Marketing communication

Impact Report 2024

Artemis *Positive Future* Fund

Artemis
The Profit Hunter

This is a marketing communication.

Before making any final investment decisions, and to understand the investment risks involved, refer to the fund prospectus, available in English, and KIID/KID, available in English and in your local language depending on local country registration, from www.artemisfunds.com or www.fundinfo.com. CAPITAL AT RISK.

All financial investments involve taking risk and the value of your investment may go down as well as up. This means your investment is not guaranteed and you may not get back as much as you put in. Any income from the investment is also likely to vary and cannot be guaranteed.

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Introduction

A Brave New World

2024 was in many ways a pivotal year.

More than half of the global population took to the polls in national elections across 78 countries. Arguably the result of the election in the United States was the most profound where the ripple effects are well and truly felt across the world today.

Emboldened, the anti-ESG movement gathered steam with the start of President Donald Trump's second term, and has seemingly ushered in an era of indiscriminate backlash against the sustainability 'letter soup' (ESG, DEI, NZAM, GFANZ to name a few). Not only are the new Administration's policies reflecting this stance, but it has pressured others to fall in line. We have since seen backtracking from companies on their environmental and social commitments, including the withdrawal of major financial institutions from the Net Zero Banking Alliance and the Net Zero Asset Managers initiative (NZAM), which for the latter resulted in a full review and the suspension of activities.

The good news is that all this noise has very little bearing on the importance of environmental and social issues to key stakeholders. 'E', 'S' and 'G' may be the three most hated letters in the alphabet (after 'DEI') but as one of our investee companies' Chief Executive Officer (CEO) eloquently put it in a meeting: "when you are elbows-deep in water after a flood, no one cares whether you are pro or con ESG". We know from our conversations with corporates and investors that while there is a degree of reframing going on, the underlying work is still very much in progress, because it is material to growth, risk, and long-term value creation – and because people will always care. The environment we live in is fundamentally and inextricably connected to our health, our well-being and ultimately our ability to flourish and thrive.

We also believe that the prevailing negative sentiment has little to no bearing on the asset class's future performance potential. Peak negative sentiment often coincides with the beginning of a period of strong performance. We ask ourselves whether we are there yet... or has the pendulum much further to swing?

One thing is for certain in this era mired in uncertainty: more frequent and severe weather events are an inevitability as the path to net zero becomes riddled with challenges. Meanwhile, the demand for more resilience, more reliability, more energy, and more security in the supply of the foundational building blocks of society is only going one way. Being pragmatic, our approach in this brave new world is to favour adaptation over mitigation in the short term. Resilience, reliability and efficiency will become precious commodities, and this is likely to persist regardless of who is in the White House.

As for the Artemis Positive Future Fund, 2024 was also a pivotal year. A new team took leadership in March which led to changes in the stylistic expression of the fund. The exposures to volatility, market risk and valuation risk were significantly dampened, while quality characteristics were improved markedly. The new team has also refined the approach to impact and has purposefully amplified investor contribution (or investor impact). We believe this is the primary lever public equity investors have at their disposal to support, accelerate or precipitate real world outcomes. It is our duty as impact investors to activate capital in this way, especially where financially material topics can influence long-term alpha generation.

We have introduced intentionality in the approach and redefined our targeted areas to reflect urgency and materiality of People and Planet, and where they overlap with Profit. This framework has served as a steady compass to guide our investment activities. Where we have activated capital to engage, this has involved two-way dialogues with our investee companies on the most material issues they face. As such, the objectives and outcomes we set for our engagements are grounded in quality over quantity, but also recognise the limitations of being a minority shareholder. We were thrilled to see that corporates still want to partner with us. They value thoughtful input that is additive, and this is where we see the most traction in terms of the 'milestones' we recorded throughout the year. This is precisely why we place so much emphasis on crafting engagement agendas that focus on the topics that matter most.

Our impact report this year starts with asking why. What is the purpose of our investment activities? Why are we allocating capital the way we do? And what has been the outcome? We explore both the underlying impacts delivered by our investee companies' products and services, as well as the impacts delivered by our engagement activities.

And so, we step into this brave new world – not with resignation, but with purpose and agency. The landscape has undeniably shifted and much more will change. Our industry is going through a period of introspection, which we welcome. We believe this is an opportunity for growth, and a chance to hit the reset button. Ambition is admirable but it needs to be grounded in reality and pragmatism to gain appropriate followership, which is what is needed to deliver real world positive impact. We believe that with these changes lies opportunity – a chance to embrace our role as stewards of capital, to refine and adapt our approach to a more complex reality and reaffirm our commitments. This is now more important than ever. We are confident that progress, though rarely linear, remains within reach.

Exclusions

The first step in our investment process is to exclude companies whose products and services are widely regarded as being detrimental to the environment or to society at large, thereby refining our investable universe.

We continuously monitor and evaluate new industry developments to ensure our exclusions align with evolving standards and stakeholder expectations.

The exclusions we applied at 31 December 2024 were:

Alcohol: companies that derive more than 5% of their revenue from alcohol

Tobacco: companies that derive more than 5% of their revenue from tobacco

Weapons: companies that produce or sell civilian firearms and/or manufacture or sell armaments, nuclear weapons or associated strategic products

Nuclear power: companies that mine uranium, own or operate nuclear power stations, generate nuclear power or supply key nuclear-specific products and services

Gambling: companies that derive more than 5% of their revenue from gambling

Animal testing: companies that produce or sell cosmetics tested on animals

Adult entertainment: companies that own an adult entertainment company or produce adult entertainment

Genetic modification: companies involved in the uncontrolled release of genetically engineered organisms into the environment

Fossil fuels: companies that: own oil & gas reserves; or engage in conventional or unconventional oil and gas production and processing; or own thermal coal reserves, mine thermal coal or derive more than 10% revenue from thermal coal-based electricity generation

Biodiversity and land use: companies that we determine are implicated in severe controversies related to their use or management of natural resources

United Nations Global Compact

Companies that we determine to be in breach of the UN Global Compact on human rights, labour rights, the environment and corruption

How we measure impact

We established a threshold for inclusion into the fund based on our analysis of a company's impact. To do this, we have developed a proprietary impact scoring framework that leverages the industry standard, Impact Frontiers' Impact Management Norms[1], which looks at impact through five dimensions. Our Impact Score is informed by the holistic analysis we conduct on each investment where we examine the company's impact on all its stakeholders – customers, employees, suppliers, shareholders, and our planet. The company's impact includes the impact of its products and services, as well as its conduct, operations and footprint.

Impact score = [What + Who + How Much + Investor Contribution] x [Risk]*

We seek to answer a number of questions across the five dimensions in order to provide a quantitative quality to the impact.

1 What

What is the environmental or social problem the company's products or services are trying to solve?

We assess:
- the scientific research to support the environmental or social problem;
- the company's products and services and their contribution to addressing the environmental and society issue;
- whether the solution is narrow or has a widespread impact; and
- whether the problem relates to one or multiple Sustainable Development Goals (SDGs).

2 Who

Which stakeholders are most impacted by the problem or solution? Is it the planet or under-represented communities?

We assess:
- the impact of the company's products or services on various stakeholders, including the planet, employees, underserved customers, and under-represented communities; and
- the degree to which these stakeholders are underserved such as in developing versus developed markets.

3 How much

How large or material is the impact? Can we quantify the materiality of the impact?

We assess:
- the absolute materiality of the impact and aim to quantify it;
- the company's market share to determine the scale of the impact, and its influence on the industry; and
- the duration and degree of change experienced by the affected stakeholders including the planet, employees, local communities, suppliers, customers.

4 Investor contribution

What is our contribution as investors? How open is the company to engagement? What are the company's material ESG issues and how are they managing them?

We assess:
- our ability to engage and influence change with the company, considering our previous interactions with them;
- the company's corporate governance practices;
- the effectiveness of the Board's structure to mitigate conflicts of interest and maintain accountability to shareholders;
- our minority shareholder rights and our ability to exercise our vote if necessary; and
- the strength of a company's ESG engagement agenda by comparing how it manages financially material issues relative to its peers.

5 Risk

What is the risk that the company's positive impact could be negated? What controversies has the company been involved in?

We assess:
- the company's exposure to controversies;
- the number, severity and relevance of the controversies;
- whether the controversy is company-specific or industry-wide; and
- the company's response and mitigation plans for these controversies.

[1] https://impactfrontiers.org/norms/

* The 'Risk' score acts as a multiplier, reducing a company's overall score if they have been involved in severe controversies without adequate mitigation or response measures in place.

How we use the SDGs

The SDGs are a collection of 17 interlinked global goals (underpinned by 169 detailed underlying 'targets') created by the UN and designed as a "blueprint to achieve a better and more sustainable future for all". They are the big sustainability challenges the world faces. And although the goals were designed to be adopted by governments, they have also been widely accepted by the investment community.

Since the SDGs were designed for governments, not all of them are directly 'investable'. For example, some focus on activities that companies have little influence over, such as SDG 17 ('partnerships for the goals'). Therefore, while the SDGs provide a reasonable route map towards a positive future, prudence is required.

We do not rely on a company's self-reported alignment with an SDG. We adopt a rigorous approach to SDG mapping. For every company we invest in, we map it to a primary SDG at the underlying target level. We evaluate how the company's products and services align with the SDGs and map its revenues to the corresponding SDG. This SDG alignment is integral to our comprehensive assessment of a company's impact through its products and services, considering both positive and potential negative impacts to determine an overall value. This assessment feeds into our proprietary impact scoring system, which determines the company's inclusion in the fund.

We also link our engagement activities to different SDGs, depending on the enterprise impact targeted for engagement. For more information on our engagement activities, please see page 27.

Theme overview

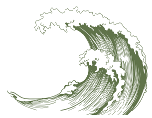
Our sustainability transition themes

Major transitions are occurring around the world, underpinning secular growth trends, or causing major disruptions to the status quo. These transitions do not occur in a vacuum and often intersect and overlap: the Energy transition for instance is inherently interconnected to the Resource transition. Social dimensions of the transition are also inextricably linked as people live on planet earth.

We have identified five sustainability transition themes that we believe may significantly impact the long-term value of our investments. We recognise both investment opportunities and risks associated with these transitions. These transitions underpin the achievement of the sustainable development goals.

We use this framework to refine our investment universe. Using the themes as a starting point, our heatmap covers a cross section of sectors and industries to help us identify key areas of the market with the greatest relevance and materiality. We use various datasets and industry research to do this. We then complement this approach with detailed, bottom-up company analysis as outlined in section 'How we measure impact'.

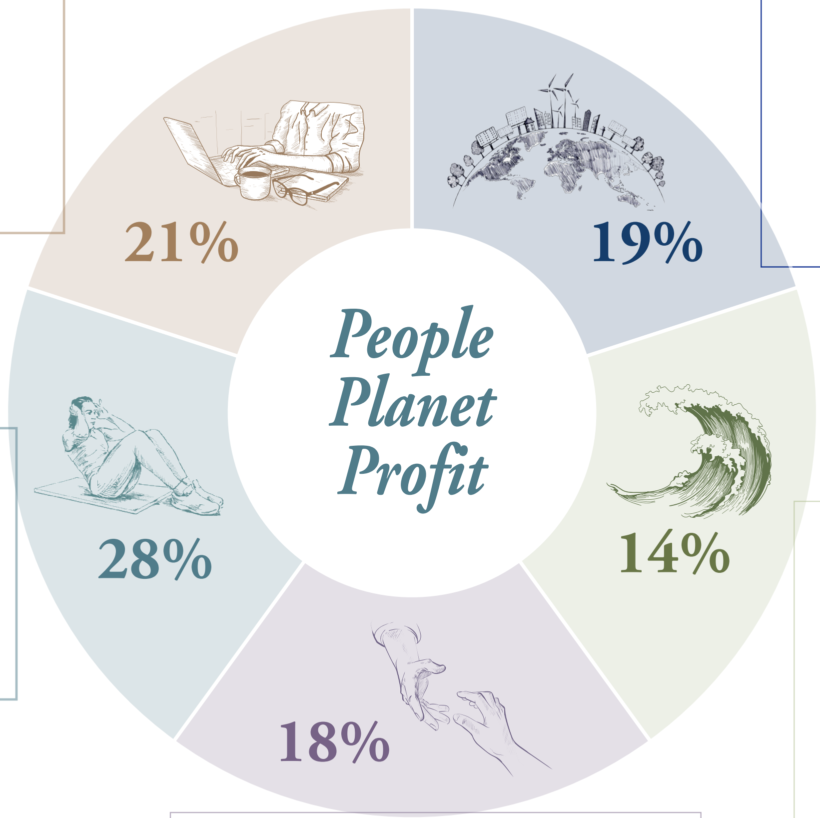
Climate change | Biodiversity loss | Water scarcity | Water pollution | Inequalities | Demographic shifts | Systemic risks



