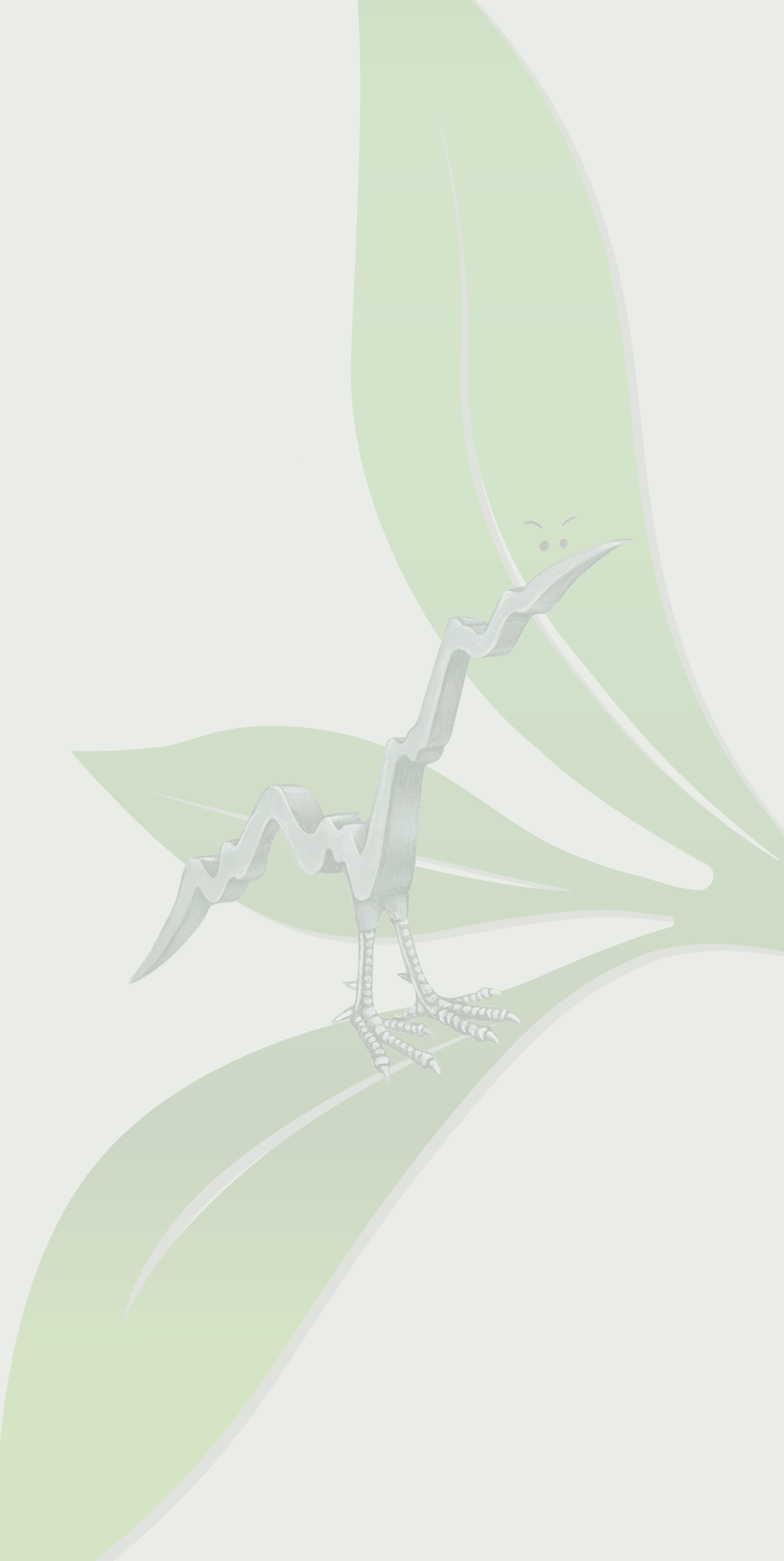


Principal Adverse Impacts Statement

Statement on principal adverse impacts of investment decisions on sustainability factors

Publication date: 30 June 2023

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 2022 to 31 December 2022.

