Principal Adverse Impacts Statement

Statement on principal adverse impacts of investment decisions on sustainability factors

Publication date: 30 June 2025

Reference period: 1 January 2024 to 31 December 2024

ARTEMIS
The Profit Hunter

Contents

Summary

Financial market participant: Artemis Investment Management LLP
(Legal Entity Identifier: 549300O5ON1W961H4K22)

Artemis Investment Management LLP ("Artemis") considers the principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of Artemis, in connection with investment management services provided to Artemis Funds (Lux) (the "Company"). The Company is an open-ended investment company organised as a société anonyme under the laws of the Grand Duchy of Luxembourg and qualifies as a Société d'Investissement à Capital Variable ("SICAV"). The Company operates separate funds which are distinguished by their specific investment objectives and policies. The Management Company is FundRock Management Company S.A., authorised in Luxembourg and regulated by the Commission de Surveillance du Secteur Financier ("CSSF"). The Management Company has appointed Artemis as the Investment Manager to manage the funds' investments in accordance with their investment objectives and policies. This statement is not a regulatory requirement for Artemis and it has been adopted on a voluntary basis.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January 2024 to 31 December 2024.

The information below applies at Company level and may not be relevant to specific funds. At fund level, Artemis only commits to considering principal adverse impacts of investment decisions on sustainability factors for certain funds which promote environmental or social characteristics or have a sustainable investment objective for the purposes of the EU Sustainable Finance Disclosures Regulation ("SFDR"). Further details can be found in the prospectus for the Company. For funds that do not promote environmental or social characteristics and do not have a sustainable investment objective under SFDR, Artemis does not commit to considering principal adverse impacts (as defined in SFDR) in the investment process, although ESG analysis and integration is part of the broader investment process for all funds.

The summary table below sets out the mandatory and selected optional principal adverse impacts, as set out in Annex 1 of the Regulatory Technical Standards ("RTS"), which are considered by Artemis, subject to data availability.

Indicators applicable to investments in investee companies

	Adverse sustainability indicator	Mandatory/Optional	Impact (2024)
Greenhouse gas emissions	Scope 1 GHG emissions	Mandatory	68,063
	Scope 2 GHG emissions	Mandatory	14,550
	Scope 3 GHG emissions	Mandatory	316,500
	Total GHG emissions	Mandatory	398,629
	Carbon footprint	Mandatory	347.0
	GHG intensity of investee companies	Mandatory	686.4
	Exposure to companies active in the fossil fuel sector	Mandatory	6.0%
	Share of non-renewable energy consumption and production	Mandatory	68.2%
	Energy consumption intensity per high impact climate sector	Mandatory	NACE Code A: 0.0 NACE Code B: 3.2 NACE Code C: 0.4 NACE Code D: 5.8 NACE Code E: 0.3 NACE Code F: 0.2 NACE Code G: 0.7 NACE Code H: 2.4 NACE Code L: 0.1

	Adverse sustainability indicator	Mandatory/Optional	Impact (2024)
Biodiversity	Activities negatively affecting biodiversity-sensitive areas	Mandatory	10.3%
Water	Emissions to water	Mandatory	0.0
Waste	Hazardous waste and radioactive waste ratio	Mandatory	4.1
Social and employee matters	Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Mandatory	0.0%
	Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Mandatory	0.6%
	Unadjusted gender pay gap	Mandatory	6.6%
	Board gender diversity	Mandatory	32.4%
	Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Mandatory	0.0%
Indicators applicable to investments in sovereigns and supranationals			
Environmental	GHG intensity	Mandatory	183.3
Social	Investee countries subject to social violations	Mandatory	0.0
Indicators applicable to investments in real estate assets			
Fossil fuels	Exposure to fossil fuels through real estate assets	Mandatory	N/A
Energy efficiency	Exposure to energy-inefficient real estate assets	Mandatory	N/A
Additional environmental indicator(s)			
Emissions	Investments in companies without carbon emission reduction initiatives	Optional	49.3%
Additional social indicator(s)			
Human Rights	Lack of a human rights policy	Optional	6.8%

Description of the principal adverse impacts on sustainability factors

SFDR defines sustainability factors as *environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters*. It further describes principal adverse impacts as *those impacts of investment decisions that result in negative effects on sustainability factors*. The RTS to SFDR provides a list of specific mandatory and optional metrics (the "**principal adverse impact**" or "**PAI**" metrics) that can be used to measure the potential negative impact of investment decisions on sustainability factors.

The consolidated principal adverse impact metrics for the Company are set out in the table below, in accordance with the template set out in Annex 1 of the RTS.

Principal adverse impacts are considered by Artemis, subject to data availability, in connection with investment management services provided to the Company for all funds which fall within the scope of Article 8 or Article 9 of SFDR, i.e. funds that either promote environmental or social characteristics or have a sustainable investment objective. For funds that do not promote environmental or social characteristics and do not have a sustainable investment objective under SFDR, Artemis does not commit to considering principal adverse impacts (as defined in SFDR) in the investment process, although ESG analysis and integration is part of the broader investment process for all our funds.