	Energy transition	Resource transition	Wellness transition	Societal transition	Digital transition
Sub-theme	▪ Climate change ▪ Climate mitigation ▪ Climate adaptation ▪ Energy efficiency and management ▪ Clean energy production, distribution and storage ▪ Physical risks of climate change	▪ Circular economy ▪ Water use and quality ▪ Marine and coastal ecosystems ▪ Waste & chemical management ▪ Resource efficiency and reduction ▪ Sustainable food systems ▪ Biodiversity loss ▪ Deforestation – sustainable forestry and land management	▪ Access to medicine, healthcare equipment and services ▪ Productivity and innovation in healthcare ▪ Nutrition ▪ Mental health and well-being ▪ Antimicrobial resistance	▪ Human rights ▪ Financial inclusion ▪ Diversity, equity and inclusion ▪ Economic inclusion ▪ Quality education and training ▪ Affordable housing and basic services ▪ Inclusive digital infrastructure	▪ Cybersecurity ▪ Technological development and innovation ▪ Clean and safe transportation ▪ Green buildings ▪ Responsible artificial intelligence (AI)
Data sources	▪ Climate Action 100+ ▪ Transition Pathway Initiative	▪ ENCORE ▪ CDP ▪ Water Resource Institute	▪ Access to Medicine ▪ Access to Nutrition	▪ KnowTheChain ▪ American Opportunity Index	▪ IBM Cost of Data Breach
Sectors identified	▪ Utilities ▪ Financials services ▪ Information technology ▪ Transportation ▪ Consumer staples	▪ Metals & mining ▪ Paper and forestry products ▪ Construction and engineering ▪ Water utilities ▪ Industrial equipment	▪ Health care ▪ Financials ▪ Real estate ▪ Food and beverage ▪ Consulting	▪ Education ▪ Financial services	▪ Information technology ▪ Consulting
Outcome	***Clean air, clean planet***	***Resource abundance***	***Healthy and happy people***	***Inclusive and thriving communities***	***Fair, connected and resilient digital world***

PEOPLE, PLANET, PROFIT

Portfolio by theme



Digital transition: Transforming ageing infrastructure, increasing productivity, efficiency and innovation.

Theme KPIs
- Energy savings from products or services sold (MWh)
- R&D investment enabled
- $ value created

Energy transition: Transforming energy systems to fuel a low-carbon economy reduces greenhouse gas emissions and enhances public health.

Theme KPIs
- CO2e avoided (metric tonnes)
- Energy savings from products or services sold (MWh)
- Renewable energy or electricity production enabled (MWh)

Wellness transition: Improving life expectancy, quality of life and health and wellbeing.

Theme KPIs
- Patients treated
- Sick days avoided

Resource transition: Adopting circular strategies limits dependence on natural resources, improving resources efficiency, saving water and reducing waste.

Theme KPIs
- Conventional material production avoided (metric tonnes)
- Water saved (m3)
- Water treated (m3)

Societal transition: Providing fair opportunities for all regardless of gender, ethnicity and other protected characteristics.

Theme KPIs
- Customers previously excluded from financial services
- Students graduating

Source: Artemis, as at 31 December 2024.

Overview of portfolio holdings

Theme	Company	Examples of relevant KPIs	SDGs
Energy transition	▪ **Roper Technologies:** Software provider in healthcare and industrial markets. ▪ **nVent:** Provider of electrical connection and protection solutions for data centers and networks. ▪ **WSP:** Global engineering, consulting and design services for the transportation, infrastructure, environment, building, power, energy, water and mining sectors. ▪ **Prysmian:** Global leader in manufacturing energy and telecom cables across low, medium and high voltage. ▪ **SSE:** UK and Ireland energy company driving the transition to net zero through renewable energy and stainable infrastructure. ▪ **Beazley:** Specialist insurance company providing innovative cyber and property coverage. ▪ **Chroma:** Taiwan-based global leader in precision testing and measurement solutions advancing innovation in electric vehicles (EVs) and renewable energy. ▪ **Disco:** Japan-based market leader in precision cutting, grinding and polishing equipment used in semiconductor manufacturing. ▪ **First Solar:** US manufacturer of solar panels and the global leader of thin-film solar photovoltaic (PV) modules, an alternative to the more established crystalline silicon (c-Si) PV panels.	CO2e avoided (metric tonnes) Energy savings from products or services sold (MWh) Renewable energy or electricity production enabled (MWh)	7 Affordable and clean energy 9 Industry, innovation and infrastructure 11 Sustainable cities and communities
Resource transition	▪ **Compagnie de Saint-Gobain:** Global leader in sustainable building materials that enhance energy efficiency and reduce environmental impact. ▪ **Smurfit Westrock:** US and European-based manufacturer of recyclable paper-based packaging. ▪ **Core & Main:** Leading US distributor of water, wastewater, storm drainage and fire protection infrastructure products. ▪ **Graphic Packaging:** US-based manufacturer of paperboard consumer packaging solutions. ▪ **Tetra Tech:** Global engineering and consulting firm supporting projects in water, environment and sustainable infrastructure. ▪ **Clean Harbors:** US-based provider of environmental remediation offering sustainable solutions for hazardous waste disposal and industrial waste management.	Conventional material production avoided (metric tonnes) Water saved (m3)	2 Zero hunger 6 Clean water and sanitation 12 Responsible consumption and production
Societal transition	▪ **Sompo:** Japanese provider of property & casualty insurance, life insurance and risk management services. ▪ **Pearson:** Global leader in education, providing innovative learning solutions, digital content and assessment services. ▪ **Bureau Veritas:** Global leader in testing, inspection and certification services including quality, safety and environmental audits. ▪ **Palomar:** US specialty insurance provider including earthquake, wind and flood coverage. ▪ **Fiserv:** Global provider of fintech solutions such as payment processing, banking, software and data analytics including small business merchants.	Number of customers previously excluded Number of students graduating	4 Quality education 8 Decent work and economic growth

Portfolio holdings as of 31 December 2024.

Overview of portfolio holdings

Theme	Company	Examples of relevant KPIs	SDGs
Wellness transition	▪ **AIA Group:** Leading pan-Asian life and health insurance provider. ▪ **Wolters Kluwer:** Global leader in professional information services and expert solutions for the healthcare, tax and accounting, compliance, legal and ESG industries. ▪ **Hologic:** Global leader in women's health, providing innovative diagnostic, surgical and medical technologies to improve patient outcomes and address unmet needs. ▪ **GE Healthcare:** Global leader in imaging, monitoring and diagnostic tools. ▪ **MSA Safety:** US-based manufacturer of safety equipment for the fire, construction and utility industries. ▪ **Enovis Corp:** Manufacturer of orthopaedic products and solutions to enhance patient mobility and improve musculoskeletal health. ▪ **Technogym:** Italian fitness equipment and digital solutions provider. ▪ **Ventas:** US-based healthcare REIT focused on senior housing, medical offices and research facilities. ▪ **Sandoz:** Global leader in generics and biosimilar medicines. ▪ **Revvity:** Global leader in data analytics, automation and laboratory solutions focused on advancing research, diagnostics and healthcare innovation. ▪ **Elevance:** US health insurance provider across Medicare, Medicaid and commercial markets.	Number of patients treated Number of lives saved	3 GOOD HEALTH AND WELL-BEING 8 DECENT WORK AND ECONOMIC GROWTH
Digital transition	▪ **Motorola Solutions:** Global leader of mission-critical communication equipment and infrastructure, command center software, and video security solutions to help ensure public safety and enterprise security. ▪ **Verisk Analytics:** Global leader in data analytics and risk assessment solutions to the insurance, natural resources, financial industries and government. ▪ **Synopsys:** Global leader in electronic design automation software and semiconductor intellectual property (IP). ▪ **NetApp:** Global leader in data management and cloud storage solutions that enable businesses to optimise data and drive the energy-efficient digital transformation. ▪ **Oxford Instruments:** Innovation focused manufacturer of technology tools and systems for industrial and research applications such as materials analysis, life sciences and quantum technologies. ▪ **Vertiv:** Global leader in critical digital infrastructure for data centers (75% of its business), to which it provides power and cooling solutions. ▪ **On Semiconductor:** Global leader in semiconductor solutions, specialising in silicon carbide technologies that enable high performance applications in EVs, energy and industrial sectors. ▪ **Block Inc:** US-based financial services and digital payment platform solution (Square & Cash App).	Energy savings from products or services sold (MWh) R&D investment enabled Value created ($)	7 AFFORDABLE AND CLEAN ENERGY 8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Portfolio holdings as of 31 December 2024.

Products and Services: Energy transition

The problem

- 2024 was confirmed as the hottest year on record globally, with temperatures exceeding 1.5°C above pre-industrial levels and putting the world further off course from the Paris Agreement[1].
- From 2014 to 2023, climate-related extreme weather events caused over $2 trillion in global economic losses, from damage to infrastructure, early human mortality and loss of productivity[2].
- In the US alone in 2024, record temperatures drove 27 individual extreme weather events and led to 568 fatalities, at a total economic cost of $182.7 billion[3].
- Coal still provides over a third of global electricity generation even though it is the most carbon-intensive fossil fuel[4]. This is in part why electricity causes more than a third of energy-related emissions, whilst representing only about 20% of global final energy consumption[5].
- Buildings account for over a third of global energy consumption and emissions – more than the entire transport sector[6]. Demand for construction continues unabated, especially in developing markets.

The solution

- Climate mitigation: renewable energy infrastructure, energy-efficiency solutions, sustainable transport (electric and hybrid vehicles), sustainable buildings (retrofitting).
- Climate adaptation: resilient infrastructure, flood defences, water storage and distribution, early warning systems for extreme weather events, drought-resistant crops, climate-risk insurance.

Weaving the themes

For every 1-degree centigrade rise in average temperature, one billion people will be compelled to move to more climate-friendly geographies to survive[10].

Portfolio outcomes

Better air quality, reduced heat- and pollution-related illness, increased climate stability

>13 million metric tonnes of CO_2 were avoided[7]

>18 million MWh of renewable energy production were enabled[8]

>4.2 million MWh of energy savings were achieved from products or services sold[9]

SDGs targeted

7 AFFORDABLE AND CLEAN ENERGY

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

11 SUSTAINABLE CITIES AND COMMUNITIES

13 CLIMATE ACTION

[1] WMO confirms 2024 as warmest year on record at about 1.55°C above pre-industrial level
[2] New report: extreme weather events cost economy $2 trillion over the last decade - ICC - International Chamber of Commerce
[3] 2024: An active year of U.S. billion-dollar weather and climate disasters | NOAA Climate.gov
[4] Coal - IEA
[5] World Energy Outlook 2022 (page 280)
[6] Buildings - Energy System - IEA
[7,8,9] Impact data from Net Purpose as at 31 December 2024.
[10] Parag Khanna, Move: The Forces Uprooting Us

Chroma ATE

Market Cap (at 31 December 2024) = $5.3 billion

Based in Taiwan, Chroma Ate is a world-leading supplier of precision electronic testing and measurement instruments and has significant exposure to the testing of an array of green technologies including EVs, batteries, semiconductors and solar energy.

The problem

- As a result of the high efficiency of electric motors and the ability to generate electricity from low-carbon sources, EVs typically have lower emissions when being driven, compared to similar internal combustion engine vehicles.
- However, manufacturing EVs requires more energy and produces more emissions than producing a conventional car because of EVs' batteries and the emissions associated with manufacturing them. This varies significantly by region. 77% of the world's supply of batteries are manufactured in China[11], where coal is the primary energy source and as a result, the carbon dioxide emissions from battery manufacturing in China are around 60% to 85% higher than those in Europe and the US.[12]

The solution: Chroma Ate Impact thesis:

- More efficient battery testing during their manufacture provides opportunities for significant energy savings. It is also critical because EV batteries may operate at extreme temperatures, partial charging cycles, fast charging and changing charge and discharge rates.
- The consequences of battery failure can also be very expensive (pretty much every auto Original Equipment Manufacturer (OEM) has had a battery recall) or at worst fatal.
- As such, the company has an important role in ensuring EV battery range, safety and longevity, all of which are critical aspects in driving greater EV adoption.