The information below applies at a firm 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 (2022)**
Greenhouse gas emissions	Scope 1 GHG emissions	Mandatory	75,986
	Scope 2 GHG emissions	Mandatory	16,505
	Scope 3 GHG emissions	Mandatory	659,089
	Total GHG emissions	Mandatory	751,506
	Carbon footprint	Mandatory	434.7
	GHG intensity of investee companies	Mandatory	783.2
	Exposure to companies active in the fossil fuel sector	Mandatory	10.8%
	Share of non-renewable energy consumption and production	Mandatory	72.1%
	Energy consumption intensity per high impact climate sector	Mandatory	NACE Code A: 0.5 NACE Code B: 1.6 NACE Code C: 0.6 NACE Code D: 5.2 NACE Code E: 0.7 NACE Code F: 0.2 NACE Code G: 0.1 NACE Code H: 1.5 NACE Code L: 0.2

	Adverse sustainability indicator	Mandatory/Optional	Impact (2022)
Biodiversity	Activities negatively affecting biodiversity-sensitive areas	Mandatory	0.0%
Water	Emissions to water	Mandatory	0.0
Waste	Hazardous waste and radioactive waste ratio	Mandatory	3.9
Social and employee matters	Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Mandatory	0.1%
	Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Mandatory	72.8%
	Unadjusted gender pay gap	Mandatory	7.9%
	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	273.6
Social	Investee countries subject to social violations	Mandatory	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	31.0%
Additional social indicator(s)			
Human Rights	Lack of a human rights policy	Optional	17.9%

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 (2022)**	**Impact (2021)**	**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	75,986	N/A	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 ESG analysis and integration in our investment processes. Specific example of actions taken in 2022 are set out below, as well as details of planned actions and our work on target-setting. **Net Zero Asset Managers initiative (NZAMi)** Artemis became a signatory to NZAMi in October 2021. NZAMi is an international group of asset managers committed to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner. As a signatory, we have committed to work in partnership with our investee companies on decarbonisation goals, consistent with an ambition to reach net zero emissions by 2050 or sooner across all of Artemis' AuM. During 2022, we approved our initial objectives and targets in line with the NZAMi commitment statement. We have set an interim target for assets in scope of 80% of our total AuM, with an intention to review this every 5 years and gradually increase this to 100% of AuM by 2050. For our in-scope AuM, we have set an interim target to reduce carbon intensity (across scope 1 and scope 2 emissions) by 50% by 2030, as measured from a baseline level of 2019, phasing scope 3 emissions as data becomes more widely available.
		Scope 2 GHG emissions	16,505	N/A	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	659,089	N/A	Sum of portfolio companies' Scope 3 - Total Emission Estimated (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	751,506	N/A	The total annual Scope 1, Scope 2, and estimated Scope 3 GHG emissions 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).	