Indicators applicable to investments in investee companies							
Adverse sustainability indicator		**Metric**	**Impact (2024)**	**(2023)**	**(2022)**	**Explanation**	**Actions taken, and actions planned and targets set for the next reference period**
Climate and other environment-related indicators							
Greenhouse gas emissions	**1. GHG emissions**	Scope 1 GHG emissions	68,063	44,037	75,986	Sum of portfolio companies' Carbon Emissions - Scope 1 (tCO2e) weighted by the portfolio's value of investment in a company and by the company's most recently available enterprise value including cash.	Monitoring of greenhouse gas emissions and related metrics is a core part of our sustainability analysis and integration in our investment processes. Specific example of actions taken in 2024 are set out below. **Net Zero Asset Managers initiative (NZAMi)** Artemis is a signatory to the Net Zero Asset Managers initiative, which is an international group of asset managers committed to supporting the goal of net zero greenhouse gas (GHG) emissions by 2050 or sooner. We believe that a commitment to supporting the goal of net zero emissions by 2050 is consistent with our primary purpose to always act in the best interests of our clients. A successful transition will offer our clients a better opportunity for strong long-term investment returns, whilst a failed transition risks financially material negative impacts across the financial system. 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. Tracking and reporting activities have been suspended momentarily. During 2024, we have continued our approach to focus on stewardship activities as we believe that our primary lever for managing climate change-related risk and supporting real economy emissions reductions is direct and collaborative (where appropriate) engagement with investee companies and participating in industry initiatives to help drive industry and policy change. We have continued with our approach to identify a number of high carbon emitters which contribute the most to our firmwide carbon footprint and to prioritise these companies for climate engagement. Our analysis of these high impact companies focuses on their target setting and related transition plans. We monitor the progress of our holdings in implementing their own net zero commitments and engage with management where appropriate in the event that progress falls behind expectations. The emphasis is on engagement rather than exclusion in meeting the net zero objectives.
		Scope 2 GHG emissions	14,550	8,067	16,505	Sum of portfolio companies' Carbon Emissions - Scope 2 (tCO2e) weighted by the portfolio's value of investment in a company and by the company's most recently available enterprise value including cash.	
		Scope 3 GHG emissions	316,500	286,945	659,089	Sum of portfolio companies' Scope 3 - Total Emission Estimated[1] (tCO2e) weighted by the portfolio's value of investment in a company and by the company's most recently available enterprise value including cash.	
		Total GHG emissions	398,629	339,108	751,506	The total annual Scope 1, Scope 2, and estimated Scope 3 GHG emissions (tCO2e) associated with the market value of the portfolio. Companies' carbon emissions are apportioned across all outstanding shares and bonds (based on the most recently available enterprise value including cash).	

[1] As estimated by MSCI

Adverse sustainability indicator	Metric	Impact (2024)	Impact (2023)	Impact (2022)	Explanation	Actions taken, and actions planned and targets set for the next reference period
2. Carbon footprint	Carbon footprint	347.0	358.3	434.7	The total annual Scope 1, Scope 2, and estimated Scope 3 GHG emissions associated with 1 million EUR invested in the portfolio. Companies' carbon emissions are apportioned across all outstanding shares and bonds (based on the most recently available enterprise value including cash).	During 2024, we have continued to further develop our approach and associated tools for assessing companies where climate-related risk is higher and financially material. We have built enhanced ESG data dashboards which provide issuer-level and portfolio-level data and analysis on climate metrics and net zero alignment data sourced from our primary ESG data vendor (MSCI). This analysis inputs into prioritising our engagement activity **Engagement and voting** As long term, active investors, engaging with companies is an integral part of how we manage our clients' assets and climate engagement is an important component of this. During 2024, our active equity investment teams (excluding SmartGARP) have continued to develop their engagement strategies to take account of their assessment of companies climate risk, transition plans and progress on alignment. Our active equity investment teams (excluding SmartGARP) have been developing their engagement strategies to take account of their assessment of companies' climate risk, transition plans and progress on alignment. Some examples of our voting and engagement activities during 2024 relating to greenhouse gas emissions include: • In March 2024 we met with the management of Eagle Materials Inc. We continued discussions from the previous year with the company on its efforts to reduce emissions. The company is working with the U.S. Department of Energy around potential carbon sequestration technologies and is deploying initiatives to reduce emissions in the near term. These include shifting production to portland limestone cement, using low carbon supplementary cementitious material and increasing use of alternative fuels. The sector is one of the hardest to decarbonise and the company acknowledged that more work is needed. Engagement is ongoing. • In December 2024 we met with Seaspan Corporation to discuss the company's progress on its decarbonisation strategy. We discussed the company's progress on various initiatives that research, and aim to accelerate the deployment of decarbonisation levers, such as alternative fuels, and the roll out of lower-emission LNG vessels. Engagement is ongoing. • During 2024, we engaged with Constellation Energy Corporation on its climate commitments and its transition roadmap. We requested that the company explains its strategy to deliver on its targets, and its performance against these targets. The company's disclosure has improved but there are further areas for improvement. Engagement is ongoing.
3. GHG intensity of investee companies	GHG intensity of investee companies	686.4	769.5	783.2	The portfolio's weighted average of its holding issuers' GHG Intensity (Scope 1, Scope 2 and estimated Scope 3 GHG emissions/EUR million revenue).	
4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	6.0%	6.8%	10.8%	The percentage of the portfolio's market value exposed to issuers with fossil fuels related activities, including exploration, extraction, mining, storage, distribution and trading of oil and gas, production and distribution of thermal coal, and production, distribution, storage, and reserves of metallurgical coal, rebalanced by the sub-portfolio of corporate holdings.	
5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	68.2%	66.8%	72.1%	The portfolio's weighted average of issuers' energy consumption and/or production from non-renewable sources as a percentage of total energy used and/or generated.	
6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	0.0	0.3	0.5	The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code A (Agriculture, Forestry and Fishing).	
		3.2	0.6	1.6	The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code B (Mining and Quarrying).	
		0.4	0.6	0.6	The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code C (Manufacturing).	

