



VOTING AND ENGAGEMENT POLICY

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CONTENTS

1.	VOTING.....	3
1.1.	How THEMATICS AM exercises its voting rights.....	3
1.2.	Standard procedure for exercising voting rights.....	5
1.3.	Determining the voting scope.....	5
1.4.	Voting policy.....	6
1.4.1.	Shareholders' rights.....	6
1.5.	Environmental, Social and Governance issues.....	9
1.6.	Procedure for detecting, preventing and handling conflicts of interest.....	10
1.7.	Monitoring.....	10
2.	SHAREHOLDER ENGAGEMENT.....	11
2.4.	How we feel about corporate governance.....	11
2.5.	THEMATICS AM's engagement.....	12
2.6.	Engagement themes and the exercise of voting rights.....	12
2.6.1.	Theme I Financial and ESG information, internal control system and risk management.....	12
2.6.2.	Theme II: Supervisory structure and the balance of powers.....	13
2.6.3.	Theme III: Remuneration system.....	13
2.6.4.	Theme IV: Corporate social responsibility.....	14
2.7.	Reporting.....	14

1. VOTING

1.1. How THEMATICS AM exercises its voting rights

Thematics Asset Management (hereafter "THEMATICS AM") is a recently created French portfolio management company, approved by the AMF in May 2019. As an asset management company, we at THEMATICS AM believe that we have a responsibility and a duty of care to watch over the value of the investments of our unitholders and to exercise the voting rights attached to the securities in the portfolios we manage.

THEMATICS AM therefore has, in accordance with its policy of corporate social responsibility and Article 314-100 of the Règlement Général of the AMF, set forth a voting policy for exercising, in the exclusive interest of its unitholders, the voting rights attached to the securities in the portfolios of the funds it manages.

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

It should be noted that some issuers require that shareholders who wish to exercise their voting rights deposit their shares before the date of the shareholder meeting. The shares may therefore be "locked up" for a period of time that depends on the country and the issuer. Except for cases where attendance at a shareholder meeting is necessary to directly exercise voting rights, THEMATICS AM generally exercises its voting rights by mail or by proxy.

THEMATICS AM uses the global corporate governance and responsible investment expertise of **Institutional Shareholder Services (ISS)**. This enables THEMATICS AM to use proxy voting analysis and observe the recommendations of ISS' Sustainability Policy. This policy is consistent with THEMATICS AM's ESG approach and in particular its commitments as a signatory to the UN's *Principles for Responsible Investment (PRI)*.

ISS voting guidelines are compatible with the sustainability goals of investors and their fiduciary responsibility.

- The ISS Sustainability policy's recommendations on corporate governance, management remuneration and corporate structure are based on a commitment to create and sustain economic value and to promote the principles of good corporate governance.

- The ISS Sustainability policy also seeks to support resolutions that promote best practices, such as protecting the environment, combating discrimination in all its forms and showing respect for human rights. Governing bodies must consider the impacts of their social and environmental responsibility in terms of both risks and opportunities.

The principles of the ISS Sustainability policy will generally be based on internationally recognised sustainable development initiatives.

Below are links to the more detailed 2020 version of the full ISS Sustainability Proxy Voting Policy:

- For U.S. equities:

[ISS Sustainability Proxy Voting Policy For U.S Equities \(English\)](#)