Company outcome:

- In 2023, Chroma's low-carbon and energy-efficient products enabled **104,000 metric tonnes** of CO2e avoided.[13] These products are equipped with standby modes and systems that require less cooling, saving most of the heat used by the equipment.

1 What

Chroma's testing equipment plays a crucial role in the EV, battery, and solar value chain. Its products enable customers to simulate real-world environments, ensuring safety and battery efficiency, while also helping to reduce their carbon footprint.

2 Who

Transport accounts for 1/5th of global CO2 emissions, of which 45% comes from passenger vehicles and 30% from road freight[14]. This is compounded by the expected growth in demand for transport, as the global population increases and incomes rise.

3 How much

48% of Chroma's revenues in 2024 were classified as green revenues[15], derived from products and solutions used in industries such as solar energy, green batteries and clean technology. Chroma Ate's market share ranges from 50% to over 90% depending on its end markets and applications.

4 Investor contribution

We see an opportunity for Chroma to enhance its climate credentials, aligning with industry peers to assist clients in achieving their ambitious climate goals. This includes setting interim emission-reduction targets and establishing a clear decarbonisation roadmap.

5 Risks

Product reliability and quality poses a significant risk and could impair Chroma's ability to fulfil its customers' demand for green products.

[11] How much CO2 is emitted by manufacturing batteries? | MIT Climate Portal
[12] The Lifecycle Emissions of Electric Vehicles | BloombergNEF
[13] Impact data from Net Purpose as at 31 December 2024.
[14] Cars, planes, trains: where do CO_2 emissions from transport come from? - Our World in Data
[15] From the Chairman - Chroma ESG

Products and Services: Resource transition

The problem

- Unfettered growth in human consumption has led to an alarming depletion of the earth's precious resources.
- The earth has formidable regenerative capacities, but the rate and nature of consumption means that we are consuming more than the earth can regenerate in any given year.
- Earth Overshoot Day – the date each year when humanity's use of resources surpasses the earth's ability to regenerate – fell on 1 August in 2024, and keeps getting earlier every year[16].
- Nature is inextricably embedded in our global economy: over half of the world's GDP[17] is moderately or severely at risk due to nature loss, and is therefore moderately or highly dependent on nature and its services[18].

The solution

- Resource efficiency: reduce waste, maximise use of existing resources, minimise environmental impact.
- Circular economy: prioritise resource re-use, recycle, use sustainable design to reduce waste and overconsumption.
- Regenerative agriculture: restore soil health, enhance biodiversity, improve carbon sequestration.
- Sustainable aquaculture: prevent overfishing, protect marine ecosystem and ensure long term availability and health of fish stocks.

Weaving the themes

According to the Ellen MacArthur Foundation[21], the world will only achieve 55% of its net zero objectives through renewable energy and energy efficiency. Tackling the remaining 45% will require changing our production and consumption patterns[22].

Portfolio outcomes

Cleaner planet, resource and nature abundance

>2.6 million metric tonnes of conventional material production avoided[19]

>26 million cubic metres of water saved[20]

SDGs targeted

2 ZERO HUNGER

6 CLEAN WATER AND SANITATION

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

14 LIFE BELOW WATER

15 LIFE ON LAND

[16] https://overshoot.footprintnetwork.org/about-earth-overshoot-day/
[17] approximately $44 trillion,
[18] The Dasgupta Review (published February 2021)Final Report - The Economics of Biodiversity: The Dasgupta Review - GOV.UK; New Nature Economy Report Series World Economic Forum
[19] Impact data from Net Purpose as at 31 December 2024.
[20] Impact data from Net Purpose as at 31 December 2024.
[21] The Ellen MacArthur Foundation is a charity working to accelerate the transition to a circular economy
[22] Climate and a circular economy | Ellen MacArthur Foundation

Graphic Packaging
INTERNATIONAL

Graphic Packaging

Market Cap (at 31 December 2024) = $8.152 billion

Graphic Packaging (GPK) is a global leader in sustainable consumer packaging. GPK designs and manufactures consumer goods packaging (including cartons, multipacks, trays, cups, bowls, etc.) for everyday use in a range of activities. The packaging is made from recycled materials and is mostly recyclable as it is paper-based.

The problem

- Global plastic production has increased substantially since the mid-20th century, doubling in the last two decades[23]. This surge in production has led to an alarming accumulation of plastic debris in the world's oceans and seas, with global plastic production surpassing 400 million tons annually. The pervasive presence of microplastics is now impacting aquatic and terrestrial ecosystems on a global scale, with an estimated 50 trillion microplastics in the oceans weighing 235,000 tons[24].
- The economic impact is not to be overlooked: microplastics have become ubiquitous, permeating virtually every aspect of our lives, from the food we grow, to the food we consume and the air we breathe.

The solution: GPK Impact thesis:

- GPK offers its customers an attractive alternative to single-use plastics. This includes anything from coffee cups to food trays, bowls and face-cream containers with innovative designs that help them stand out at the point of sale.
- Paper offers a credible alternative to plastic that: 1) helps to slow down the production and pumping of plastics into our environment, 2) provides a circular solution as paper-based packaging is widely recyclable[25], 3) perhaps more importantly to customers, is the opportunity to showcase their brand identity with custom printing and smart designs, key to creating a connection with the consumer.

Company outcome:

- GPK reports that 450 million EU plastic packages were substituted with their fibre-based solutions in 2023[26]. At group level, **286,000 metric tonnes** of conventional material production were avoided in 2023[27].

1 What

Tackling plastics pollution from consumer packaging by providing a more sustainable alternative that is more widely recyclable.

2 Who

GPK's operations are predominantly in developed markets (the US being 70% of revenues).

3 How much

GPK has leading market shares in its end markets, especially in corrugated recycled board (CRB), where it has 60% market share. CRB is produced from 100% recycled fibres from both post-consumer and post-industrial sources.

4 Investor contribution

Our engagement agenda is focused on GPK's climate transition plans which also involve its circularity plans as it addresses Scope 3 emissions and targets product lifecycle from design to recovery.

5 Risks

Production of paper-based packaging is resource-intensive and could lead to adverse impacts on local communities from higher pollution and waste.

[23] Congressional Research Service: Plastic Pollution and Policy Considerations (December 2024)
[24] Metabolic Reprogramming in Gut Microbiota Exposed to Polystyrene Microplastics, Chi J, Patterson J, Jin Y et. al (February 2025)
[25] Up to seven times (Handbook for Pulp and Paper Technologies, Fourth Edition, Chapter 14, 2016)
[26] Graphic Packaging 2023 ESG Report, https://www.graphicpkg.com/custom-content/uploads/2024/08/2023_ESG_Report.pdf?cb=true
[27] Impact data from Net Purpose as at 31 December 2024.

Products and Services: Societal transition

The problem

- Despite the progress we have made, societal inequalities persist across wealth, education, healthcare and opportunities. These are often shaped by factors such as race, gender and socioeconomic status.
- Closing the gender gap could lift global GDP by >20%, essentially doubling the global growth rate over the next decade.[28]
- Globally there are 1.4 billion unbanked people who lack access to financial resources, exposing a significant gap in financial inclusion in developing economies.[29] Real-time payments are transformative in emerging markets and expected to increase net savings exponentially for consumers and businesses from $116.9 billion in 2023 to $245.8billion in 2028.[30]
- Over 250 million school-aged children are currently out of school. Education and knowledge transfer are crucial investments in human capital and economic growth. On average, tertiary-educated adults in OECD countries earn 58% more than those with only upper-secondary education.[31]
- Growing social inequalities can result in numerous human rights challenges, including discrimination, marginalisation, and heightened vulnerability. Approximately 50 million individuals are affected by modern slavery and human trafficking, driven by conflict, economic disparities, and social vulnerabilities.[32]

The solution

- Access to education and training for all
- Provision of financial services to the underbanked and underserved
- Services to tackle human rights risks and violations
- Provision of affordable housing and basic services

Weaving the themes

Reducing disparities improves healthcare outcomes for all through better access, reduced overall costs and ultimately healthier populations. Closing the gender gap in healthcare could reduce the time women spend in poor health by almost two-thirds, improve the health and lives of over 3.9 billion people, and add $1 trillion to the global economy every year by 2040.[35]

Portfolio outcomes

Equitable access to education and opportunities, better health outcomes, increased social cohesion, higher economic growth

>$33.6bn

Increase in customers' economic position[33]

>33.4m

Additional customers who were previously excluded from financial services[34]

SDGs targeted

[28] Cost-of-Inequality_11.22.24_FINAL.pdf, Women, Business, and the Law 2024 (World Bank)
[29] Global Findex Database 2021 reports increases in financial inclusion around the world during the COVID-19 pandemic
[30] ACI Worldwide Study Reveals Real-Time Payments To Boost Global GDP By $285.8 Billion, Create 167 Million New Bank Account Holders By 2028 | Business Wire
[31] 8a4b8f7a-en.pdf
[32] 5 actions to help leaders combat modern slavery in Europe | World Economic Forum
[33] Impact data from Net Purpose as at 31 December 2024.
[34] Impact data from Net Purpose as at 31 December 2024.
[35] Davos 2024: What's the state of health and healthcare? | World Economic Forum

NU Holdings

Market Cap (as at 31 December 2024) = $49.9 billion

NuBank is one of the world's largest digital banking platforms operating in Mexico, Colombia and Brazil and offers users no-fee banking, credit cards, loans, mortgages and investment products.

The problem

- Financial exclusion hinders economic growth. Poor access to financial services limits individuals and businesses to fully participate in the economy perpetuating income and wealth disparities.
- Brazil has made progress in financial inclusion with 84% of adults now having formal access to a financial account.[36] In Mexico, over half of the population is unbanked and in Colombia 40% of the population is unbanked.[37]
- The unbanked have no checking, savings or mobile money provider accounts, no access to financial products like insurance, loans or mortgages, no protection for their money from theft or loss. They are also more likely to be poor, and to stay poor too.

The solution: NU Impact thesis:

- NuBank's aim is to democratise access to financial services in Mexico, Colombia and Brazil.
- NuBank's innovative solutions disrupt traditional banking business models. Its zero-maintenance-fee credit cards and digital accounts break down barriers to financial inclusion.
- The company has a very targeted approach to launching products, notably tackling communities that have been previously underserved and underrepresented.
- NuBank provides business accounts specifically designed for SMEs. In Latin America, micro, small and medium enterprises represent more than 99.5% of the business fabric and they are responsible for 60% of formal productive employment.

Company outcome:

- In 2023, NuBank's customer base grew by **3.6 million** driving greater financial inclusion, health and economic resilience for individuals and small businesses in Latin America.[38]

1 What

NuBank's digital banking platform empowers users with financial inclusion. Access to financial services is vital to escape poverty, improve livelihoods and quality of life.

2 Who

The unbanked/under-banked in Mexico, Colombia and Brazil.

3 How much

Over half of the population in Mexico is unbanked, in Colombia 40% of the population is unbanked and in Brazil around 16% are unbanked.[39]

4 Investor contribution

NuBank uses AI in its credit underwriting models, fraud detection and back-office activities. As such, our engagement agenda is focused on improving responsible AI practices.

5 Risks

NuBank's online betting exposure could pose risk and impact its credit exposure. However, our engagement confirmed it represents only 1% of its Pix and Pix Financing (digital money transfer platform) transaction volumes.[40]

[36] Building Resilience and Financial Health through Inclusive Finance in Brazil | United Nations | UNSGSA Queen Máxima
[37] Global snapshot of indicators and enabling regulations
[38] Impact data from Net Purpose as at 31 December 2024.
[39] Global snapshot of indicators and enabling regulations
[40] Artemis engagement

Products and Services: Wellness transition

The problem

- The number of people aged 65 and over is increasing at a faster rate than other cohorts. This means that by 2050, one in six people will be over the age of 65[41].
- With the increase in life expectancy and wealth, society now faces a higher prevalence of chronic diseases (heart disease, cancer, obesity, diabetes) that are often linked to lifestyle factors.
- These translate and extend beyond direct medical costs but also to losses in economic productivity and output through incapacitation for work, and early retirement.
- In 2022, one in eight people globally were living with obesity.[42] Worldwide adult obesity has more than doubled since 1990, and adolescent obesity has quadrupled[43] resulting in 'productivity costs' of obesity-related absenteeism between $3.4 billion and $6.4 billion annually.[44]
- More than half of the world's population is still not covered by essential health services.[45] The lack of healthcare coverage has indirect economic costs through untreated health conditions and indirect absenteeism in the workplace as well as broader societal costs, such as increased reliance on social services.
- A further two billion people globally face severe financial hardship when paying out-of-pocket for the healthcare services and products they need.[46]
- The cost of mental health conditions is projected to rise to $6 trillion globally by 2030, up from $2.5 trillion in 2010. This makes the cost of poor mental health greater than that of cancer, diabetes, and respiratory illnesses combined.[47]

The solution

- Widespread provision of medicine and medical equipment
- Ensuring affordable healthcare and insurance
- Access to medicine and nutrition for developing economies
- Tackling mental health and well-being

Weaving the themes

Heat-related deaths among people over 65 increased by about 85% from 2000–2004 to 2017–2021.[49] Additionally, the Digital Transition introduces new health challenges and opportunities, such as addressing mental health, sleep disorders, and sedentary lifestyle-related physical health problems.