<table>
<tr><th colspan="2">Adverse sustainability indicator</th><th>Metric</th><th>Impact (2022)</th><th>Impact (2021)</th><th>Explanation</th><th>Actions taken, and actions planned and targets set for the next reference period</th></tr>
<tr><td rowspan="7"></td><td>2. Carbon footprint</td><td>Carbon footprint</td><td>434.7</td><td>N/A</td><td>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).</td><td rowspan="7">Furthermore, before November 2023 Artemis has committed to:
• set further targets for in-scope assets which are aligning or aligned to net zero according to with IIGCC's Net Zero Investment Framework ("NZIF");
• devise an engagement plan for direct and/or collaborative engagement with investee companies in material sectors which are key contributors to the total firm-level financed GHG emissions;
• update our voting policy in respect of our NZAMi commitments; and
• develop a policy to phase out thermal coal investment in developed markets by 2030 and in emerging markets by 2040.
Engagement and voting
As long term, active investors, engaging with companies is an integral part of how we manage our clients' assets. As part of our NZAMi commitment, our active equity investment teams (excluding SmartGARP) will be developing their engagement strategies to take account of their assessment of companies' climate risk, transition plans and progress on alignment. We have identified companies in material sectors (as defined by NZIF) and have initiated engagement independently or as part of an investor collective with a number of these companies. Over the course of 2023, we will set and publish engagement targets for companies in material sectors who are not aligned or not aligning with a net zero pathway, with the aim of encouraging these companies to make progress towards being aligned to a net zero pathway in accordance with the NZIF Implementation Guide. We believe in engagement over divestment as the best approach for the investment management industry to support real world emissions reductions.
Some examples of our voting and engagement activities during 2022 relating to greenhouse gas emissions include:
• Supporting a shareholder resolution at ConocoPhillips to request the company to set and publish short-, medium- and long-term targets to reduce the greenhouse gas emissions of the company's operations and energy products (Scope 1, 2, and 3) consistent with the goals of the Paris Agreement. Although the resolution did not receive the requisite approval level to be passed, it did receive support from 39.4% of shareholders, sending an important signal to management that further progress is needed.</td></tr>
<tr><td>3. GHG intensity of investee companies</td><td>GHG intensity of investee companies</td><td>783.2</td><td>N/A</td><td>The portfolio's weighted average of its holding issuers' GHG Intensity (Scope 1, Scope 2 and estimated Scope 3 GHG emissions/EUR million revenue).</td></tr>
<tr><td>4. Exposure to companies active in the fossil fuel sector</td><td>Share of investments in companies active in the fossil fuel sector</td><td>10.8%</td><td>N/A</td><td>The percentage of the portfolio's market value exposed to issuers with fossil fuels related activities, including extraction, processing, storage and transportation of petroleum products, natural gas, and thermal and metallurgical coal.</td></tr>
<tr><td>5. Share of non-renewable energy consumption and production</td><td>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</td><td>72.1%</td><td>N/A</td><td>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.</td></tr>
<tr><td rowspan="3">6. Energy consumption intensity per high impact climate sector</td><td rowspan="3">Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector</td><td>0.5</td><td>N/A</td><td>The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code A (Agriculture, Forestry and Fishing).</td></tr>
<tr><td>1.6</td><td>N/A</td><td>The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code B (Mining and Quarrying).</td></tr>
<tr><td>0.6</td><td>N/A</td><td>The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code C (Manufacturing).</td></tr>
</table>