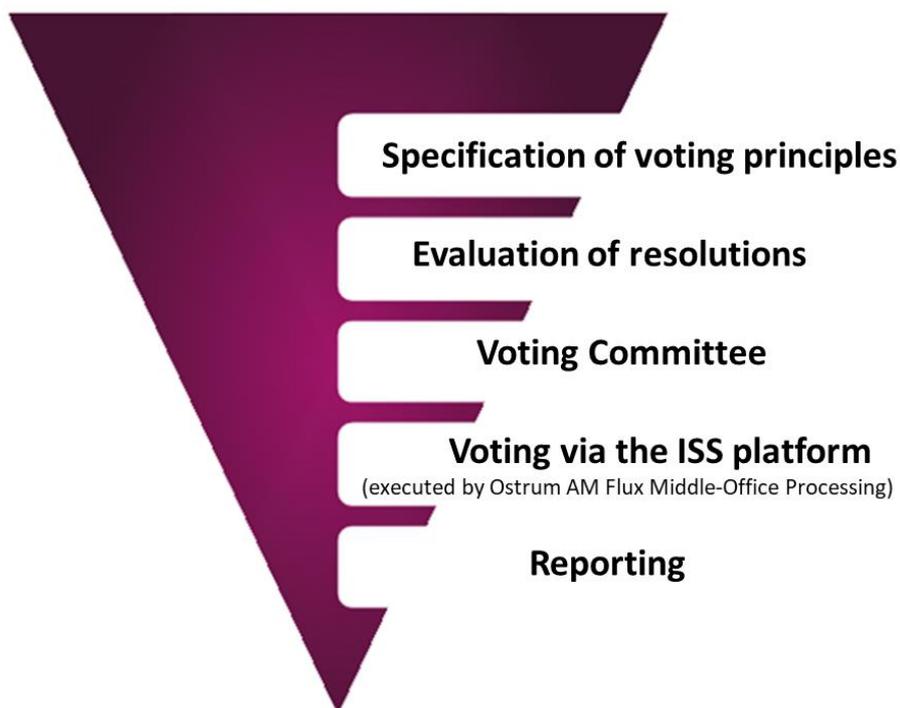
- For other International (i.e. non-US) equities

[ISS Sustainability Proxy Voting Policy For International \(Non-U.S\) Equities \(English\)](#)

Voting is carried out via ISS' Proxyexchange platform, with a gateway between ISS and Broadridge for those funds whose depositary uses Broadridge's services.

The exercise of voting rights involves two distinct activities:

- 1) **The analysis of resolutions** is carried out by Sustainable ISS in compliance with the "Sustainability" voting policy, which THEMATICS AM has agreed to observe. To ensure that the voting policy is complied with, THEMATICS AM has set up a Voting Committee, comprised of the ESG Officer and portfolio managers, which is responsible for amending the voting policy, for voting on resolutions that are particularly important or for which principles have not been set forth in the voting policy, and for validating votes at the shareholders' meetings of companies that are prioritised.
- 2) **The exercise of voting rights *per se***, is handled under a services contract by Ostrum Asset Management's Middle-Office Processing department, which is also in charge of relations with service providers and depositaries.



1.2. The standard procedure for exercising voting rights

THEMATICS AM entrusts the following services to Sustainable ISS:

- keeping THEMATICS AM informed of when the companies in the THEMATICS AM's voting universe hold their shareholders' meetings
- examining the resolutions in regard of the principles of the voting policy to which THEMATICS AM has agreed
- providing an online voting platform
- forwarding voting instructions to issuers when necessary.

This service provider is in direct contact with the depositaries, from whom it collects daily position files on all the portfolios within the voting universe.

THEMATICS AM votes for each of its accounts on the voting platform.

1.3. Determining the voting scope

Except in some exceptional cases¹, THEMATICS AM exercises the voting rights on all the funds it manages and for which it holds voting rights.

¹ The only exceptions are investment funds that employ asset management processes that require the immobilisation of securities before voting rights can be exercised, which may adversely affect the value of investments.

THEMATICS AM will exercise voting rights on all of the securities in the portfolios for which it is able to exercise voting rights, provided that regulatory provisions and the technical constraints of financial markets and depositaries enable the exercise of voting rights to be optimised in the interest of unit-holders.

1.4. Voting policy

The main guidelines of THEMATICS AM's voting policy are provided below.

1.4.1. Shareholders' rights

Pursuant to the G20 and OECD Principles of Corporate Governance of 2015, a corporate governance regime must protect and facilitate the exercise of shareholders' rights and ensure fair treatment of all shareholders, including minority and foreign shareholders.

1.4.1.1. Shareholders' meetings

Shareholder meetings are a key component of corporate governance, since this is where voting rights are exercised. THEMATICS AM therefore opposes anything that can limit or hinder the operation of shareholders' meetings or reduce the scope of their authority. Resolutions should therefore not bundle together items that may be dealt with separately.