Adverse sustainability indicator		Metric	Impact (2024)	(2023)	(2022)	Explanation	Actions taken, and actions planned and targets set for the next reference period
			5.8	2.1	5.2	The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code D (Electricity, Gas, Steam and Air Conditioning Supply).	• During the year we initiated an engagement with Hilton Worldwide Inc, a global hospitality company, on its decarbonisation plans and remuneration disclosure. Hilton's ESG reporting is comprehensive across several sustainability topics, and includes granular detail on the company's emissions reduction roadmap, which includes operations, energy efficiency, renewable power procurement, retrofitting and electrification, on-site renewable power generation and offsets. We discussed the role that renewable power procurement and on-site generation play in the company's decarbonisation strategy and the challenges which hold up adoption, such as onsite solar generation requiring new roofs and long wait times on power procurement agreements. As such, in the shorter term, energy efficiency is a key focus. • In June 2024, we engaged with Eicher Motors Ltd and asked the company to set decarbonisation targets to which the company confirmed that it is working towards getting SBTi approved decarbonisation targets and working towards their decarbonisation strategy. It acknowledged that the majority of its emissions are scope 3 and confirmed that it is working to publish these emissions. Engagement is ongoing. **Collaboration** Given Artemis' relative size, we can improve our ability to make a material impact by joining industry initiatives and collaborative engagements. In addition to being a signatory to NZAMi, we are a member of: • the Institutional Investors Group on Climate Change (IIGCC), which works with business, policy makers and fellow investors to help define investment practices, policies and corporate behaviours required to address climate change; and • Climate Action 100+ (CA100+), which is an international coalition of investors working to ensure the world's largest corporate greenhouse gas emitters take necessary action to halt climate change. Through IIGCC and the work of the Proxy Advisor Working Group, we have worked with ISS to review additional options for custom voting policies based on fund manager feedback and developments in best practice. In 2024, we included additional criteria on climate change.
			0.3	0.2	0.7	The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code E (Water Supply; Sewerage, Waste Management and Remediation Activities).	
			0.2	0.1	0.2	The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code F (Construction).	
			0.7	0.1	0.1	The fund's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code G (Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles).	
			2.4	1.9	1.5	The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code H (Transportation and Storage).	
			0.1	0.2	0.2	The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code L (Real Estate Activities).	

Adverse sustainability indicator		Metric	Impact (2024)	(2023)	(2022)	Explanation	Actions taken, and actions planned and targets set for the next reference period
Biodiversity	**7. Activities negatively affecting biodiversity-sensitive areas**	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	10.3%	12.5%	0.0%	The percentage of the portfolio's market value exposed to issuers' that either have operations located in or near biodiversity sensitive areas, are assessed to potentially negatively affect local biodiversity, and have no impact assessment; or they are involved in controversies with severe impact on local biodiversity, rebalanced by the sub-portfolio of corporate holdings.	We monitor controversies which may have a significant impact on the environment as part of our broader investment analysis. Such controversies would include those relating to negative biodiversity impacts. **Engagement and voting** In a meeting with Seaspan in December 2024, we discussed measures taken by the company to minimise the impact of its ships on ocean ecosystems and species. We discussed the company's targets including zero significant non-contained oil spills (annually) and a 5% annual reduction in plastic waste discharged onshore from ships. The company has also taken measures to minimise threat when moving through biodiversity-sensitive waters such as having underwater noise limits, avoiding idling in sensitive areas and using AI thermal cameras on most vessels to detect species in the water and avoid collisions. We will check the company's progress in the next ESG report and follow up accordingly. We once again supported a shareholder resolution on the management and reduction of plastic use at e-commerce company, Amazon. We believe that shareholders would benefit from additional information on how Amazon is managing risks related to the creation of plastic waste. **Collaboration** In April 2024, we signed the Finance Statement on Plastic Pollution prepared by The UNEP Finance Initiative (UNEP FI), the Principles for Responsible Investment (PRI), the Finance for Biodiversity Foundation, the Business Coalition for a Global Plastics Treaty, the Dutch Association of Investors for Sustainable Development (VBDO) and CDP. We signed the Statement to demonstrate support from the financial sector for an instrument to end plastic pollution and to set out what a robust agreement would include from the perspective of the financial industry.
Water	**8. Emissions to water**	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0.0[2]	0.6	0.0	The total annual wastewater discharged (metric tons reported) into surface waters as a result of industrial or manufacturing activities associated with 1 million EUR invested in the portfolio. Companies' water emissions are apportioned across all outstanding shares and bonds (based on the most recently available enterprise value including cash).	Current data availability relating to emissions to water from investee companies is very low due to a variety of reasons, including companies not subject to disclosure requirements and lack of relevance to some sectors. Our average coverage for this metric is 1.2%, which we believe is too low for this datapoint to be reliable. For all of our funds, we monitor controversies which may have a severe impact on the environment as part of our broader investment analysis, and such controversies would include those relating to negative water emissions impacts. In May 2024, we engaged with Anglo American Plc to discuss the company's strategy related to climate, biodiversity and water. More than 70% of the company's asset portfolio is located in water stressed regions, so we were pleased to hear that it is on track to meeting its target to reduce the withdrawal of freshwater by 50% in these areas by 2030. The company explained how managing water challenges in locations such as Chile, where freshwater is not used in operations, has reduced costs and provided wider benefits to local communities, such as desalinated water being swapped for wastewater. We will continue to monitor the company's progress.