Portfolio outcomes

Increased access to medicine for all

Healthier population

>2.5 billion patients were treated[48]

SDGs targeted

2 ZERO HUNGER

3 GOOD HEALTH AND WELL-BEING

8 DECENT WORK AND ECONOMIC GROWTH

[41] United Nations' World Population Prospects 2024
[42] World Health Organisation obesity and overweight fact sheet
[43] World Health Organisation obesity and overweight fact sheet
[44] US-Index-2022-Full-Report-2024-11-06.pdf
[45] Billions left behind on the path to universal health coverage
[46] Billions left behind on the path to universal health coverage
[47] World Economic Forum strategic intelligence chart
[48] Impact data from Net Purpose as at 31 December 2024.
[49] World Health Organistion heat and health fact sheet

Wellness transition: Case study

ON Holdings

Market Cap (at 31 December 2024) = $26.7 billion

ON Holding is a Swiss company specialising in the development of athletic footwear, apparel, and accessories designed for high-performance running, outdoor activities, training and all-day wear.

The problem

- An analysis by the WHO, covering 174 countries, predicts that by 2030, physical inactivity will lead to 500 million new cases of preventable diseases.[50]
- Today, 70% of deaths worldwide are attributed to four lifestyle behaviours: physical inactivity, poor diet, excess alcohol consumption and smoking.[51]

The solution: ON Holding Impact thesis:

- ON Holding's brand and ethos is centred around creating opportunities for 'movement'.
- It offers a range of high-performance footwear and apparel, crafted for diverse running needs and environments, from short daily runs to long-distance marathons, as well as lifestyle wear.
- The accessibility and psychological safety of running as a physical activity was particularly crucial during challenging times like the Covid-19 pandemic. This spurred the growth of running culture and led to an increase in new runners, providing a way for people to cope with isolation and maintain their physical and mental health.
- The ON brand was well-positioned to capitalise on this new growth, offering a diverse range of products to meet various running needs. Additionally, the company promoted active lifestyles and offered community events and partnerships as part of its global 'Right To Run' programme.
- The brand demonstrates a strong commitment to sustainability, not only by setting ambitious targets but also by leading the way with circularity and material innovation pilot projects.

Company outcome:

- In 2023, ON Holding's circularity initiatives successfully avoided the use of **792 metric tonnes** of conventional material by incorporating recycled plastic.[52]

1 What

ON Holding's footwear and sports apparel brand promotes health and wellness through its products and in the broader community. Its roots were in performance running footwear but it has diversified since then.

2 Who

Over half of ON Holding's customers are in North & South America. New CDC population data shows that in 23 US states more than one in three adults (35%) have obesity.[53]

3 How much

ON Holding has been gaining significant market share in both performance and lifestyle footwear.

4 Investor contribution

We see opportunity for the company to realise financial benefits from increased circularity efforts, from growing customer demand to reducing operating costs with recycled materials.

5 Risks

ON Holding has been intentional about its efforts to tackle the environmental and social impact of its products. It has set clear goals across its key pillars of social impact, material innovation and circularity.

[50] Healthy habit formation is key to improving public health | World Economic Forum
[51] Healthy habit formation is key to improving public health | World Economic Forum
[52] Impact data from Net Purpose as at 31 December 2024.
[53] New CDC Data Show Adult Obesity Prevalence Remains High | CDC Newsroom

Products and Services: Digital transition

The problem

- We are currently undergoing the fourth industrial revolution marked by rapid advancements in AI, robotics, and the Internet of Things (IoT) merging the digital, physical, and biological worlds. Modernising these systems is essential for better digital services, innovation and economic growth but it also introduces new environmental and social challenges.
- The average cost of a data breach is now the highest it has ever been, at $4.88 million.[54] Escalating geopolitical tensions coupled with sophisticated cyberthreats exacerbate risks to critical infrastructure.[55]
- 81% of telecommunication companies surveyed report that ageing infrastructure is hindering innovation. Service outages are increasingly frequent and disruptive, meaning that maintenance costs have surged by 30-40% over the past year for large service providers.[56]
- The World Economic Forum's Global Risks Report 2025 found that the top short- to medium-term risk is now misinformation and disinformation.[57]
- The rapid adoption of generative artificial intelligence (GenAI) has heightened vulnerabilities including data privacy and security, bias, discrimination and 'hallucinations' (incorrect or misleading results).
- To meet rising AI demands, data centre power demand is expected to increase by 165% by 2030.[58] This will be coupled with rising water consumption for cooling requirements.

The solution

- Provision of cloud service solutions
- Solutions to transform ageing digital infrastructure
- Solutions to tackle cybersecurity incidents and resilience
- Provision of equipment and services to enable AI
- Digital transformation solutions improving productivity and efficiency
- Enabling the transition from internal combustion engines to EVs

Weaving the themes

AI solutions have the power to reduce emissions and conserve water consumption through predictive analytics and data optimisation. However, on the flip side, training AI models consumes a significant amount of energy and data centres need to be cooled which is water intensive.

AI tools can help to bridge inequalities by empowering underserved and underrepresented communities through financial inclusion, education access and healthcare improvements. But hidden biases in the digital world are an increasing risk.

Portfolio outcomes

A fairer, connected and resilient digital world with a smaller environmental footprint

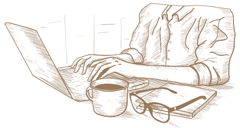
>4.2 million

MWh of energy saved from products of services sold.[59]

SDGs targeted

- 7 Affordable and clean energy
- 8 Decent work and economic growth
- 9 Industry, innovation and infrastructure
- 16 Peace, justice and strong institutions

[54] Cost of a data breach 2024 | IBM
[55] Global Cybersecurity Outlook 2025 | World Economic Forum
[56] Data: 81% of telcos admit aging infrastructure slowing innovation | Capacity Media
[57] Global Risks Report 2025 | World Economic Forum
[58] AI to drive 165% increase in data centre power demand by 2030 | Goldman Sachs
[59] Impact data from Net Purpose as at 31 December 2024.



Digital transition: Case study

MOTOROLA SOLUTIONS

Motorola Solutions

Market Cap (at 31 December 2024) = $77.2 billion

Motorola Solutions is a global leader in public safety and enterprise security. It offers communication and security devices, services and solutions for critical communications, command centres, and video security. The company derives 75% of revenue from its public safety segment.

The problem

- Emergency response efforts depend on reliable communication to save lives. More often than not, network outages and failure in emergency alerts mean conventional connectivity fails when it is needed most – in times of natural catastrophes, which are becoming more frequent and severe, or instances of public safety (like terrorist attacks or shootings).
- Public trust in safety is at near historical lows with only 51% of US adults confident in the police. Trust levels are notably lower among younger adults, people of colour, and political independents.[60]
- Since the Columbine High School massacre in 1999, over 400 school shootings have exposed more than 390,000 students to gun violence.[61]
- The US security guard industry faces significant challenges, including wage inflation and high turnover rates, that makes 24/7 patrols costly and difficult to maintain.

The solution: Motorola Solutions Impact thesis:

- While the company first developed hand-held walkie-talkies in the 1970s, today the company's product portfolio has expanded across hardware and software solutions that help first responders operate more efficiently.
- Motorola's Land Mobile Radio (LMR) network is engineered with multiple layers of resilience to ensure uninterrupted communication during crises. This is why they have become a critical part of the first responders' toolkit.
- In the US alone, over 60% of 911 calls are routed through their systems, highlighting the company's pivotal role in public safety communications.[62]
- These solutions help critical responders save time and lives. According to the Federal Communications Commission, reducing a 911 incident response time by just one minute could result in an additional 10,000 lives saved.[63]
- Building on its LMR fortress, Motorola has integrated AI solutions into several of its products, enhancing their functionality and capabilities. These range from advanced analytics in video security systems, locating missing people, licence plate recognition and improving audio quality in radios.
- As public services face growing financial pressure, Motorola's command centre technologies unify voice, video and data to streamline workflows and enhance decision-making. These tools accelerate response times, leading to significant cost savings by optimising resources whilst improving public safety outcomes.
- The brand demonstrates a strong commitment to sustainability, not only by setting ambitious targets but also by leading the way with circularity and material innovation pilot projects.

Company outcome:

- Motorola enables around **144 million** 911 calls per year.[64]

1 What

Motorola Solutions' communication and safety solutions directly support challenges facing society such as public safety incidents, natural disasters, responses in command centres, cyber-attacks and community-policing relationships.

2 Who

Motorola generates 75% of revenue from its public safety segment.[65] The US represents 79% of sales, and the UK is 15%.

3 How much

Motorola has created an economic moat combining its technological superiority and innovation, loyal customer base and increasing need for its solutions. It has a strong presence across many markets and has been rapidly gaining share in video security through its acquisitions.

4 Investor contribution

We identify potential for the company to enhance its responsible AI approach, particularly regarding its sales and client due diligence approach.

5 Risks

Motorola Solutions has strong sustainability credentials, such as a robust approach to tackle material issues such as cybersecurity to ensure resiliency of critical communications in times of crisis.

[60] U.S. Confidence in Institutions Mostly Flat, but Police Up
[61] There have been 426 school shootings since Columbine - Washington Post
[62] https://www.businessinsider.com/motorola-solutions-using-ai-improve-911-call-response-times-data-2024-12
[63] New Progress for Getting Wireless 9-1-1 Calls to the Right ECC - APCO International
[64] Impact data from Net Purpose as at 31 December 2024
[65] Motorola Solutions Investor Overview - Sept 2024

Driving impact through engagement

Introduction

Capital deployed in public markets is seldom 'new money'. In practice, this means that when investors buy or sell shares, they are typically transacting with other investors rather than directly providing new funding to a company. Thus, ownership shifts without altering a company's resources, or indeed its cost of capital (at least directly). This is a fundamental difference to private markets, where injections of capital are earmarked for specific projects, with specific returns, and specific impacts. Nevertheless, as investors in public markets, our impact tool kit is plentiful, and engagement – "active dialogue with a specific and targeted objective" – is one of the most powerful tools at our disposal in seeking positive impact.

"active dialogue with a specific and targeted objective. It is intended to put the stewardship role into effect. The underlying aim of the engagement dialogue should always be to preserve and enhance the value of assets on behalf of beneficiaries and clients.[1]"

We agree with the Investor Forum's definition of engagement: fostering value creation through effective stewardship is a model that is deeply embedded at Artemis.

We invest, we engage: fund managers at Artemis carry out engagements with their investee companies themselves. It is not a task that is outsourced to a separate ESG team. This is because as investors we have intimate knowledge of what creates value for our stocks, and we know which questions to ask.

We engage when it matters most: engagement is not a 'box ticking' exercise, and it is certainly not a 'scatter gun' approach. We focus on financial materiality and where it intersects with people and the environment, because that is what matters most to the stock market – and to the investee company. Our on-desk research is thorough and is enriched by third-party sources including sell-side analysts, industry expert networks and NGOs. We believe this maximises our chances of successful engagement and positive outcomes.

Invest, engage, drive change: if done right, engagement with investee companies can deliver meaningful impact as well as enhance shareholder value over the long-term. We believe effective engagement is a collaborative partnership between investors and investee companies that builds over time, enriches the relationship and grows trust through constructive dialogue. We believe that ESG issues at the intersection of People, Planet and Profit can deliver alpha over the long term.

We were delighted that Artemis Investment Management LLP was recognised for engagement efforts in 2024, winning the IR Society's 'Best for Investor Engagement' award[2].