1.4.1.2. Shareholders' voting rights

THEMATICS AM believes that shareholders should be able to exercise their voting rights fairly. Aware that companies need to retain and stabilise their shareholders base to ensure their long-term development, THEMATICS AM is not opposed to the principle of granting double votes to long-term shareholders, provided that all shareholders are equally entitled to double votes and that the latter do not result in disproportionate control that is to the detriment of minority shareholders.

Such resolutions will be examined on a case-by-case basis, in particular with regard to the shareholders base and the amount of control that the current shareholders have. We believe that such changes must be subject to shareholders' approval and explained in details by the board of directors.

1.4.1.3. The integrity and quality of financial information s

Access to fair, complete and transparent financial information is an essential shareholder right. Good quality information on the company's governance and new developments is also necessary. Without this information, voting rights cannot be exercised judiciously. Insufficient or poor-quality information can result in abstention or even a No vote.

Approval of annual accounts

THEMATICS AM checks the quality and transparency of the information provided and that an Audit Committee with a majority of independent members is carried out.

Discharge for the directors

Director actions may not be ratified in the event of a serious breach of corporate governance standards, highly deficient overall performance (i.e. economic, financial, social and environmental) that is detrimental to the company's share price, or auditor observations on the annual accounts.

Selection and remuneration of statutory auditors

THEMATICS AM makes sure that its votes help to avoid conflict of interest situations and to ensure the quality and independence of the accounts' auditing and may abstain from voting or reject resolutions in some situations.

Dividend payment

Votes on dividend distributions will depend on the company's financial situation over an extended period of time.

Quality of governance information

The "*comply or explain*" principle is an essential component of corporate governance and must be observed in many countries. Companies that refer to a governance code but fail to observe one or more of its recommendations must explain why.

1.4.2. Boards of directors

The Board of Directors is accountable to the company and its shareholders and has an obligation to serve their best interests. Accordingly, the following basic principles must be observed:

Accountability

Boards must be sufficiently accountable to shareholders. This is made possible by transparent corporate governance practices and the holding of regular Board elections for which shareholders have sufficient information to evaluate the Board's directors and overall

composition. The rights of shareholders to oppose the reappointment of directors and revoke directors is also taken into consideration.

Responsiveness

Directors must take the opinions of shareholders into consideration, particularly when shareholders are strongly opposed to management's proposals.

Composition

Boards of directors should be composed of people who bring added value through their specific skills or expertise and who can devote sufficient time and commitment to their directorship. Board members should not be constrained by arbitrary limits such as age or term of office. However, directors who are unable to attend Board and committee meetings and/or who have too many directorships are monitored to ensure that they can effectively serve the best interests of shareholders.

Independence

Board members must be sufficiently independent of management (and controlling shareholders), to ensure that they are able to effectively oversee the management of the company and the performance of its management for the benefit of all shareholders, including in respect of the corporate strategy and its execution, the appropriate use of capital, and the implementation and observance of executive compensation programmes that are consistent with the corporate strategy.

THEMATICS AM generally votes against the election or re-election of non-independent directors, with the exception of the CEO.

1.4.3. Remuneration policy

Aligning the interests of managements with those of shareholders is fundamental to good corporate governance. A company's remuneration policy company must contribute to this.

How a company remunerates its corporate officers and executives must therefore be transparent and subject to quantified performance criteria and objectives. The non-existence or non-publication of these criteria will be opposed.

A company's remuneration policy must contribute to a strong correlation between the interests of executives and shareholders, while avoiding conflicts of interest.

1.5. Environmental, Social and Governance issues

THEMATICS AM is a signatory of the United Nations Principles for Responsible Investment (UN PRI) since 4 October 2019. The PRI defines responsible investment as follows: *"Responsible Investment is an investment approach that seeks to integrate environmental, social and governance (ESG) factors into investment decisions in order to better manage risk and generate sustainable, long-term returns"*.