[2] The data coverage for this metric was 1.2% of the portfolio, as few companies report this data in the format set out in this PAI metric. The aggregation methodology used for this metric is a normalised investor allocation, meaning that companies for which there is no data available have been excluded and the remaining portfolio (ie 1.2%) has been rebased to 100%. The disclosed metric therefore represents data for 1.2% of the portfolio and should be considered in the context of this limited data coverage.

Adverse sustainability indicator		Metric	Impact (2024)	Impact (2023)	Impact (2022)	Explanation	Actions taken, and actions planned and targets set for the next reference period
Waste	**9. Hazardous waste and radioactive waste ratio**	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	4.1[3]	3.3	3.9	The total annual hazardous waste (metric tons reported) associated with 1 million EUR invested in the portfolio. Companies' hazardous waste is apportioned across all outstanding shares and bonds (based on the most recently available enterprise value including cash).	Current data availability relating to hazardous waste and radioactive waste from investee companies is low due to a variety of reasons, including companies not subject to disclosure requirements and lack of relevance to some sectors. For all of our funds, we monitor controversies which may have a severe impact on the environment as part of our broader investment analysis, and such controversies would include those relating to negative hazardous waste impacts. During 2024, Artemis funds held positions in The AZEK Co Inc which manufactures environmentally sustainable outdoor living products. The company uses predominantly recycled products to provide long lasting and eco-friendly solutions to consumers which it claims keeps hundreds of millions of pounds of waste and scrap materials out of landfill every year. AZEK is also the largest vertically integrated recycler of PVC plastic in the US. It collects scraps from job sites, brings these to the recycling plants, sorts and processes the PVC and then supplies recycled material back to AZEK's manufacturing plants for reuse across multiple product lines. During 2024, Artemis funds also held positions in Clean Harbors, a leading provider of environmental and industrial services. Its customer base spans a number of industries, including chemical and manufacturing, with services including end-to-end hazardous waste management, emergency spill response, industrial cleaning and maintenance, and recycling services. The business is therefore focused on the provision of solutions which protect and restore the natural environment. We engaged with the company during 2024 to discuss developments in the sustainability strategy, acknowledging progress such as setting a quantified recycling target. We followed up requesting further disclosure in next year's report, including a breakdown of waste categories for this target. We will continue to monitor progress.

[3] The data coverage for this metric was only 25.8% of the portfolio, as few companies report this data in the format set out in this PAI metric. The aggregation methodology used for this metric is a normalised investor allocation, meaning that companies for which there is no data available have been excluded and the remaining portfolio has been rebased to 100%. The disclosed metric therefore represents data for only 25.8% of the portfolio and should be considered in the context of this limited data coverage.

Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters

Adverse sustainability indicator		Metric	Impact			Explanation	Actions taken, and actions planned and targets set for the next reference period
			(2024)	(2023)	(2022)		
Social and employee matters	**10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises**	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0.0%	0.0%	0.1%	The percentage of the portfolio's market value exposed to issuers that fail to align with the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises based on MSCI ESG Research methodology, rebalanced by the subportfolio of corporate holdings.	We monitor exposure to investee companies with severe controversies related to the company's operations and/or products for all our funds. This includes violations of the UN Global Compact principles and OECD Guidelines for Multinational Enterprises. Some of our funds implement permanent exclusions which prevent them from investing in companies which we deem to be in breach of the UN Global Compact principles. Further details of the specific exclusions for each fund can be found in the relevant prospectus and the annual reports for these funds.
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/ complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0.6%	0.2%[4]	72.8%	The percentage of the portfolio's market value exposed to issuers that do not have at least one policy covering some of the UNGC principles or OECD Guidelines for Multinational Enterprises (e.g. human rights, labor due diligence, or anti-bribery policy) and either a monitoring system evaluating compliance with such policy or a grievance/complaints handling mechanism, rebalanced by the subportfolio of corporate holdings.	
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	6.6%[5]	6.6%	7.9%	The portfolio holdings' weighted average of the difference between the average gross hourly earnings of male and female employees, as a percentage of male gross earnings. *(A positive % figure for unadjusted gender pay gap indicates that female employees have lower pay than employees and a negative % figure indicates that male employees have lower pay than female employees.)*	Some examples of our voting on gender pay gap and diversity matters in 2024 include: • We voted against the re-election of a director at Davide Campari-Milano N.V. because there was a lack of gender diversity on the Board. • We abstained on the election of a director at Weatherford International Plc due to there being a lack of diversity on the Board. • We supported a shareholder resolution at the AGM of Marriott International, Inc asking the company to report on pay equity. The resolution received a noticeable support of 20.4%. • We supported a shareholder resolution at the AGM of Apple Inc, asking the company to report on pay equity. The resolution received noticeable support of 31%.
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	32.4%	33.3%	32.4%	The portfolio holdings' weighted average of the percentage of female board members to total board members.	