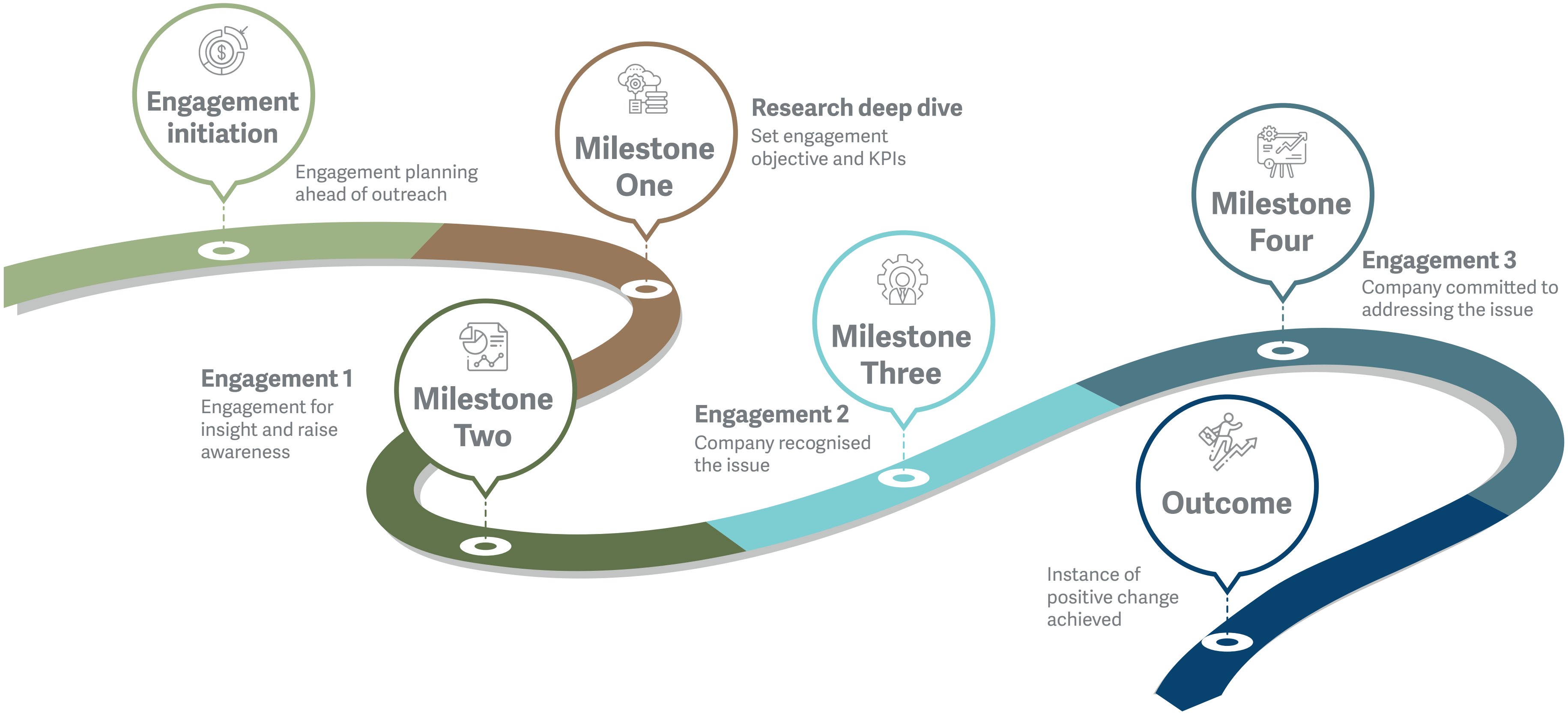
[1] Defining-Stewardship-Engagement-April-2019.pdf
[2] Best investor engagement - The IR Society Best Practice Awards

What do we see as successful engagement?

Success is not linear, nor does it happen overnight, and neither does successful engagement. We take a long-term view to engagement, aligned with our investment horizon. We believe that a constructive two-way dialogue with investee companies can contribute to alpha generation, specifically when financially material ESG issues are addressed. Addressing these issues can contribute to reducing risk, or to improving opportunities. This spans the entire enterprise impact – from products and services, to conduct, footprint and human capital management.

We embed some key practices into our engagements with portfolio companies, including :

Engagement roadmap



Our engagement process begins with thorough desk research to identify and assess a company's exposure to sustainability opportunities and risks. We take a targeted approach, focusing solely on financially material sustainability issues. We compare each company's approach to industry best practices and peers to identify potential areas for improvement. For each financially material issue, we set SMART engagement objectives linked to specific KPIs and SDGs.

Specific	**M**easurable	**A**chievable	**R**elevant	**T**ime-bound

A fundamental aspect of our process is monitoring and logging our progress in engagement. We have developed a proprietary tool to track, monitor and report on our engagement activities. This helps us to demonstrate our contribution to the conversation, no matter how large or small. We report this data annually in our impact report and provide case studies to clients each month. We acknowledge that multiple factors can influence companies in implementing potential changes discussed during our engagement, and that Artemis may not be the sole catalyst for these changes.

Our engagement process is iterative, that is, we leverage our interactions to learn from companies and redefine and position our objective setting with companies to ensure they are pragmatic and relevant.

Multi-faceted engagement approach

Types of engagement

We are intentional about the outcomes we pursue, and the discussions we have with our investee companies. Both proactive and reactive engagements have a place in the process:

Insight driven engagements

build a greater understanding of a company's business model, its exposure and response to financially material sustainability issues.

Company: **NXP** designs and manufactures semiconductors for applications in automotive, mobile, and smart home technologies.

Overview: Due to the 'thirsty' nature of semiconductor manufacturing production, we engaged with NXP on its water management efforts. We leveraged the technical expertise of sell-side analysts and industry experts to inform our engagement agenda. We learned of the economic and operational challenges that semiconductor companies face when they scale up their water saving practices. Armed with this contextual knowledge, we refined our engagement objectives and questions to focus on specific sites where improvements to water management can be made.

Outcome: Despite having facilities in high and – in some cases – extremely high areas of water stress, NXP has advanced water stewardship efforts including ambitious water recycling targets. The company highlighted the variation in water efficiencies between its older and newer fabs (manufacturing plants). From a pragmatic perspective, there is limited feasibility for companies with older fabs to scale up water conservation efforts without complete retrofitting, which is costly and economically unfeasible. The dialogue helped to inform and prioritise our engagement objectives with other semiconductor companies.

Outcome driven engagements

drive value creation and positive outcomes through addressing sustainability opportunities and risks which we have pre-defined.

Company: **Sompo** is one of Japan's largest domestic property & casualty insurers.

Overview: We met with a Japanese NGO to discuss Sompo's approach to fossil fuel financing and underwriting. The research helped to inform our engagement agenda and led to a productive discussion with Sompo. We were pleased the company has made progress on its decarbonisation strategy by disclosing underwriting emissions for certain sectors. While challenges remain with geographical regulatory differences in energy supply, Sompo has been actively engaging with government and other stakeholders to advance the energy transition.

Outcome: We encouraged Sompo to strengthen its coal policy and extend its human rights policy to indigenous people including free prior informed consent. We were pleased the company was open to recommendations and stated that it would be raising these topics in its Board meeting in December 2024.

Event driven engagements

mitigate risk in response to controversies and breaches in norms as highlighted in our third party data tools and adhoc research.

Company: **MSA Safety** is a company that sells firefighter safety gear among other safety solutions.

Overview: With the growing regulatory focus on PFAS ('forever chemicals'), our engagement was in response to ongoing litigation concerning MSA's exposure to this area. MSA Safety is not involved in PFAS manufacturing but sources these materials for use in its personal protective equipment.

Outcome: Phasing out PFAS[3] is challenging due to existing regulatory hurdles where PFAS materials for use by fire services meet current quality standards. Scalable innovation is unlikely without shifts in supply and demand dynamics. However, MSA Safety discussed its efforts to explore alternatives, and the company is collaborating with suppliers and the industry to develop PFAS-free protective gear.

[3] PFAS, or per- and polyfluoroalkyl substances, are a group of man-made chemicals used in various products and processes, including food packaging, clothing, and firefighting foam. They are known as 'forever chemicals' due to their persistence in the environment and their tendency to accumulate in the human body.

Measuring instances of change

Types of milestones

To track the progress of our engagements, we use a milestone rating system to measure the 'instances of positive change'. We only record milestones when we have established SMART engagement objectives and communicated our expectations to companies beforehand. We have divided our milestones into three categories to demonstrate the significance of each change.

Milestone 1: Disclosure

We believe that transparency and disclosure is an important first step to drive positive outcomes. Why? Because you can't measure what you don't know. And you can't improve what you can't measure. We believe this adds a dimension of accountability at the investee company level. Relevant disclosures are key to provide accurate and timely information to inform investors and stakeholders. Examples of disclosure milestones include publishing a new data point or a new report.

Case study: Valmont offers vital infrastructure solutions, including enhancing road safety and efficiency and constructing telecommunication towers. Recognising the occupational safety risks faced by its workers, we engaged with the company to encourage the disclosure of its fatality rates. This transparency would allow stakeholders to better monitor the progress and effectiveness of its safety initiatives. We were pleased to see that, following our dialogue, this information was included in the company's 2024 Sustainability Report.

Milestone 2: Commitment

Public commitment and target-setting are crucial for demonstrating senior executives' buy-in and accountability, especially when companies commit to specific timelines. This signals to investors and other stakeholders that the company is dedicated to allocating time and resource. Examples of commitment milestones include publishing a new human rights policy, setting net zero targets, tying non-financial KPIs to remuneration, or implementing time-bound action plans.

Case study: Clean Harbors provides comprehensive waste management and environmental services in the US. As a top contributor to our portfolio's Scope 1 & 2 WACI[4], we engaged with the company to set emission reduction targets and disclose its transition plans. Following our conversation, we were pleased to see the company take positive steps towards its climate goals by setting a Greenhouse Gas (GHG)[5] emissions intensity target. While we note that industry best practice involves setting absolute interim targets, we view this as a significant stepping stone towards more ambitious target setting. We acknowledge the challenges Clean Harbors faces in setting absolute emissions targets, given that the waste streams they process from their clients are beyond their direct control.

Milestone 3: Deliver

Ultimately, our engagements aim to achieve and deliver positive real-world outcomes. This includes positive trends in opportunity metrics – and negative trends in risk metrics. Examples of these 'Deliver' milestones include reducing employee turnover and decreasing greenhouse gas emissions.

[4] WACI: Weighted average carbon intensity (WACI) is a measure of carbon emissions normalized by revenues, which is a relevant comparison point across all issuers. WACI measures the carbon intensity ("Scope 1 + 2 emissions" / USD 1 million sales) for each portfolio company multiplied by its portfolio weight.
[5] GHG: Greenhouse gas emissions (GHG) are gases in Earth's atmosphere that trap heat, contributing to the greenhouse effect. Common GHGs include carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), and fluorinated gases.

Measuring our investor engagement momentum

We appreciate that companies are not all at the same stages of their sustainability journey and this falls across a wide spectrum. To measure our investor impact through our engagement and to help prioritisation, we have categorised companies based on their stage in their sustainability journey. We consider our engagement efforts to be successful over the course of our holding period if and when companies advance along the spectrum – from 'trail starters' to 'raising the bar'.

Raising the bar – Companies that are likely to be industry leaders and raising the industry bar. This includes proactively addressing and responding to emerging risks and opportunities in their sector. Disclosure and reporting quality meets industry best practice and there is clear indication that ESG topics are aligned and integrated into business strategy.

Momentum gainers – Companies that are progressing on their sustainability journey which includes reactively addressing and responding to emerging risks and opportunities in their sector. There is good reporting quality in line with the industry and some level of ESG integration into business strategy.

Trail starters – Companies at the beginning stages of their sustainability journey, where the focus is more regulatory and compliance driven. There may be little to no ESG disclosure or integration into business strategy.

For specific case study examples of our engagements with investee companies, please refer to page 28-32.

Ongoing impact monitoring

Change is the only constant and sustainability issues are no exception to this. As regulations evolve, societal expectations shift and technological advancements emerge, we see differing opportunities and risks arise. Our impact assessments and perspectives should adapt accordingly. As such, we hold quarterly meetings with the Stewardship team to monitor and discuss our impact thesis, engagement objectives, and progress of each portfolio company. These meetings aim to:

- Ensure engagement objectives and KPIs remain relevant
- Discuss the progress of our engagement activities
- Review any negative trends in companies' sustainability credentials
- Identify and address new controversies and companies' responses
- Consider whether escalation is required or necessary

We believe in the power of investor engagement because long-term, trusted relationships with companies foster meaningful change and create value for shareholders, businesses and society.