As a responsible investor, THEMATICS AM is particularly committed to:

- Being an accountable shareholder, by acting in the exclusive interest of the unitholders of the funds it manages
- Defending the interests of fund unitholders
- Seeking out the best-performing investments with a view to long-term value creation.

THEMATICS AM's decision to invest in a company depends heavily on the company's sustainability, which in turn depends on the following economic, financial, social, environmental and corporate-governance factors:

- efforts to achieve long-term value creation
- the quality of business and financial management
- concern for good governance
- the development of a healthy and stimulating work environment
- efforts to reduce environmental impact
- equitable relations with customers, suppliers, civil society and other stakeholders
- response to sustainable development risks and opportunities.

The main analysis criteria concern the Environment, Society and Governance (ESG).

Given their impact on company performance and reputation, social responsibility and sustainable development are critical factors in investment decisions. THEMATICS AM is concerned that boards of directors are aware of the importance of the risks and growth opportunities of their social and environmental responsibility and work to adopt appropriate business practices.

1.6. Procedure for detecting, preventing and handling conflicts of interests

THEMATICS AM generally exercises its voting rights exclusively in the overall interest of unitholders, without taking its own interests into account and in compliance with the principles it observes when exercising these rights.

THEMATICS AM has set up a procedure to prevent, detect and handle conflicts of interest situations. Accordingly:

- Should a conflict of interest arise between THEMATICS AM and one of its clients, the Compliance and Internal Control Officer (CICO) will consult with the Voting Committee before taking a decision.
- If a staff member involved in the exercise of voting rights finds himself or herself in a conflict of interest situation, he or she must immediately inform the THEMATICS AM Voting Committee and the Compliance and Internal Control Officer and must not participate in the exercise of that vote.

If the exercise of the voting right would expose THEMATICS AM to a significant conflict of interest situation, the THEMATICS AM Voting Committee will submit the matter to the CICO who will decide on the position to be taken and in particular on whether or not participation in the company's shareholder meeting is necessary.

Lastly, since THEMATICS AM is a subsidiary of the Natixis Group, it does not take part in the shareholder meetings of Natixis Group subsidiaries, entities or equity interests whose securities are traded publicly.

1.7. Monitoring

THEMATICS AM provides an annual voting report on its website.

When conducting the annual Internal Control plan, THEMATICS AM's CICO monitors the observance of the voting policy.

2. SHAREHOLDER ENGAGEMENT

2.4. How we feel about corporate governance

Corporate governance encompasses the various systems that govern the way in which a company is managed and supervised. Its main objectives are:

- to protect the interests of minority shareholders, which may be adversely affected by information asymmetries between themselves and management, and
- to address the divergence of their respective interests, which for shareholders is profit maximisation according to the dominant theory of agency (Jensen M. and Meckling, 1976).

However, this conception of corporate governance does have its limitations when the interests of shareholders are assumed to be purely financial in nature, and profit maximisation is measured solely by the company's share price and the amount of dividends paid out, since this eclipses the interests of other stakeholders who contribute to the creation of value for the company. And yet a company's "sustainability", and therefore its capacity to generate earnings over the long term, depends on achieving a balance between the interests of all stakeholders and protecting the environment.

In addition to business and financial objectives, a company's strategy must therefore also address environmental and social issues and internalise the economic costs that are inherent to these issues and hazards. It is here that corporate governance can play a key role, by ensuring that the environmental and social issues that can have the most impact on a company's share price are incorporated in its governance systems and practices.

The role of a responsible corporate governance system is therefore to ensure:

- That the reliability of financial information, and by extension of ESG information, is assured by effective internal control and audit systems
- That the company's management is effectively supervised, through a balanced distribution of managerial and supervisory powers
- That shareholder rights are observed and that shareholders have the means to exercise their rights
- That there is a balance between incentives to achieve performance targets and sanctions to avoid excessive risk-taking

- That environmental and social factors are taken into account when making operational and strategic decisions.