[4] Although PAI 11 (lack of processes to monitor compliance with UNGC and OECD) has improved significantly from 73% in 2022 to 0.2% in 2023, this is driven primarily by an updated methodology by MSCI for calculating this metric. Therefore, the year-on-year metrics for this PAI are not comparable.

[5] The data coverage for this metric was only 19.2% of the portfolio, as few companies report this data in the format set out in this PAI metric. The aggregation methodology used for this metric is a normalised weighted average, meaning that companies for which there is no data available have been excluded and the remaining portfolio has been rebased to 100%. The disclosed metric therefore represents data for only 19.2% of the portfolio and should be considered in the context of this limited data coverage.

Adverse sustainability indicator		Metric	Impact (2024)	Impact (2023)	Impact (2022)	Explanation	Actions taken, and actions planned and targets set for the next reference period
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0.0%	0.0%	0.0%	The percentage of the portfolio's market value exposed to issuers with an industry tie to landmines, cluster munitions, chemical weapons or biological weapons. Note: Industry ties includes ownership, manufacturing and investments. Ties to landmines do not include related safety products.	Artemis supports the aims of the international conventions on cluster munitions and anti-personnel mines and will not knowingly invest in companies which produce these weapons. In 2024 we implemented extensions to the scope of our firmwide weapons exclusions.
Indicators applicable to investments in sovereigns and supranationals							
Environmental	**15. GHG intensity**	GHG intensity of investee countries	183.8	223.2	273.6	The portfolio's weighted average of sovereign issuers' GHG Emissions Intensity (Scope 1, 2 and 3 emissions/EUR M GDP).	The funds covered by the scope of this PAI statement primarily invest in corporate equities or bonds and do not generally invest in sovereigns or supranationals. The impact shown relates to holdings of US Treasuries and UK gilts representing on average 1% of the consolidated portfolio. We are happy to share that our GHG intensity of sovereign issuers has improved year on year.
Social	**16. Investee countries subject to social violations**	Number of investee countries subject to social violations (absolute number), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	0.0%	0.0%	0.0%	The portfolio's number of unique sovereign issuers with European External Action Service (EEAS) restrictive measures (sanctions) on imports and exports.	
Indicators applicable to investments in real estate assets							
Fossil fuels	**17. Exposure to fossil fuels through real estate assets**	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	N/A	N/A	N/A	N/A	N/A
Energy efficiency	**18. Exposure to energy-inefficient real estate assets**	Share of investments in energy-inefficient real estate assets	N/A	N/A	N/A	N/A	N/A

Adverse sustainability indicator		Metric	Impact (2024)	Impact (2023)	Impact (2022)	Explanation	Actions taken, and actions planned and targets set for the next reference period
Additional climate and other environmental-related Indicators							
Emissions	**2.4. Investments in companies without carbon emission reduction initiatives**	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	49.3%	50.2%	31.0%	The percentage of the portfolio's market value exposed to issuers without a carbon emissions reduction target aligned with the Paris Agreement.	Please see responses above to PAIs 1-6 relating to our actions with regard to greenhouse gas emissions.
Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters							
Human Rights	**3.9. Lack of a human rights policy**	Share of investments in entities without a human rights policy	6.8%	5.7%	17.9%	The percentage of the portfolio's market value exposed to issuers without a formal human rights policy.	Analysis of any material human rights related issues forms an integral part of our ESG analysis in our investment process. For all our funds, we monitor whether a company has a notable controversy related to its business and the severity of any environmental or social impact of such controversy, including those relating to human rights. **Engagement** • We engaged with On Holding during 2024, asking the company to disclose high level supply chain due diligence assessments and associated mitigation measures, alongside disclosure of the results of supply chain audits and to implement grievance mechanism channels for both internal and external stakeholders. Engagement is ongoing. **Collaboration** • As disclosed in our last report, we are supporting investors in CCLA's Find it, Fix it, Prevent it initiative (FIFIPI) - an investor led, multi stakeholder project involving investors, academics and non-governmental organisations aimed at making the corporate response to modern slavery more effective.

Description of policies to identify and prioritise principal adverse impacts of investment decisions on sustainability factors

Governance structure

The Artemis Management Committee has ultimate responsibility for establishing the firm's strategy, culture, values and standards and ensuring that risk is managed effectively. The Artemis Executive Committee has been established by the Management Committee to implement Artemis' strategy and governance structure and to manage the day-to-day operations of the firm. The members of the Executive Committee are the senior management team of Artemis. The Executive Committee generally meets on a monthly basis. The Executive Committee has delegated responsibility for certain matters to various functional committees with a more focused mandate. Of these delegated committees, the ones which integrate sustainability-related matters into their broader functional responsibilities are summarised below.

