from at least two third-party rating agencies. The total ESG score carries an equal weight (25%) as other investment criteria (i.e. Quality, Trading Risk and Management) and will impact the security's inclusion and final weight of the investment

## **5. Selectivity**

In order to measure the effectiveness of the ESG approach implemented, the Investment Manager ensures that the Fund will have a better ESG rating than its Investable Universe (measured as the rolling 3 months average of the weekly rating), after eliminating at least 20% of the worst-rated securities of the latter, based on external third-party ESG rating. The coverage must be above 90%.

## **6. Controversies monitoring**

Companies exposed to high with negative outlook and/or severe level controversies are excluded. If the company is already in the portfolio and becomes exposed to high with negative outlook and/or severe ESG controversies, the Investment Managers will cap the position at 2% The total number of capped securities cannot be more than 5. Further, targeted engagement with the company is initiated. The cap will be lifted if sufficient performance improvement is demonstrated within 6 months. Investment Managers will exit the investment if not enough progress is made.

## **7. Voting**

The Investment Manager intends 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. Engagement**

The Investment Manager intends to engage with a certain percentage of issuers each year.

### **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

1. Percentage of Fund's asset under management that contributes to the theme and meet the materiality or leadership criteria is 100% excluding cash.
2. Percentage of the Fund's assets under management of issuers generating more the internally defined thresholds (% of revenue exposure) 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 the Investment Manager is 100%.
5. Portfolio ESG rating's outperforms the ESG rating of the Investable Universe (measured as the rolling 3 months average of the weekly rating), after eliminating at least 20% of the worst-rated securities of the latter, based on external third-party ESG rating.
6. Percentage of the Fund's assets under management of newly invested issuers that has already high with negative outlook and/or severe ESG controversies at the time of investment is 0%
7. Number of already invested issuers that becomes exposed to high with negative outlook and/or severe ESG controversies and are capped to 2% is maximum 5.
8. Number of already invested issuers that becomes exposed to high with 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.
9. Total percentage of submitted votes is at least 95%.
10. Percentage of submitted votes according to the sustainability-principled policy is at least 95%.
11. Percentage of invested issuers covered by targetted engagement is at least 5%.

**What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy is 20%.

**What is the policy to assess good governance practices of the investee companies?**

Good governance is promoted across the investment process through the following: behaviour-based exclusion, which is an assessment of company's governance and performance on various governance indicators; ESG assessment, which include material governance indicators such as board quality, business ethics, remuneration and shareholder protection; and voting and engagement on targeted governance issues, including sustainability management and transparency.

**(e) Proportion of investments**

**What is the asset allocation planned for this financial product?**

The Fund is expected to invest at least 90% of its NAV in companies that qualify as aligned with E/S characteristics (#1).

The Fund is expected to invest up to 10% of its NAV in cash, cash equivalents, and/or hedging instruments (#2 Other).

**How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

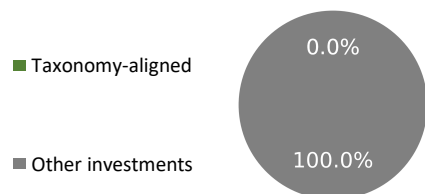
Not applicable.

**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

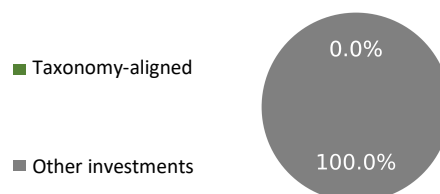
Not applicable.

*The two graphs below show in green the minimum 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.*

1. Taxonomy-alignment of investments including sovereign bonds\*



2. Taxonomy-alignment of investments excluding sovereign bonds\*



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

**What is the minimum share of investments in transitional and enabling activities?**

Not applicable.

**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The Fund promotes environmental and social characteristics but does not commit to making any sustainable investments. As a consequence, the Fund does not commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.

**What investments are included under "#2 others"/"#2 Not sustainable", what is their purpose and are there any minimum environmental or social safeguards?**

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

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**(f) Monitoring of environmental or social characteristic**

The Fund plans to report on the following in an annual basis:

- Percentage of Fund's asset under management that contributes to the theme.
- Percentage of the Fund's assets under management of issuers generating more than the internally defined thresholds (% of revenue exposure) from harmful and/or controversial activities
- 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.
- Percentage of the Fund's assets under management that are subject to ESG analysis by the Investment Manager.
- Portfolio's ESG rating vs Investable Universe's rating (measured as the rolling 3 months average of the weekly rating), after eliminating at least 20% of the worst-rated securities of the latter.
- Percentage of the Fund's assets under management of newly invested issuers that has already high with negative outlook and/or severe ESG controversies at the time of investment. Number of already invested issuers that becomes exposed to high with 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.
- Percentage of invested issuers covered by targeted engagement.