Adverse sustainability indicator		Metric	Impact (2022)	Impact (2021)	Explanation	Actions taken, and actions planned and targets set for the next reference period
			5.2	N/A	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).	• Supporting a shareholder resolution at Tesla asking the company to report on how its lobbying aligns with the goals of the Paris Agreement and how Tesla plans to mitigate risks presented by any misalignment. The resolution received 34.3% support, an insufficient level to be approved but a strong signal to management of shareholder expectations of greater transparency and progress on climate goals. • Engaging with US food producer Archer-Daniels-Midland about its carbon footprint. The company's Chief Executive explained that the company's US milling operations are the only ones in the world to be certified as carbon neutral. The company is also allocating significant resources to researching low-carbon feedstock. In time, this could lead to aviation fuel being produced with a markedly lower carbon intensity. • Engaging with Coursera to encourage the company to make climate-related disclosures. Although Coursera is an education-tech company which does not have significant carbon emissions, we expressed our view to the company that better climate disclosures can play a key role in helping companies to attract and retain talent, as well as providing full transparency to investors on actual carbon emissions. We also communicated to Coursera the approach we expect companies to take towards net zero, recognising the different starting positions of our investee companies. Coursera now publishes Scope 1 and Scope 2 emissions. • Engaging with Veeva, a health-tech company, to encourage them to make climate-related disclosures. As with Coursera, Veeva does not have significant carbon emissions but as a people-business we believe that better disclosures are in the best interests of the company and investors. **Collaboration** Given our relative size, we can improve our ability to make a material impact by joining initiatives and partnering with others. 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+, which is an international coalition of investors working to ensure the world's largest corporate greenhouse gas emitters take necessary action to mitigate climate change.
			0.7	N/A	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	N/A	The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code F (Construction).	
			0.1	N/A	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).	
			1.5	N/A	The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code H (Transportation and Storage).	
			0.2	N/A	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 (2022)	Impact (2021)	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	0.0%	N/A	The percentage of the portfolio's market value exposed to issuers' that reported having operations in or near biodiversity sensitive areas and have been implicated in controversies with severe or very severe impacts on the environment.	We monitor controversies which may have a significant impact on the environment as part of our broader investment analysis, and such controversies would include those relating to negative biodiversity impacts. At an entity-level, Artemis is in the process of assessing the most effective role we can play as a firm with respect to the dangers posed by biodiversity- and nature-loss and expects this to become an area of focus for our stewardship team. Given the persistent nature of plastic and its toxicity, plastic pollution is a significant threat to biodiversity. During 2022, we supported a shareholder resolution at McDonald's requesting a report describing how the company will reduce its plastics use by shifting away from single-use packaging to feasibly reduce ocean pollution. A study titled Breaking the Plastic Wave by Pew Charitable Trusts concluded that without immediate and sustained new commitments throughout the plastics value chain, annual flows of plastics into oceans could nearly triple by 2040. McDonald's is part of a "to go" packaging culture, contributing to plastic pollution of land and water through its single-use plastic packaging. The non-profit proponent of the resolution contended that to reduce plastic use, McDonald's should position the company to shift permanently away from single-use packaging and towards reusable containers. Artemis supported this shareholder resolution which received support from 41.5% of McDonald's shareholders. Although insufficient votes were received to approve this resolution, we believe that the high level of support sends a clear message to McDonald's management that they must do more to address the use of plastics in their business. We also supported a shareholder resolution at Amazon requesting an annual report on plastic packaging use, including any strategies or goals to reduce the use of plastic packaging. We believe that this additional disclosure would help shareholders gauge whether the company is appropriately managing risks related to the creation of plastic waste, and thereby assess the risk of harm to the environment. This resolution received 48.9% support, insufficient for approval but considerably higher than the level of support received for the same resolution in 2021 (35.5%), sending a clear signal to management that better disclosure on plastic packaging is an issue of growing priority with shareholders.

Adverse sustainability indicator		Metric	Impact (2022)	Impact (2021)	Explanation	Actions taken, and actions planned and targets set for the next reference period
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[1]	N/A	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 specifically relating to emissions to water 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 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. We will continue to engage with companies to encourage greater disclosure relating to water emissions where this is a potential risk. During 2022, we supported a shareholder resolution at Tesla requesting regular assessment and reporting of water risk exposure. Tesla has operations in regions with medium to high risk of water stress and the proposal sought quantitative, location-specific water use information, and disclosure of company plans to reduce water-related risk. This resolution received 35.1% shareholder support, insufficient to be approved but representing a clear majority (63.7%) of Tesla's independent shareholders. We believe this sends a strong message to Tesla management that a majority of its independent shareholders are in favour of better transparency of water risk exposure and adds pressure for more progress on this issue.
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	3.9[2]	N/A	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 specifically 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 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 2022, Artemis funds held positions in Clean Harbors, a leading provider of high-tech incinerators that destroy hazardous and industrial waste using world-class air emissions control technology. Clean Harbors provides industries with a mechanism to minimise their environmental impact and is the largest hazardous waste disposal company in North America.

[1] The data coverage for this metric was less than 1% 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 less than 1%) has been rebased to 100%. The disclosed metric therefore represents data for less than 1% of the portfolio and should be considered in the context of this limited data coverage.

[2] The data coverage for this metric was only 22% 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 22% of the portfolio and should be considered in the context of this limited data coverage.

<table>
<tr><th colspan="7">Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters</th></tr>
<tr><th colspan="2">Adverse sustainability indicator</th><th>Metric</th><th>Impact (2022)</th><th>Impact (2021)</th><th>Explanation</th><th>Actions taken, and actions planned and targets set for the next reference period</th></tr>
<tr><td rowspan="4">Social and employee matters</td><td>10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises</td><td>Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises</td><td>0.1%</td><td>N/A</td><td>The percentage of the portfolio's market value exposed to issuers with very severe controversies related to the company's operations and/or products.</td><td rowspan="2">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 Artemis deems 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.