The Investment Committee is responsible for oversight of those sustainability matters which relate to our investment activities and our funds, such as monitoring investment risks (including sustainability-related risks) in our portfolios and to review and approve sustainability policies which have a direct impact at fund level. The Investment Committee meets every month and includes senior representatives from multiple functions. It is chaired by our Chief Investment Officer.

The Risk and Compliance Committee is responsible for the oversight of the risk management policies and practices, including sustainability-related risks, and the oversight of the operation of our risk management framework. The Risk and Compliance Committee meets every month and includes senior representatives from multiple functions. It is chaired by our Chief Risk Officer.

This annual Principal Adverse Impact Statement for 2024 was approved under the authority of the Executive Committee on the 29th of May 2025.

Methodology to identify and prioritise principal adverse impacts

SFDR defines sustainability factors as *environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.* It further describes principal adverse *impacts as those impacts of investment decisions that result in negative effects on sustainability factors.* The RTS to SFDR provide a list of specific mandatory and optional metrics (the **"principal adverse impact"** or **"PAI"** metrics) that can be used to measure the potential negative impact of investment decisions on sustainability factors.

Principal adverse impacts are considered by Artemis for all funds which fall within the scope of Article 8 or Article 9 of SFDR, i.e. funds that either promote environmental or social characteristics or have a sustainable investment objective. For funds that do not promote environmental or social characteristics and do not have a sustainable investment objective under SFDR, Artemis does not commit to considering principal adverse impacts in the investment process, although ESG analysis and integration is part of the broader investment process for all our funds.

The 18 mandatory principal adverse impacts listed in Table 1 of Annex 1 of the RTS to SFDR are considered by all Article 8 and Article 9 funds, as applicable and subject to data availability. In addition, Artemis has selected the following optional principal adverse impacts from Table 2 and Table 3 of Annex 1 of the RTS:

- *Additional environment-related indicator: Investments in companies without carbon emission reduction initiatives.*
- *Additional social indicator: lack of a human rights policy.*

These optional principal adverse impact metrics have been selected based on the consideration of a variety of factors, including data availability, relevance and materiality to our investment strategies, and alignment with Artemis' ESG priorities as a firm. All our current funds which are within the scope of Article 8 of SFDR consider carbon transition related factors for their investee companies. We have therefore selected the optional indicator relating to whether companies have a carbon emission reduction initiative aimed at aligning with the Paris Agreement due to its direct relevance to carbon transition characteristics of investee companies. For our optional social indicator, we have selected to look at whether our investee companies have a human rights policy as we believe that this is a factor which has universal relevance across our investment strategies, including across different geographies and asset classes. In both cases, the choice of optional PAIs has to a large extent been influenced by the availability of underlying disclosures by companies and the data which is available through our third-party data vendors. We will continue to monitor the availability of PAI data for other optional indicators and may decide to add additional optional indicators in the future if and when we consider this to be appropriate and relevant to funds and assets managed by Artemis.

The firm-wide governance of sustainability at Artemis has been outlined above. However, it is the responsibility of the investment teams to effectively integrate sustainability factors, including principal adverse impact assessments, into their investment processes in accordance with their investment strategies given that our investment managers have ultimate discretion on individual investment decisions. Depending on the specific fund strategy, a range of actions may be taken in order to manage and mitigate principal adverse impacts, including permanent exclusions which prevent investment in certain activities deemed to be environmentally or socially harmful, monitoring of controversies related to environmental or social issues, and stewardship activities such as voting and engagement. As an active owner, Artemis has a strong platform for engagement with our investee companies, which is an important tool for us to try to exert positive influence on key sustainability issues and encourage investee companies to improve performance on their principal adverse impact metrics.

Consideration of principal adverse impacts is prioritised on a case-by-case basis and can vary across funds depending on the investment strategy, asset class and geographic focus of individual funds and strategies. Investment teams will prioritise principal adverse impacts in accordance with the particular sustainable characteristics or objectives of the fund and taking into account the size and time horizon of the investment. Company specific sustainability analysis will also vary depending on what is considered material to the investment case for an individual investment, as well as the availability of data for that company.

It is worth noting that there are significantly lower levels of PAI data coverage for certain asset classes such as fixed income, and for some geographies such as emerging markets, which impacts the extent to which fund managers can incorporate PAI analysis into their overall investment process for these strategies. As more companies start to disclose PAI metrics, we expect that data quality and coverage will improve over time.

At fund level, our Article 8 funds also implement fund-level exclusions which prevent investment in activities which the investment manager deems to be environmentally or socially harmful, such as thermal coal, tobacco or companies deemed to be in breach of the United Nations Global Compact. These fund-level exclusions are different for each fund and further details of the specific exclusions for each fund can be found in the relevant prospectus and the annual reports for these funds. In addition, Artemis implements a firm-wide exclusion for all funds which prevents investments in certain controversial weapons.