Engagement in numbers

Engagement activities

38 Activities

27 Meetings

11 Emails

23 Companies engaged[2]

55% Portfolio weight engaged[3]

Milestones achieved

4 Milestones

1 linked to 8 DECENT WORK AND ECONOMIC GROWTH

3 linked to 13 CLIMATE ACTION

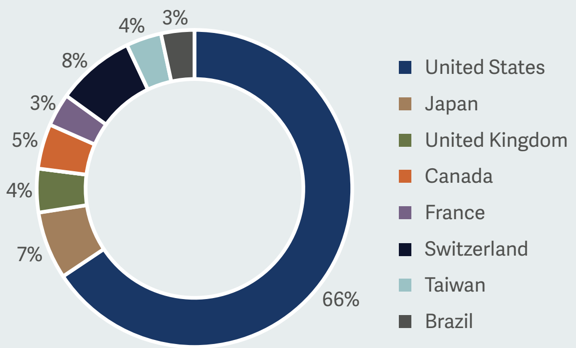
1 disclosure

3 commitments

SDG breakdown of engagement activiites[1]

13 CLIMATE ACTION	33%
3 GOOD HEALTH AND WELL-BEING	8%
8 DECENT WORK AND ECONOMIC GROWTH	23%
6 CLEAN WATER AND SANITATION	8%
10 REDUCED INEQUALITIES	10%
5 GENDER EQUALITY	3%
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	10%
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	3%

Proportion of portfolio engaged by region[4]



[1] Engagement activities may have covered several topics, for ease of reporting we have allocated the most relevant SDG
[2] Companies engaged includes companies that we have may have sold out of throughout the year, these companies are included in these calculations.
[3] Proportion of portfolio as at 31 December 2024. We may have engaged with companies that we have sold out of throughout the year, these companies are not included in these calculations.
[4] Proportion of portfolio as at 31 December 2024. We may have engaged with companies that we have sold out of throughout the year, these companies are not included in these calculations.

Engagement: Energy transition

raising the bar
momentum gainers
trail starters

Graphic Packaging INTERNATIONAL

Engagement rationale

- The pulp and paper sector was responsible for around 2% of all industrial emissions in 2022[1]. The decarbonisation of industry is critical to global decarbonisation, and in paving the way to net zero. For the packaging industry, emissions and circularity are closely intertwined.
- **Graphic Packaging** (GPK) is at the forefront of sustainable consumer packaging, offering a credible alternative to plastic through a range of recycled and recyclable products that enable a circular economy. As a leader, GPK can help set the industry bar.

Financial materiality

- GPKs innovative packaging solutions help customers meet their sustainability goals. In FY24, it achieved innovation sales growth of $205 million[2], which contributed to the top line and helped to offset weakness in other areas.
- By transitioning from plastic to paper and focusing on reducing emissions , the company aligns with customer and end-consumer demand. Supporting clients' ambitions on climate and the circular economy helps to nurture their competitive edge in a tough industry.

	Revenues			Operating expenses		Non-operating expenses
	Market share	New markets	Pricing power	Cost of revenue	R&D/ SG&A	Capex
Emissions reduction	■	□	■	■	□	□
Circularity	■	□	■	■	■	□

Objective

- Set net zero targets [Milestone achieved]
- Set specific circular economy goals
- Implement a customer engagement strategy on circularity

KPIs

- Downward trend of GHG emissions
- % of product innovations with more circular features
- % of product innovations with recycled materials

Outcomes

Clean air, clean planet

12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION

Insight meeting – May 2024

- Deepened our understanding of the economics of the business.

Engagement – June 2024

Addressed a controversy flagged by an external research provider on human rights and were satisfied with the company's response. We learned of new developments by which the lawsuit had been discharged.

We facilitated a resolution with MSCI, and the case has now been partially concluded.

Engagement –June 2024

Discussed GPK's short- and long-term net zero ambitions and alignment with the Net Zero Investment Framework (NZIF). The company also faces pressure from its customers to set longer-term climate goals.

- Closing the loop as part of its circularity strategy is challenging due to the cultural and mindset shift required from end consumers but the company is focusing on innovative design processes and collaborating with customers on recovery at the end of the product lifecycle.
- We encouraged GPK to 1) make a long-term commitment to net zero and 2) to push harder on increasing recovery rates in paper cups.

Milestone achieved August 2024

GPK set a target to achieve net zero by 2050 in its latest 2023 ESG report.

Engagement – December 2024

- Followed up on its net zero goal, including its levers to meet the target including circularity.
- The end-of-life stage of its products accounts for a significant 17% of their Scope 3 emissions, making it a crucial aspect of their decarbonisation strategy.
- We discussed the recovery rates of paper cups and encouraged continued engagement with customers beyond foodservice to explore other types of products that promote paper-based packaging.

Engagement – December 2024

We will continue to focus on GPK's emission reduction and circular economy initiatives.

[1] https://www.sciencedirect.com/science/article/pii/S1364032122005950#:~:text=The%20pulp%20and%20paper%20industry%20is%20among%20the%20top%20five,direct%20industrial%20CO2%20emissions.
[2] https://investors.graphicpkg.com/news-events/press-releases/detail/302/graphic-packaging-holding-company-reports-fourth-quarter-and-full-year-2024-results

Engagement: Resource transition

raising the bar
momentum gainers
trail starters

Engagement rationale

- Apparel and footwear, although necessary, come with an environmental price tag. The 'take-make-dispose' economy (or linear economy) has fueled the fashion industry's growth. But there is another, better answer: the key is in the design.
- **ON Holding,** a Swiss athletic footwear and apparel company, is all about innovation, from its cutting-edge materials like LightSpray to its circular economy subscription programmes. This has contributed to the brand awareness and attractiveness. Although these programs currently make up a small part of the business, there is an ambition to expand them.

Financial materiality

- Using recycled materials and designing for durability can lower production costs and waste. Implementing closed-loop systems can also streamline operations and reduce inefficiencies.
- Making a buzz around their cutting-edge innovations – as they did at the Olympics with LightSpray – creates a positive 'halo effect' around the brand and its desirability.

	Revenues			Operating expenses		Non-operating expenses
	Market share	New markets	Pricing power	Cost of revenue	R&D/ SG&A	Capex
Circularity	■	□	■	■	■	■

Objective

Set clear circular design targets

KPIs

% proportion of products with circularity incorporated

Outcomes

Reduce waste and footwear/apparel going to landfill

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Engagement – March 2024

Initiation dialogue on CloudNeo's design for sustainability and its circular economy strategy.

Engagement –December 2024

- Discussed the feasibility and economic impact of circular economy and innovation initiatives on overall profitability.
- The company faces hurdles in scaling up recycling efforts due to limited recycling infrastructure and logistical challenges. Consumers' adoption of subscription models has been slow, as many prefer flexibility and find subscription costs too expensive.
- ON Holding has a proactive approach to these issues through adopting a collaborative approach with industry partners and recycling companies to overcome these obstacles, which we think is sensible given ON will be unlikely to succeed with changing the system on its own.
- We've urged the management to provide more clarity on their material innovation goals and to expand these efforts across the entire footwear and apparel range. This will help investors better understand their progress towards integrating more innovative materials, and progressing their circular strategy.

2025 Outlook

Continued focus on ON Holding's circular economy initiatives and initiate dialogue on human rights approach.

Engagement: Societal transition

raising the bar
momentum gainers
trail starters

NU

Engagement rationale

NuBank is a dynamic, low-cost digital bank serving customers across Brazil, Mexico, and Colombia, catering to their saving, investing, borrowing, and protection needs. As a fintech and neobank (online-only bank), Nubank has used AI for advanced data analytics and credit underwriting since the very beginning. It is what makes the company unique, and what has enabled it to tackle the under/unbanked population.

Financial materiality

Employee attraction & retention (primary)	Responsible AI (secondary)	Online betting (secondary)
Skilled labour drives innovations for its client base, particularly the underbanked.	AI in credit underwriting models surfaces risks from bias to discrimination impacting consumer trust and demand.	Online gambling increases credit risk from potential defaults in its Pix Finance division.

	Revenues			Operating expenses		Non-operating expenses
	Market share	New markets	Pricing power	Cost of revenue	R&D/ SG&A	Capex
Human capital	■	□	□	■	■	□
Responsible AI	■	■	■	■	■	□

Objective

▪ Enhance disclosure of voluntary turnover, employee engagement & satisfaction. ▪ Implement social mobility programme.	▪ Disclose & implement Responsible AI framework and governance processes.	▪ Understand extent of online betting exposure and potential credit risk.

KPIs

▪ Positive trend of employee engagement metrics such as Net Promoter Scores, satisfaction rates.	▪ Publish commitment on Responsible AI, case studies to evidence implementation.	▪ n/a – Insight

Outcomes

▪ Productive and satisfied workforce. ▪ Safer, fairer digital world.	▪ Financial health and security.	1 NO POVERTY; 8 DECENT WORK AND ECONOMIC GROWTH; 10 REDUCED INEQUALITIES

Insight meeting – June 2024

Initiation focused on company's philosophy, capital allocation and broad strategy.

Engagement – November 2024

- Human capital: There are over 59 nationalities represented among its employees and more than 50% of its workforce focused on technology and analytics.
- Its talent attraction and retention strategy is around maintaining a startup culture to foster innovation and has implemented employee feedback, such as hybrid work models and parental leave policies.
- We believe social mobility among its employees will be additive to the business as socioeconomic diversity could introduce diverse perspectives that better reflect the needs of a broader customer base.

- **Responsible AI**: We strongly believe in Nubank's competitive advantage here, but also think this could be an area of potential risk for bias and discrimination to surface if not mitigated. Although the company's reporting lacked some disclosures, we were encouraged by their risk-based approach. NuBank has internal responsible AI governance policies and frameworks, and it conducts ethical and bias reviews alongside data protection impact assessments to ensure risks in its models are mitigated.
- We recommended the company to improve its disclosure to raise the industry bar and for the customer benefit as ensuring trust is key to widespread adoption.

Email follow up – November 2024

We shared 'best practice' examples of human capital and Responsible AI disclosure.

2025 Outlook

Our focus with NuBank will continue to be on driving greater socioeconomic diversity among its workforce and Responsible AI disclosure.

Engagement: Wellness transition

raising the bar
momentum gainers
trail starters

SANDOZ

Engagement rationale

- Billions of people still lack access to the medicines and healthcare services they need[3].
- **Sandoz** is a global healthcare company operating in over 100 markets, specialising in generics and biosimilars. Its entire raison d'etre is to provide better access to life-saving drugs, offering effective treatment at a lower cost. We have been working with Sandoz to enhance its strategy to expand patients' access to treatment, particularly in emerging economies.

Financial materiality

Increasing access to underserved market (primary)

Within its international segment, Sandoz operates in 52 markets and has a direct presence in 19 of them (the remaining 33 use distributors).

Antimicrobial resistance (AMR) (secondary)

- Antimicrobial resistance could dampen Sandoz's antibiotic sales if the company is unable to replace and innovate with new products.
- Manufacturing mismanagement could spread antibiotic resistance revoking its social and environmental licence to operate.

	Revenues			Operating expenses		Non-operating expenses
	Market share	New markets	Pricing power	Cost of revenue	R&D/ SG&A	Capex
Accessibility	■	■	□	□	□	□
AMR	□	□	□	■	■	□

Objective

- Disclose 'international segment' and the proportion of sales from emerging market countries
- Set timebound targets for emerging market countries
- Disclose access metrics tied to remuneration

- n/a – Insight

KPIs

- Positive trend of sales to low and middle income countries (LMICs)
- Disclose access to medicine metrics to LMICs tied to compensation

- Number of healthcare professionals trained on responsible use of antibiotics

Outcomes

- Improved outcomes for patients in emerging markets

- Lives saved from avoiding anti-microbial resistance

3 GOOD HEALTH AND WELL-BEING

Engagement – December 2024

- Discussed Sandoz's growth strategy, competitive dynamics and its access to medicine and antimicrobial resistance strategy.
- **Emerging market access:** its international sales division is often undervalued by other investors, although it presents more opportunities without the litigation risks found in the US. It is encouraging that Sandoz's executives' short-term incentive plan is now tied to the number of patients treated with biosimilars, although the target figure remains unspecified. We recommended Sandoz to set clear, time-bound targets for emerging markets and to increase transparency about the proportion of sales from these regions.
- **AMR:** impressively, the company has become the first facility certified for minimising the risks of antimicrobial resistance, ensuring strict control of antibiotic waste streams during manufacturing. This responsible manufacturing process is a significant step forward in tackling this global issue.