**Details on the monitoring:**

- Percentage of Fund's asset under management that contributes to the theme.
    - Ongoing monitoring by Portfolio managers ("PMs") and the ESG team.
    - Annual monitoring by the ESG Team.
    - Annual reporting.
  - Percentage of the Fund's assets under management of issuers generating more than the internally defined thresholds (% of revenue exposure) from
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- harmful and/or controversial activities, such as coal, conventional oil and gas, non-conventional weapons.
    - Exclusion list is hard-coded in pre-trade mode into the trading platform and updated periodically.
    - Annual reporting.
  - 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.
    - Exclusion list is hard-coded in pre-trade mode into the trading platform and updated periodically.
    - Quarterly monitoring by the ESG team
    - Annual reporting.
  - Percentage of the Fund's assets under management that are subject to ESG analysis by PMs.
    - Ongoing monitoring by PMs.
    - Annual monitoring by the ESG Team.
    - Annual reporting.
  - Portfolio's ESG rating vs Investable Universe's rating (measured as the rolling 3 months average of the weekly rating), after eliminating at least 20% of the worst-rated securities of the latter, and covering at least 90% of the portfolio.
    - Weekly monitoring by the Risk Team.
    - Quarterly monitoring by the ESG team
    - Annual reporting.
  - Percentage of the Fund's assets under management of newly invested issuers that has already high with negative outlook and/or severe ESG controversies at the time of investment.
    - Exclusion list is hard-coded in pre-trade mode into the trading platform and updated periodically.
    - Annual reporting
  - Number of already invested issuers that becomes exposed to high with 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.
      - Ongoing monitoring by PMs.
      - Quarterly monitoring by the ESG Team.
      - Monthly reporting (% of AUM exposed to high with negative outlook and/or severe ESG controversies) Annual reporting.
  - Total percentage of submitted votes.
  - Percentage of submitted votes according to the sustainability-principled policy.
    - Task delegated to a service provider.
    - Annual monitoring by the ESG Team.
    - Annual reporting.
  - Percentage of issuers covered by targeted engagement.
    - Ongoing monitoring by PMs and the ESG team.
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- Quarterly monitoring by the ESG team.
  - Annual monitoring by the ESG Team.
  - Annual reporting.
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## **(g) Methodologies**

Thematics AM (“The Investment Manager”) maintains comprehensive methodology documents on its website (<https://www.thematics-am.com/en-FR/being-responsible/reports-and-publications>).

These documents go into greater depth, provide further insight into data sources and processes applied and Thematics AM proprietary assessment frameworks.

### **1. Thematic screening**

The Investment Manager selects securities whose solutions both:

- contribute to the theme via the theme’s sub-segments that in turn contribute to 1 or more of the outcomes stated in the prospectus
  - via the theme’s sub-segments that in turn contribute to 1 or more of the outcomes stated in the prospectus.
  - meet the materiality or leadership requirement of the theme.
- 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.

Based on the portfolio as of 31 Dec of each reporting year:

- Percentage of AUM invested per subsegment and the subsegment’s corresponding outcomes
- The Materiality and Leadership percent distribution of the subsegment: % of Leaders, % of Materially exposed (20-90% of revenue), % of Pureplay (90-100% revenue).

### **2. Product-based exclusion**

The Investment Manager further screens the Investable Universe by excluding issuers generating more than the internally defined thresholds (% of revenue exposure) from harmful and/or controversial-activities, such as coal, conventional oil and gas, non-conventional weapons.

- *Percentage of the Fund’s assets under management of issuers generating more than the internally defined thresholds (% of revenue exposure) from harmful and/or controversial activities, such as coal, conventional oil and gas, non-conventional weapons, based on the portfolio as of 31 Dec of each reporting year.*

### **3. Behaviour-based exclusion**

In addition, the Investment Manager systematically excludes 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,

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and the International Labour Conventions. The screening is informed by third-party data.

- *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, based on the portfolio as of 31 Dec of each reporting year.*

4. In the final portfolio construction phase, the Investment Manager carries out an **ESG analyses** using its proprietary ESG assessment. The Investment Manager scores individual companies across the 11 different material environmental, social, and governance indicators drawing from a range of resources, including desktop research, company engagement and ESG ratings from at least two third-party rating agencies. The total ESG score carries an equal weight (25%) as other investment criteria (i.e. Quality, Trading Risk and Management) and will impact the security's inclusion and final weight of the investment.

- *Indication of % of portfolio subjected to internal ESG scoring based on the portfolio as of 31 Dec of each reporting year.*

5. In order to measure the effectiveness of the **ESG approach** implemented, the Investment Manager ensures 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 rating. The review of the ESG criteria permanently covers at least 90% of the Fund's net assets.

- *Number of active breaches which occurred during the year and their rational.*

6. Companies exposed to "high with negative outlook" and/or "severe" ESG controversies. If the company is already in the portfolio and becomes exposed to high and/or severe ESG controversies, the Investment Manager will cap the position at 2%. The total number of capped securities cannot be more than 5. Further, targeted engagement with the company is initiated. The cap will be lifted if sufficient performance improvement is demonstrated within 6 months. The Investment Manager will exit the investment if not enough progress is made.