When evaluating principal adverse impacts, investment teams will consider these factors as part of their broader investment analysis, alongside financial and other factors relevant to the investment. During 2024 we developed ESG data dashboards to faciliate the consideration and integration of ESG factors into investment decision making. Please note that the presence of an actual or potential principal adverse impact does not in itself necessarily preclude investment in a company but rather helps investment teams to assess the overall risk profile of a company as part of their investment analysis. It may also help investment teams and our Stewardship team to identify areas for ongoing monitoring and engagement with the companies in which they are invested.

Data sources

The consideration of principal adverse impacts in our investment analysis is subject to data availability and quality.

In light of Artemis' relative size and relatively limited in-house resources, we rely primarily on ESG data from third-party providers. We may rely on our third-party data providers to collect and aggregate company-reported data and also use proxy data or estimations provided by third-party data providers.

We currently source data which may be relevant to principal adverse impact metrics from MSCI, Truvalue Labs, Bloomberg, ISS, as well as publicly available research and data from other organisations such as NGOs, research institutes and industry-wide initiatives. We may use additional specialist data providers from time to time, as well as sell-side research and data gathered from our own investment research and engagement. ESG data is a fast-evolving area and we will continue to undertake periodic reviews of our third-party data providers and keep abreast of new data-sets, tools and services which may become available in the market.

Although we use a range of data providers for our broader assessment of sustainability and principal adverse impacts of our investments in our investment processes, for the purposes of regulatory reporting of the quantitative principal adverse impacts under SFDR as set out in this report, Artemis has decided to use a single third-party data provider (MSCI) to source the underlying data to ensure that there is consistency and transparency around the methodologies and data-points which are being used for the PAI calculations. The methodologies, estimations and proxies used by different data providers can differ significantly, and we believe that there is an increased risk of confusion if we use different data sources from different data providers for the reported principal adverse impact metrics, as this could make it more difficult for our clients to understand, compare and benchmark our disclosures. Given that one of the underlying regulatory objectives of SFDR is to facilitate transparency and comparability of ESG disclosures, we believe this to be the right approach to further this aim. We will monitor industry developments in this regard and ensure that we continue to evolve our approach to meet emerging best practice.

Our primary third-party data vendor, MSCI, conducts automated and manual quality checks to address key aspects of data consistency and data accuracy and data that does not meet the quality standards is subject to further review and correction. MSCI uses the following sources to collect company-reported data:

- Company direct disclosure: sustainability reports, annual reports, regulatory filings, and company websites.
- Company indirect disclosure: government agency published data, industry and trade associations data and third-party financial data providers.
- Direct communication with companies.

Despite continuing improvements in ESG data availability in the market, the quality and availability of data for many of the mandatory and optional principal adverse impacts remains limited and may constrain our ability to incorporate these metrics into our investment analysis. This data availability and quality issue is especially acute for fixed income issuers, for smaller companies and for companies in emerging markets. We expect data coverage levels to improve as more companies start to disclose their ESG metrics over time, which we hope will in turn improve the quality of our firm-level disclosures on these metrics in future years. We also recognise that there may remain potential sources of error in our assessment and reporting of principal adverse impacts, for example due to poor quality or inconsistent data, errors in aggregation methodologies or IT system errors. In particular, as described above, we rely primarily on MSCI as a third-party data provider for our reported principal adverse impact metrics, including for company-reported metrics.

Third parties, including MSCI, whose data may be included in this document do not accept any liability for errors or omissions. For further information, please visit www.artemisfunds.com/third-party-data.

Any research and analysis in this communication has been obtained by Artemis for its own use. Although this communication is based on sources of information that Artemis believes to be reliable, no guarantee is given as to its accuracy or completeness.

Engagement policies

As long term, active investors, engaging with companies is an integral part of how Artemis manages our clients' assets. It is one of the principal means by which we develop our understanding of companies, raise issues with management and monitor subsequent developments. Because of the way we invest, much of our engagement is based on developing long-term relationships with the companies we hold in order to build a detailed picture of management, risks, opportunities and strategy.

Engagement with investee companies helps us to both identify potential principal adverse impacts of our investments in the first instance, and to monitor and mitigate any potential or actual principal adverse impacts on an ongoing basis. As an active manager, Artemis has a strong platform for engagement with our investee companies which is an important tool for us to try to exert positive influence on key sustainability issues and encourage investee companies to improve performance on their principal adverse impact metrics.

Artemis has adopted an engagement policy which is reviewed on at least an annual basis or more frequently if required. As part of the review process, the Stewardship team will recommend amendments or enhancements to the Investment Committee for discussion and subsequently for review and approval before any changes are implemented. The engagement policy sets out our approach to engagement with investee companies and associated record-keeping, including our approach to escalating our activities, collaborative engagement and evaluating our engagement. A full copy of our Engagement Policy is available on our website.

The engagement policy applies to all our investment strategies where engagement with companies forms a key part of the investment process. The exception is our quantitative-based investment strategies which use SmartGARP®, Artemis' in-house proprietary, quantitative model. Meeting management does not form part of these investment strategies, although these strategies do vote.

The table in the section above titled *Description of the principal adverse impacts on sustainability factors* includes details of specific engagement activities undertaken during the reference period.