Email follow up – December 2024

We shared 'good practice' examples of access metrics tied to executive remuneration.

2025 Outlook

We continue to focus on driving access to emerging markets. We will also address Sandoz's latest settlement of the antitrust class action lawsuit.

[3] Integrated Report

Engagement: Digital transition

raising the bar
momentum gainers
trail starters

MOTOROLA SOLUTIONS

Engagement rationale

- With the rise in geopolitical conflicts and the increasing role of technology in AI surveillance, companies have a responsibility to implement thorough client due diligence processes to make the best effort to prevent solutions from falling into the wrong hands. Failure to do so may result in unintended consequences, including human rights violations.
- **Motorola Solutions** is a key player in mission-critical communications, command centre software, video security, and services for public safety and enterprise customers around the globe. Its substantial market share in public safety means that it has extensive reach.

Financial materiality

The misuse of technology by malicious actors poses significant human rights issues and financial risks. Companies may face reputational harm, litigation, operational disruptions due to investigations from regulatory compliance challenges, and violations of export controls.

	Revenues			Operating expenses		Non-operating expenses
	Market share	New markets	Pricing power	Cost of revenue	R&D/ SG&A	Capex
Responsible AI	■	□	■	■	■	□

Objective

- Conduct and disclose heightened human rights due diligence process
- Disclose case studies of implementation and sensitive business due diligence metrics.

KPIs

Publish process, case studies to evidence implementation and metrics to demonstrate outcomes.

Outcomes

Prevention of human rights violations.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Insight meeting – December 2024

Attended investor day in person, gaining insight into their end-to-end integrated solutions and customer value in real-world scenarios.

Engagement – December 2024

- We approached the company to understand the client due diligence process. We wanted to know how the company manages sales and screens clients both proactively and reactively.
- Our discussions delved into the criteria and datasets Motorola uses to monitor changes in customers' risk profiles, and its efforts beyond complying with export control regulations. We were impressed by the company's efforts to incorporate responsible design into end-to-end solutions, which enhances visibility and control over client oversight. The company also shared the steps it takes to halt services if clients misuse their solutions.

- We recommended that Motorola Solutions increases transparency around the outcomes of its review processes and provides case studies to illustrate when business cases are approved or dismissed.
- We will be keeping an eye on its disclosures and will schedule a follow-up conversation to track progress on this important topic.

Email follow up – December 2024

We shared best practice examples of how peers are disclosing their sensitive business due diligence process.

2025 Outlook

We will continue to focus on Responsible AI and client due diligence.

Net zero engagement

A brief parenthesis on Net Zero

Since our last report the **Net Zero Asset Managers initiative (NZAMi)** has announced a review of the initiative, to ensure it remains fit for purpose in the new global context following recent developments in the US. Pending the outcome of this review, the commitment statement and list of NZAMi signatories have been removed from its website, as well as signatories' targets and related case studies. Tracking and reporting activities have also been suspended.

We welcome this review as it allows us to collectively reflect and learn from our experiences and focus our actions on how asset managers can realistically contribute to the transition to a low-carbon economy.

Regardless of the outcome of the review, we remain steadfast in our targeted approach to engage investee companies on improving their climate and environmental impact where they are financially material. We believe this is key to driving positive change in the real world and delivering value to our clients. Thoughtful two-way dialogue with our investee companies is the primary lever for addressing any environmental or social impact – and climate change is no different. We believe our activities here can support reductions in real economy emissions as well as the creation of shareholder value.

Engagement prioritisation process

We don't employ a 'scatter gun' approach, nor do we view engagement as a box-ticking exercise. Instead, we carefully identify the companies where climate has a material impact and where there is a merit in engaging, mainly because there is improvement that can be either precipitated or accelerated.

Our prioritisation process involves a first step which leverages third-party data and aims to introduce a level of objectivity in identifying the most material companies. These datasets include MSCI data which references the Paris-Aligned Investment Initiative Net Zero Investment Framework (NZIF)[1], datasets from the Science-Based Targets Initiative (SBTi) and Transition Pathway Initiative (TPI).

Whilst using third-party raw data ensures we look at holdings objectively, we know there are many shortcomings with the data's quality and/or completeness. Our second step therefore layers the output with our own analysis and bottom-up research.

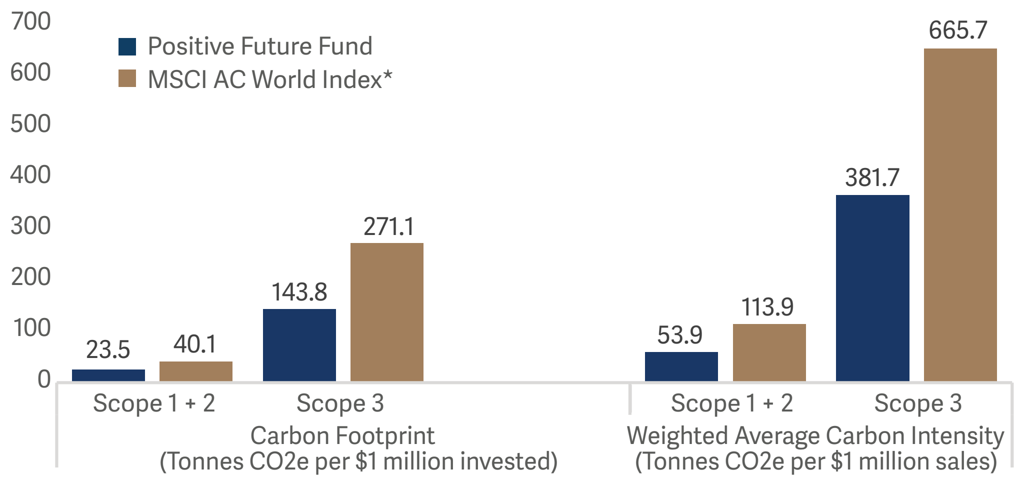
The result is a process that prioritises companies for engagement that:

- are in **high emission intensive**[2] sectors where climate-related impacts are financially material and which **lack;**
- **relevant emissions disclosures:** baseline disclosures are essential to measure and track emissions reduction progress and;
- **short- to medium-term emission targets:** goal setting is key to demonstrate senior leadership and executive buy-in and;
- **credible decarbonisation plans:** ensure that companies have robust and realistic transition pathways to meet their goals.

Our level of engagement will be different depending on how each company scores on these dimensions and will range from pro-actively encouraging companies to improve their climate aspirations, disclosures, target setting and planning, to passively monitoring progress if they are already on track. Other external factors must also be considered such as government/ regulation policies, existing technologies and economic feasibility.

Measuring the portfolio's carbon footprint

The portfolio's carbon footprint and intensity are significantly smaller than that of its benchmark, the MSCI AC World Index, for Scope 1, 2 and 3.



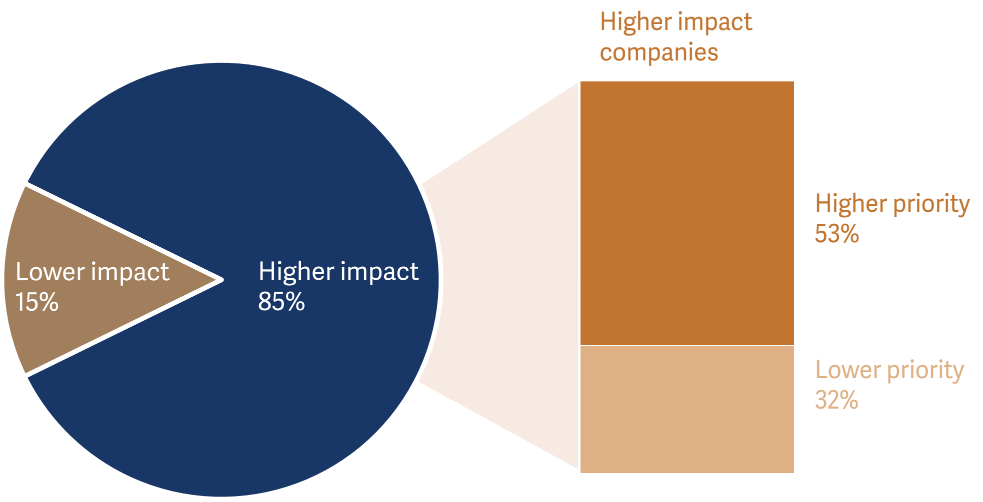
Source: Climate data is sourced from MSCI.
*From the 1 February 2025, the fund's official benchmark was changed from the MSCI AC World Index to the MSCI AC World Mid Cap Index.

[1] IIGCC NZIF 2.0: https://www.iigcc.org/net-zero-investment-framework
[2] Higher impact sectors based on greenhouse gas (GHG) emissions in their value chain

Net zero engagement

Climate Engagement in numbers

As of December 2024, 85% of the fund's financed emissions[3] were classified as higher impact. Of these high impact emissions, we identified **21** companies as priority engagement candidates, which make up **53%** of the fund's financed emissions. These companies typically lack proper disclosures, emissions reduction targets, and/or decarbonisation plans as above.



The vast majority of companies identified as high priority already have Scope 1 & 2 disclosures and Science Based targets – they represent 48% of the fund's financed emissions, or 91% of the 53% of financed emissions identified as high priority.

Of the **21** companies in this bucket, we engaged on the topic of climate with **eight**, which together make up **17**% of the fund's financed emissions. The rest of the emissions are mainly accounted for by one company, packaging manufacturer Smurfit Westrock (SW), which was added to the portfolio in November 2024, and accounts for 31.7% of the fund's financed emissions. Our 2025 engagement agenda with SW will focus on understanding the financial materiality of their sustainable packaging and how they can scale up their circular economy strategy as well as the group's combined climate ambitions and decarbonisation strategies following the merger of **Smurfit Kappa** and **Westrock**.

Beyond the eight companies engaged on climate in this bucket, we engaged with a further six companies on topics unrelated to climate as they ranked higher in terms of financial materiality. This includes healthcare companies **Hologic** and **Sandoz**, and Brazilian neobank **Nu Holdings**.

Only two companies (**1.3%** of financed emissions), **Vertiv** and **Core & Main**, lack both emissions disclosures and Scope 1 & 2 targets. As a result, our approach was to pro-actively reach out to these holdings to encourage them to improve their climate management practices.

- **Vertiv**, a power and cooling solutions provider, plays a crucial role in reducing data centres' growing carbon footprint. We engaged with the company regarding its own emissions disclosure. Although Vertiv has been measuring and verifying its Scope 1, 2, and 3 emissions for the past two years, it has yet to disclose them publicly. We emphasised the importance of emissions disclosure, highlighting that multiple stakeholders could benefit from having this data in the public domain, including its data centre customers who themselves have ambitious net zero targets to meet.
- **Core & Main** is a distributor of water infrastructure solutions in the US. We discussed its ESG disclosure and decarbonisation strategies. We encouraged the company to disclose its Scope 1 and 2 emissions to establish an emissions reduction baseline, noting that its industry peers have more advanced disclosures regarding their emission inventories.

We will continue to prioritise climate engagement for these companies going into 2025.

Source: Climate data is sourced from MSCI and Artemis.

[3] Financed emissions are the greenhouse gas (GHG) emissions associated with an organisation's lending and investment activities, essentially the emissions generated by companies they finance.

Collaborative Initiatives

Collective action – such as investor initiatives and partnerships – can be an effective tool in bringing about progress on overarching themes, such as climate and human rights, either at the investee company level or – more systematically – at the industry level. It can also help overcome the hurdle sometimes faced by minority shareholders. We believe collaboration not only amplifies our voice, but also benefits the shared knowledge base which we all draw upon. It is also our main practical route for policy advocacy.

List of initiatives[1]

Find it, Fix it, Prevent it

Anti-slavery initiative helping companies identify, tackle and repair the effects of modern slavery in all its guises.