All funds which consider principal adverse impacts assess and monitor compliance with the UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises for their investee companies.</td></tr>
<tr><td>11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises</td><td>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</td><td>72.8%</td><td>N/A</td><td>The percentage of the portfolio's market value exposed to issuers that are not signatories in the UN Global Compact.</td></tr>
<tr><td>12. Unadjusted gender pay gap</td><td>Average unadjusted gender pay gap of investee companies</td><td>7.9%[3]</td><td>N/A</td><td>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 male employees and a negative % figure indicates that male employees have lower pay than female employees.)</td><td rowspan="2">Artemis' voting policy on diversity
Our engagement policy sets out our overall approach to diversity at investee companies. We will consider voting against the chairman of the nominations committee or other relevant director in the following circumstances:
• For UK FTSE 350 companies – where board gender diversity is less than 33%.
• For US, UK small-cap (including AIM), ISEQ 20 (20 largest companies listed on Euronext Dublin) – where there is no gender diversity on the board and abstain where there is only one member of the board from the under-represented gender.
• For Canada – S&P/TSX Composite Index - where board gender diversity is less than 30%. For TSX companies but not S&P/TSX Composite Index constituents where there is no gender diversity on the board.
• For European companies – where there are fewer than two members of the board from the under-represented gender or less than 30% for larger boards.
• For Japanese companies – where there is no gender diversity on the board.</td></tr>
<tr><td>13. Board gender diversity</td><td>Average ratio of female to male board members in investee companies, expressed as a percentage of all board members</td><td>32.4%</td><td>N/A</td><td>The portfolio holdings' weighted average of the ratio of female to male board members.</td></tr>
</table>

[3] The data coverage for this metric was only 14% 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 14% of the portfolio and should be considered in the context of this limited data coverage.

Adverse sustainability indicator		Metric	Impact (2022)	Impact (2021)	Explanation	Actions taken, and actions planned and targets set for the next reference period
						Engagement and voting Some examples of our engagement and voting on diversity matters in 2022 include: • We supported a resolution at Apple requesting the company reports its median pay gap across race and gender. Apple does not publish the same gender pay gap statistic for its US or global workforce which it publishes in the UK where it is mandatory to do so. The shareholder resolution received 33.6% support, insufficient for approval but a significant vote share which we hope that Apple management will take note of in their future decision-making on pay gap disclosures. • We supported a resolution at Amazon requesting the company to report on its gender and racial median pay gaps, including information on its policy and goals to reduce compensation disparities based on gender and race. Amazon reports parity for statistically adjusted gaps but does not report the unadjusted median gap, which is considered the valid way of measuring gender pay inequity by the United States Census Bureau, Department of Labor, OECD, and International Labor Organization. The resolution received 28.8% support, insufficient for approval but nevertheless a strong signal to management of shareholder expectations of better disclosures and progress on this issue.
	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%	N/A	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. During 2022, we started work to review our firm-wide exclusion screens with a view to widening the scope of weapons captured. This work is due for completion in 2023 and, when completed, will result in formalised and consistent investment restrictions within the investment objectives and policies of all of the Company's sub-funds.
Indicators applicable to investments in sovereigns and supranationals						
Environmental	**15. GHG intensity**	GHG intensity of investee countries	273.6	N/A	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 0.5% of the consolidated portfolio and the disclosed metric relates only to this portion of the portfolio.