- *Throughout the year: percentage of the Fund's assets under management of newly invested issuers that has already high with negative outlook and/or severe ESG controversies at the time of investment; Number of already invested issuers that becomes exposed to high and/or severe ESG controversies and are capped to 2%; Number of already invested issuers that becomes exposed to high with 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.*

7. Thematics AM intends 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.

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- *Throughout the year: Total percentage of submitted votes; Percentage of submitted votes according to the sustainability-principled policy.*

8. Thematics AM intends to engage with a certain percentage of issuers each year.

- *Percentage of issuers covered by targeted engagement based on the portfolio as of 31 Dec of each reporting year.*
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#### (h) Data sources and processing

- **Thematic screening:** internal research, Third-party data, brokers sell-side research; Portfolio Managers estimate the thematic alignment based on internal thematic scope and boundary.
- **Exclusions:** internal research, third-party data, external databases; ESG Team builds the list using the sources listed, and is reviewed and validated by the Responsible Investment Committee.
- **Controversies:** Third-party data; PMs have access to news and monitors exposure to potential ESG controversies.
- **ESG Scoring:** Third-party data, internal research, company engagement) PMs conduct their own ESG scoring, using the multiple third-party data to inform their assessment.
- **Voting:** Third-party service, Internal research; PMs receive alerts on upcoming proxy meeting and voting recommendations, they specifically review resolutions where the recommendation by the third-party proxy voting service is Against the Management.
- **Engagement:** Internal research.
- For some data sets, i.e. GHG emission, we are able to ascertain the percentage of reported vs estimated data. For most of the data sets, i.e. revenue from products or services, such data is unavailable.

Third-party sustainability data providers are mainly:

- Institutional Shareholder Services (ISS)
  - Sustainalytics
  - SP Global Trucost
  - MSCI
  - CDP
  - Bloomberg
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#### (i) Limitations to methodologies and data

- **Lack of corporate disclosure and coverage** - Not all companies are covered by third-party data providers.
  - **Frequency of update:** Data providers may not necessarily update the companies in the most timely manner.
  - **Third-party revenue** data is both disclosed and estimated.
  - **Analysis** is partly based on data provided by investee companies and is therefore dependent on the quality of this information which can be very heterogeneous.
  - **Mitigation measure:** final ESG scores are based on PMs own conviction, multiple sources, including third-party and their own desktop research.
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## (j) Due diligence

Due diligence is performed by PMs, supported by the ESG Team. The sustainability approaches used by Thematics AM are fully integrated into the end-to-end investment process, alongside financial analysis. In the Define Phase, PMs conduct various checks to ensure the security selection meets the following: thematic screening criteria, product-based and behaviour-based exclusion thresholds. In the Select Phase, the PMs carry out the ESG scoring using Thematics AM's proprietary ESG scoring framework. In the Act Phase post investment, PMs particularly focus on items where third-party voting recommendation is to vote against the management, as well as carry out ESG-focused engagements, with the support of the ESG Team.

Compliance and Internal Control Controls – annually:

- Human and technical resources put in place;
- Compliance and risk control system;
- ESG methodology on investment selection and monitoring (including data quality review, controversy management, etc.)
- Verification of the transparency code and the SRI label criteria;
- Control of the Climate Energy Law report;
- Control of Customized Universe Thematics;
- Control of PAI;
- Control of SFDR classification and Taxonomy commitment. On the SFDR component, a specific review is dedicated to Art. 9 classified funds;
- Shareholder engagement and voting rights policy;
- Internal organization and tools used for voting and engaging;
- Report on the shareholder engagement policy;
- Compliance with prospectus provisions relating to votes and engagements.
- Monitoring of the ESG engagement process during quarterly RI committees.
- Monitoring of breaches, and escalation procedure until the actual resolution
- Controls of a priori and a posteriori information provided to investors on the implementation of the ESG/voting policy

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The ESG process is also subject to pluri-annual internal audit.

## (k) Engagement policies

**Is engagement part of the environmental or social investment strategy?**

Yes  No

**If so, what are the engagement policies? (Including any management procedures applicable to sustainability-related controversies in investee companies)**

<https://www.thematics-am.com/en-FR/being-responsible/reports-and-publications>

## (l) Designated reference benchmark (if applicable)

**Is a specific index designated as a reference benchmark to meet the sustainable investment objective?**

Not applicable.

**How does the reference benchmark take into account sustainability factors in a way that is continuously aligned with the sustainable investment objective?**

Not applicable.

**How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

Not applicable.

**How does the designated index differ from a relevant broad market index?**

Not applicable.

**Where can the methodology used for the calculation of the designated index be found?**

Not applicable.

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#### **(m) Additional Information**

<https://www.im.natixis.com/fr/investment-managers-and-capabilities/thematics-asset-management>

<https://www.im.natixis.com/intl/sfdr-documentation-nimsa-en>

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*Disclaimer : This document is issued to disclose sustainability-related information on this product, in relation to the Article 10 of the EU Sustainable Finance Disclosure Regulation (SFDR). Please refer to the prospectus of the fund and to the KIID before making any final investment decisions.*