CCLA GOOD INVESTMENT

THE INVESTMENT ASSOCIATION

IIGCC The Institutional Investors Group on Climate Change

IFRS Sustainability Alliance

Climate Action 100+

PRI Principles for Responsible Investment

THE INVESTOR FORUM

Transition Pathway Initiative

The UN Global Plastics Treaty

Global plastic production amounts to 400 million tonnes per year, yet only an estimated 12% of the plastic produced has been incinerated and only 9% recycled[2]. In 2022, the United Nations Environment Assembly adopted the mandate for the negotiations for a global plastics treaty, the first-ever legally binding instrument to end plastic pollution. This treaty would have provided a unique opportunity for governments to create a powerful global response to this environmental issue. Artemis supported the plan to end plastic pollution and signed the letter. Unfortunately, in December 2024, after two years of negotiations, the treaty talks adjourned without agreement as countries could not agree on a target. Without production cuts, the OECD forecasts that plastic production is set to increase by 60% by 2040 reaching 736 million tonnes[3]. Despite this outcome, we will continue to engage with companies where circularity and plastics substitution is financially material.

[1] As of December 31 2024, Artemis is a signatory or member of the following groups committed to change.
[2] Drowning in Plastics – Marine Litter and Plastic Waste Vital Graphics | UNEP - UN Environment Programme
[3] Policy Scenarios for Eliminating Plastic Pollution by 2040 | OECD

Voting

We believe that exercising our voting rights is a key part of our stewardship duties. As shareholders, we are effectively co-owners of many companies and have a right to use our vote in shareholder meetings. We sometimes use voting as part of our escalation strategy if we deem that our existing engagements are not yielding effective change, and as a signalling mechanism to management teams and boards.

Generally, we aim to use our voting rights to influence and improve the environmental, social and corporate governance standards of the companies we invest in, aligning with the long- term interests of our clients.

2024 Proxy voting statistics

In 2024, we voted on:

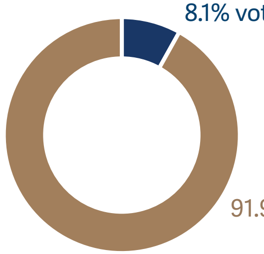
47 meetings/ representing 100% of meetings

19 meetings with at least 1 vote against management/ 40.4% of meetings

533 proposals voted/ representing 100% of total proposals voted

43 proposals of votes against management/ representing 8.1% of proposals voted

Direction of votes



Resolutions voted for

Company	Meeting date	For (%)	Against (%)	Abstain/ withhold (%)	Result	Rationale
Monolithic Power Systems	13/06/24	83.1%	16.8%	0.1%	Pass	We supported a shareholder resolution advocating for the repeal of the company's classified board structure and the annual election of all directors, as this enhances director accountability to shareholders. The proposal was successful, receiving 83.1% support.
DexCom Inc	22/05/24	35.9%	64.1%	-	Failed	For the second consecutive year, we backed a shareholder resolution calling for a report on the gender and race median pay gap. These data points are helpful to assess the risks and opportunities associated with pay equity. Although the proposal did not pass, it garnered significant support, with 35.9% of votes in favor.

Resolutions voted against[1]

Company	Meeting date	For (%)	Against (%)	Abstain/ withhold (%)	Result	Rationale
Technogym	07/05/24	72.5%	27.4%	0.1%	Pass	We voted against the Remuneration Policy because the company lacked disclosure of performance targets for the new monetary "Challenge Plan" in favour of certain key managers, nor did it provide ex-ante disclosure of the lead executive's fixed pay for 2024. Although the proposal passed, it faced noticeable dissent, with 27.5% voting against it.
Veeva Systems	12/06/24	48.9%	51.1%	-	Fail	We voted against the election of a director due to concerns about overboarding, as the nominee held too many directorships. The proposal did not pass and faced substantial dissent, with 51.1% voting against it.

[1] This is not an exhaustive list of all resolutions voted against

Objective and risks

The objective of the Artemis Positive Future Fund is to grow capital over a five-year period by investing in companies which meet the managers' criteria for positive environmental and/or social impact.

Performance

Category	2024	2023	2022	2021	2020
Artemis Positive Future Fund	1.2%	-3.0%	-32.0%	N/A	N/A
MSCI AC World NR Index (Global)	19.6%	15.3%	-8.1%	N/A	N/A
IA Global	12.7%	12.5%	-11.1%	N/A	N/A

Source: Lipper Limited. All figures show total returns with dividends and/or income reinvested, net of all charges. Performance does not take account of any costs incurred when investors buy or sell the fund. Returns may vary as a result of currency fluctuations if the investor's currency is different to that of the class. This class may have charges or a hedging approach different from those in the IA sector benchmark. Sector is IA Global. Benchmark disclaimer: A widely used indicator of the performance of the UK stock market, in which the fund invests. It acts as a 'comparator benchmark' against which the fund's performance can be compared. Management of the fund is not restricted by this benchmark.

Risks

Market volatility risk

The value of the fund and any income from it can fall or rise because of movements in stock markets, currencies and interest rates, each of which can move irrationally and be affected unpredictably by diverse factors, including political and economic events.

Currency risk

The fund's assets may be priced in currencies other than the fund's base currency. Changes in currency exchange rates can therefore affect the fund's value.

Concentration risk

The fund may have investments concentrated in a limited number of holdings. This can be riskier than holding a wider range of investments.

Charges from capital risk

Where charges are taken wholly or partly out of a fund's capital, distributable income may be increased at the expense of capital, which may constrain or erode capital growth.

Emerging markets risk

Compared to more established economies, investments in emerging markets may be subject to greater volatility due to differences in generally accepted accounting principles, less governed standards or from economic or political instability. Under certain market conditions assets may be difficult to sell.

Smaller companies risk

Investing in small and medium-sized companies can involve more risk than investing in larger, more established companies. Shares in smaller companies may not be as easy to sell, which can cause difficulty in valuing those shares.

Specialist investment objective risk

The fund will only invest in companies which have a positive environmental and/or social impact. It is also prevented from investing in companies which conduct certain types of activities. The universe of potential investments available to the fund will therefore be smaller than if no such restrictions were applied. If a company in which the fund invests no longer meets the criteria for investment and/or is not making sufficient progress on improving its operational performance, the manager will seek to sell the investment. The price which may be obtained for selling an investment in these circumstances might be lower than that which could have been obtained had the sale not been required

Sacha El Khoury

Portfolio manager

Joined Artemis: 2023
Investment experience: 14 years

Columbia Threadneedle (prev. BMO Global AM) 2009-2023

2021 – 2023: Portfolio Manager, Global Sustainable/Impact Equities, Income
2015 – 2020: Portfolio Manager, European Equities
2009 – 2015: Analyst, European Equities

CFA Charterholder

BA Economics, American University of Beirut

MSc in Finance Bayes Business School[1]

Source: Artemis. Note: [1]Bayes Business School is formerly known as Cass Business School.

Lorraine Hau

Impact Specialist

Joined Artemis: 2024
Impact experience: 6 years

Columbia Threadneedle (prev. BMO Global AM) 2021-2024

2023 – 2024: Senior Associate, Responsible Investment
2021 – 2023: Associate, Responsible Investment

FAIRR Initiative, Jeremy Coller Foundation

2019 – 2021: ESG Analyst

BSc Economics, London School of Economics and Political Science

Glossary

AGM: An Annual General Meeting (AGM) is a yearly gathering of a company's interested shareholders to discuss the company's performance, elect directors, and address other important issues.

Alpha: Alpha is a measure of investment performance on a risk-adjusted basis. Alpha takes the volatility (price risk) of a fund and compares its risk-adjusted performance to a benchmark index. The excess return of the fund relative to the return of the benchmark index is a fund's 'alpha'.

CDC: The Centers for Disease Control and Prevention (CDC) is a U.S. federal agency focused on protecting public health and safety through the control and prevention of disease, injury, and disability

CO2e emissions: Measuring CO_2 equivalent ('CO2e') emissions provides a standardised way of measuring a range of greenhouse gas (GHG) emissions through reference to their effect on the climate. The Intergovernmental Panel on Climate Change (IPCC) has defined the 'Global Warming Potential' of a range of greenhouse gases such as methane or nitrous oxide in comparison to carbon dioxide.

ESG: Consideration of environmental, social and governance (ESG) factors can be used to evaluate a company's sustainability. Environmental factors look at a company's impact on the natural world, social factors examine how a company treats people (inside and outside the company) and governance analysis considers how a company is run.

GFANZ: The Glasgow Financial Alliance for Net Zero (GFANZ) is an independent, private-sector-led initiative focused on mobilizing capital and removing barriers to investment in the global transition.

Market cap: Market capitalisation (sometimes referred to as 'market cap') is the total value of a company, calculated by multiplying the number of shares in issue by the current price of the shares. Companies are often referred to as being 'large-cap', 'mid-cap' and 'small-cap', reflecting their relative total value – large-cap being the largest companies and small-cap being the smallest (though it's important to remember that small-cap can still mean companies with values in the hundreds of millions or even low billions).

MSCI AC World Index: The MSCI All Country World Index (ACWI) is a global equity index that measures the performance of large and mid-cap stocks across both developed and emerging markets.

MSCI AC World Mid Cap Index: The MSCI AC World Mid Cap Index measures the performance of mid-cap stocks across both developed and emerging markets.

Net Zero Asset Managers initiative (NZAMi): The Net Zero Asset Managers initiative (NZAMi) is a global coalition of asset managers committed to achieving net zero greenhouse gas emissions by 2050 or sooner, in line with efforts to limit global warming to 1.5°C

NGO: A Non-Governmental Organization (NGO) is a non-profit group that operates Independently of any government, typically to address social, political, or environmental issues.

OECD: The Organisation for Economic Co-operation and Development (OECD) is an international organisation that promotes policies to improve the economic and social well-being of people around the world.

OEM: An Original Equipment Manufacturer (OEM) is a company that produces parts and equipment that may be marketed by another manufacturer.

Private markets: Private markets refer to investments in assets not traded on public exchanges, including private equity, private debt, real estate, and infrastructure.

SDGs: The Sustainable Development Goals (SDGs) are a collection of 17 interlinked global goals (underpinned by 169 detailed underlying 'targets') created by the United Nations (UN) and designed as a "blueprint to achieve a better and more sustainable future for all". (See How we use the Sustainable Development Goals)

Science Based Targets initiative (SBTi): The Science Based Targets initiative was established in 2015 to help companies to set targets for reducing their emissions. Science-based targets show companies and financial institutions how much and how quickly they need to reduce their GHG emissions to prevent the worst effects of climate change.

Scope 1, 2 and 3 emissions: The Greenhouse Gas Protocol categorises GHG emissions as follows.

Scope 1 emissions – These are the direct GHG emissions that are generated from sources that are directly owned or controlled by a company. For example, a parcel delivery company would report its emissions from its delivery vehicles, depots and offices.

Scope 2 emissions – These are a company's indirect GHG emissions from the generation of purchased energy. For example, a law firm would report the emissions associated with the electricity purchased by the business across all of their locations.

Scope 3 emissions – Scope 3 emissions are all indirect GHG emissions (not included in Scope 2) that occur in a company's value chain, including both upstream and downstream emissions. There are 15 subcategories of Scope 3 emissions. Emissions along the value chain often represent a company's largest GHG emissions. For example, a car manufacturer would report the carbon emissions associated with the raw materials which it has purchased to produce its cars (such as steel) as well as the emissions associated with the use of those cars by customers over the product's lifecycle.

Sustainability: Sustainability is the term used to encompass meeting the needs of the present without compromising the ability of future generations to meet their needs. The concept of sustainability is composed of three pillars: economic, environmental and social. Sustainability encourages businesses to take account of environmental, social and human considerations over the longer term, rather than focusing solely on short-term objectives such as immediate profit. (Also see 'Environmental, social and governance (ESG)').

Task Force on Climate-related Financial Disclosures (TCFD): The Task Force on Climate-related Financial Disclosures (TCFD) was created by the Financial Stability Board to develop recommendations on how companies should disclose information to support stakeholders appropriately assess and price climate-related risks.

Transition Pathway Initiative (TPI): The Transition Pathway Initiative (TPI) is a global, asset-owner led initiative that assesses companies' preparedness for the transition to a low-carbon economy.

WACI: Weighted Average Carbon Intensity (WACI) measures the exposure to carbon-intensive companies within a portfolio, expressed in tons of carbon dioxide equivalent per unit of revenue.

WHO: The World Health Organization (WHO) is a specialised agency of the United Nations responsible for international public health.

UN Global Compact: The United Nations Global Compact is a voluntary initiative that encourages businesses worldwide to adopt sustainable and socially responsible policies, based on ten principles in the areas of human rights, labour, environment, and anti-corruption.

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