Adverse sustainability indicator		Metric	Impact (2022)	Impact (2021)	Explanation	Actions taken, and actions planned and targets set for the next reference period
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	N/A	The portfolio's number of unique sovereign issuers with European External Action Service (EEAS) restrictive measures (sanctions) on imports and exports.	
		Number of investee countries subject to social violations (relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	0%	N/A	The portfolio's percentage 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
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
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	31.0%	N/A	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						
Adverse sustainability indicator		**Metric**	**Impact (2022)**	**Impact (2021)**	**Explanation**	**Actions taken, and actions planned and targets set for the next reference period**
Human Rights	**3.9. Lack of a human rights policy**	Share of investments in entities without a human rights policy	17.9%	N/A	The percentage of the portfolio's market value exposed to issuers without a formal human rights policy.	Analysis of 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. **Modern Slavery** Modern slavery threatens the world's social and economic fabric and is a complex and widespread issue that impacts people, communities and entire economies. On an individual human level, it is a violation of human rights. On an economic level it has far-reaching and damaging consequences within communities and global supply chains. Through Artemis' membership of the Investor Forum, we have collaborated with other asset managers to build a specialist toolkit which can be used to assess, detect and eradicate modern slavery. The clandestine nature of modern slavery and related practices mean it is often not possible to get reliable market data to inform quantitative screening. The Toolkit is designed as a step-by-step guide for investment teams to undertake due diligence on modern slavery issues within listed companies. We plan to further develop this collaborative work in 2023 and to implement use of the toolkit in our investment strategies in 2023. **Engagement and Voting** • During 2022, we supported a shareholder resolution at The Walt Disney Company requesting information on the company's human rights due diligence process to allow shareholders to better evaluate business and reputational risks inherent in cooperation with totalitarian and authoritarian regimes that violate human rights. We believe that additional information regarding policies the company has implemented to address human rights impacts in its operations would allow shareholders to better gauge how well Disney is managing human rights related risks. The resolution received 34.9% shareholder support, an insufficient level for approval but nevertheless a significant level of support which we hope sends a strong message to management of shareholder expectation of better disclosure.

Adverse sustainability indicator		Metric	Impact (2022)	Impact (2021)	Explanation	Actions taken, and actions planned and targets set for the next reference period
						• We supported a shareholder resolution at Meta Platforms requesting that Meta publish an independent third-party Human Rights Impact Assessment examining the impacts of Facebook's targeted advertising practices. Meta has received substantial media backlash over the use of its targeted advertising to discriminate against marginalized groups. Given the large amount of company revenue that comes from advertisements, a third-party human rights impact assessment on the company's policies and practices related to targeted advertising could help shareholders assess Meta's management of human rights related risks. The resolution received 23.8% support from shareholders. Although Meta's dual class stock structure allows the founder to defeat such proposals, we believe that the support of independent shareholders for such resolutions will resonate with Meta's management and keep up the pressure for more transparency and accountability. • We engaged with Proctor & Gamble to get an update on the press reports on human rights issues regarding its palm oil supplier (FGV). We were informed that they were no longer accepting any product from this supplier until they were certified that their palm oil was responsibly sourced and were working with them to improve their processes and gain certification. They were also working with their other suppliers to improve processes and reported that all their other suppliers are RSPO (Roundtable on Sustainable Palm Oil) certified. We felt this was a satisfactory response and continued to hold the shares.

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 Executive Committee implements this strategy by managing day-to-day operations and is supported in these tasks by the Sustainability Committee which was established in August 2022 as a sub-committee of the Executive Committee, overseeing matters related to sustainability.

The Sustainability Committee provides firm-wide, cross-functional oversight of the firm's approach to sustainability matters, including establishing and approving the firm's sustainability strategy in respect of the assets which are managed by the firm. The responsibilities of the Sustainability Committee include ensuring that the firm has in place appropriate arrangements to be able to meet regulatory expectations in relation to sustainability reporting and disclosures as well as any relevant legislative requirements, and monitoring adherence to these requirements, which includes the firm's obligations under SFDR. The Sustainability Committee is also tasked with reviewing the usage, accessibility, accuracy and consistency of sustainability data in use across the firm.

The Sustainability Committee generally meets on a monthly basis, with additional meetings held as necessary to deal with business demands. The Sustainability Committee has responsibility for approving the firm's entity-level Principal Adverse Impact Statement which will be published on an annual basis. The annual Principal Adverse Impact Statement for 2022 was approved under the authority of the Sustainability Committee on 23 June 2023.