The role of governance is particularly crucial since poor governance practices may lead to failures in the company's overall management and supervision, which may in turn compromise its long-term growth and ultimate value. Good governance practices therefore make it possible to identify and manage these risks more effectively and reduce the cost of investment to optimise value creation over the long term.

2.5. THEMATICS AM's engagement

Convinced that good governance enables companies to more clearly assess the risks they face and thereby improves their performance over the medium and long terms, THEMATICS AM believes that its responsibility as an investor on the behalf of its clients requires it to:

- Ensure that its investment decisions take into account all of the financial and non-financial factors that may affect the value of its investments,
- Promote good corporate governance practices within its investee companies by exercising its voting rights in a "responsible and engaged" manner.

It is this shareholder engagement that enables THEMATICS AM to fulfil its role as a responsible investor and promote the best corporate governance practices, which among other things includes defining and implementing corporate social responsibility (CSR).

2.6. Engagement themes and the exercise of voting rights

2.6.1. Theme I: Financial and ESG information, the internal control system and risk management

The reliability and integrity of financial and ESG information are essential for the financial markets to operate properly. This is why internal control and risk management systems are essential to the effectiveness of the corporate governance system.

Indeed, poor risk management may have substantial consequences on a company's performance and therefore pose a serious threat to shareholders and debtholders. Companies must therefore implement procedures, means and measures to improve the quality of the

information they provide and protect themselves from operational, regulatory, legal and reputational risks.

The objective of our engagement on this theme is to improve the transparency of the financial and ESG information provided to financial markets and shareholders.

2.6.2. Theme II: The supervisory structure and the balance of powers

The board of directors plays a key role in “guiding the company’s strategy and supervising its management”. Above all, it represents the interests of the company, its shareholders and other stakeholders, and oversees its long-term growth.

It is also the forum where all strategic decisions are discussed and therefore the only body that can legitimately deal with environmental and social issues that may have an impact on the execution of the company’s strategy and therefore on its long-term performance.

The quality of the board’s composition and governance structure are therefore two key factors in the development of an effective corporate governance system.

The objectives of our engagement on this theme are to promote:

- A balance of power between management bodies and supervisory bodies
- A nomination process that addresses the board’s needs for specific expertise, skills and diversity
- The independence and complementarity of board and committee members
- The integration of social responsibility concerns in the company’s strategy.

2.6.3. Theme III: Remuneration system

The compensation of executives may have a direct influence on a company’s strategic orientation and on the risks these managers take. Compensation is also the means by which the board of directors may incentivise management to prioritise the company’s performance over the long term. The various components of the compensation system must therefore be correlated with the company’s financial and ESG performance and take into account the long-term creation of value for shareholders and other stakeholders. It is essential that performance criteria be transparent, relevant and measurable.

The objectives of our engagement on this theme are to promote:

- The transparency of remuneration policies and systems

- The transparency of financial incentives and their alignment with the creation of shareholder value
- The inclusion of environmental, employee and social concerns in remuneration policies.

2.6.4. Theme IV: Corporate social responsibility

We believe that corporate social responsibility (CSR) has a key role to play in making the changes that will be necessary to meet the challenges of achieving a sustainable model of economic development.

The objectives of our engagement on this theme are to promote:

- The inclusion of environmental and social issues in corporate strategy and investment decisions
- Respect for human rights in the workplace
- The inclusion of environmental and social criteria in remuneration policies
- Business ethics.

2.7. Reporting

THEMATICS AM prepares an annual report on the exercise of its voting rights. This report is published on its website and may be sent to unitholders upon request.

PLEASE NOTE

This document is intended solely for informational purposes. It has no contractual value and does not constitute investment advice. THEMATICS AM cannot be held liable for any decision taken on the basis of this information. THEMATICS AM shall also not be liable for the failure to exercise some or all voting rights due to delays or negligence in providing the documents and other information necessary to exercise these rights, or to the failure to provide such documents or information.

THEMATICS Asset Management may amend this document at any time. This document is available on request from THEMATICS management, at 43 avenue Pierre Mendès-France 75648 Paris Cedex 13, and on THEMATICS AM's website at <https://thematics-am.com/>

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