References to international standards

Artemis adheres to various responsible business conduct codes, governance principles and best practices and internationally recognised standards which are summarised below. Our assessment of principal adverse impacts of investee companies incorporates consideration of these and other international standards and conventions. The data used to measure the adherence of our investee companies with these standards is sourced from third party data providers and integrated into our overall sustainability assessment for each investment strategy as appropriate.

The Paris Agreement and the Net Zero Asset Managers initiative (NZAMi)

The Net Zero Asset Managers initiative is an international group of asset managers committed to supporting the goal of net zero GHG emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5 degrees Celsius. Artemis became a signatory to NZAMi in 2021. The NZAMi commitment sets out a range of actions for asset managers such as corporate engagement, stewardship, policy advocacy and engaging with clients in addition to setting targets.

UN Principles for Responsible Investment

The Principles for Responsible Investment (PRI) works to support the understanding of the investment implications of ESG factors and its members efforts to incorporate these factors into investment and ownership decision making. We became a signatory in 2015.

IFRS Sustainability Alliance

We became members of the SASB Alliance in 2019, to help businesses around the world identify, manage and report on the sustainability topics that matter most to investors. The SASB standards are now consolidated under the IFRS Foundation and incorporated into the new International Sustainability Standards Board (ISSB) standards.

Climate Action 100+

Using collaborative corporate engagement, Climate Action 100+ (CA100+) aims to ensure the world's largest corporate GHG emitters take the necessary action on climate change. The members of the initiative are asking companies to implement a strong governance framework, take action to reduce GHG emissions across the value chain consistent with the Paris Agreement's climate goals, and to provide information on transition plans. The work is co-ordinated by five investor networks.

Taskforce on Climate-Related Financial Disclosures (TCFD)

TCFD sets out a global framework designed to provide consistent and transparent climate-related reporting for companies, investors and global markets generally. Artemis has published annual Entity-Level and Product-Level TCFD reports which aim to provide clients with transparency on climate-related information for our business operations and for the investments we manage.

Institutional Investors Group on Climate Change (IIGCC)

In 2021, Artemis became a member of the Institutional Investors Group on Climate Change (IIGCC), which works with business, policy makers and fellow investors to help define the investment practices, policies and corporate behaviours required to address climate change. In 2023 we joined the Net Zero Engagement Initiative which is coordinated by IIGCC and aims to scale and accelerate climate-related corporate engagement by expanding the universe of companies beyond the Climate Action 100+ focus list.

UK Stewardship Code

Artemis is a signatory to the UK Stewardship Code and we publish an annual report on how we implement the Code's twelve principles. We're awaiting the outcome of our 2024 submission but Artemis has achieved UK Stewardship Code signatory status for 2023, 2022, 2021, and 2020 Stewardship reports.

Historical comparison

This is our third year of reporting on entity-level PAI metrics. The PAI metrics for 2022, 2023 and 2024 are provided in the table above and a historical comparison of PAI metrics is set out below, along with any relevant changes in calculation methodologies.

PAI 1 to 6 and 15: Greenhouse gas emissions
Our absolute GHG emissions have increased primarily due to an increase in assets under management ("AUM"), between 2023 to 2024. Our GHG intensity metrics, namely carbon footprint and intensity, have reduced year-on-year and therefore improved. Our overall exposure to the fossil fuel sector has also reduced and therefore improved. Our share of non-renewable energy consumption and production has slightly increased, and therefore deteriorated, by 2% for 2024. Our investments in companies without carbon emission reduction initiatives has slightly decreased, and therefore improved, from 50.2% to 49.3%.

It should be noted that there are various external factors which may impact the comparability of PAI metrics. As these metrics represent an aggregate of multiple portfolios, they are affected by factors which may not be directly related to underlying investee company-level progress on PAI metrics. These factors must be considered when analysing individual metrics and can mean that the annual metrics may not be directly comparable on a like-for-like basis. These include, but are not limited to, changes to overall AUM, market valuation and inflation, sector exposure, geographic exposure, portfolio composition, portfolio turnover, as well as increases or reductions in greenhouse gas emissions of investee companies.

PAI 7: Biodiversity

The metric for 'activities negatively affecting biodiversity-sensitive areas' (PAI 7) has reduced and therefore improved from 12.5% in 2023, to 10.3% in 2024.

PAI 8: Water
The metric for 'emissions to water' (PAI 8) has reduced and therefore improved from 0.6 tonnes/mEUR in 2023 to 0.0 tonnes/mEUR in 2022. Please note the data coverage for this metric is 1.2% and therefore not a reliable output.

PAI 9: Waste
The metric for 'hazardous waste ratio' (PAI 9) has increased, and therefore deteriorated, from 3.9 to 4.1 tonnes/mEUR in 2024.

PAI 10 to 14: Social and employee matters
Our PAI metrics relating to social and employee matters (PAIs 10 to 14) remain largely unchanged from 2023 to 2024. Our exposure to controversial weapons and violations of UNGC and OECD have both remained at 0%, due mostly to our fund-level exclusion policies. Unadjusted gender pay gap remains at 6.6%. PAI 11, (Lack of processes to monitor compliance with UNGC and OECD), remains largely unchanged from 0.2% in 2023 to 0.6% in 2024.

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