Integration of sustainability risks

SFDR defines sustainability risk *as an environmental, social or governance event or condition that, if it occurs, could cause an actual or potential material negative impact on the value of the investment.* Sustainability risk is a different concept to that of principal adverse impacts under SFDR, which is described further below.

As an investment manager Artemis is a steward of clients' capital and acts in their interests to invest in companies which can create, enhance and preserve value. This involves the assessment of a broad range of factors which do, or could, have an impact on value, including those related to environmental, social and governance drivers.

At an entity-level, Artemis has adopted certain firm-wide policies relating to sustainability issues, including our Stewardship Policy, Engagement Policy and Voting Policy. These are available on our website and are reviewed and updated on an annual basis. We also publish a Stewardship Report in accordance with the UK Stewardship Code which is submitted to the Financial Reporting Council (FRC) on an annual basis and is available on our website.

At the investment fund level, it is the responsibility of each investment team to effectively manage the sustainability risks that could impact the value of the portfolios that they manage. To achieve this, Artemis' investment teams are supported by the Stewardship team who works with our investment teams to help integrate sustainability considerations into the investment processes and further those goals through stewardship activities, including engagement. Their role is to provide insight, discuss and challenge the individual sustainability approaches of each investment team.

Each of our investment teams integrate material sustainability risks into their investment decision-making process, although individual funds may have different approaches to how, and to what extent, sustainability risks are considered depending on relevance to their investment strategy and any particular sustainability-related characteristics of the fund. We seek to assess sustainability risks alongside other types of investment risks which may be financially material, such as credit or market risks. The factors which are relevant to this assessment will vary depending on the investment strategy, asset class, geographic focus, investment holding period, portfolio positioning and construction and risk tolerance of individual funds and strategies, as well as company-specific factors. The presence of actual or potential sustainability risks 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.

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 under SFDR.

The Investment Risk team, which is part of the Risk and Compliance function at Artemis, also provides oversight and challenge to the investment teams. To assist in this role, the team has developed an Investment Risk ESG dashboard which consolidates certain key ESG metrics into a risk measurement tool which is used by fund managers and for investment monitoring. The Investment Risk team also conduct quarterly risk reviews with each investment team, which includes a review of the sustainability risks which could have a negative material financial impact on a portfolio.

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 affects 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 and Article 9 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 controversial weapons, the scope of which will be widened in 2023.

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. 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 relating to principal adverse impact metrics from MSCI, Sustainalytics, 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. We recently undertook a review of data coverage provided by the major third-party data providers for the mandatory principal adverse impact metrics to ensure that we have access to the best coverage and most appropriate data-sets for our investment strategies. 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.

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 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.

Artemis has adopted an engagement policy which is reviewed and approved every year by the Sustainability Committee. 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.

As part of our NZAMi commitment, our active equity investment teams (excluding SmartGARP) will be developing their engagement strategies to take account of their assessment of companies' climate risk, transition plans and progress on alignment. Over the course of 2023, we will set and publish engagement targets for companies in material sectors who are not aligned or aligning with a net zero pathway, with the aim of encouraging these companies to make progress towards being aligned to a net zero pathway in accordance the IIGCC's Net Zero Investment Framework Implementation Guide.

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)

As a signatory to the Net Zero Asset Managers initiative, Artemis is aligned with the objectives of the Paris Agreement and committed to supporting the goal of net zero greenhouse gas emissions by 2050, in line with global efforts to limit warming to 1.5 degrees Celsius above pre-industrial levels.

The Net Zero Asset Managers initiative is an international group of asset managers committed to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner. Artemis became a signatory to NZAMi in 2021. As a signatory, we have committed to work in partnership with our investee companies on decarbonisation goals, consistent with an ambition to reach net zero emissions by 2050 or sooner across all of Artemis' AuM. We have set an interim target for assets in scope of 80% of our total AuM, with an intention to gradually increase this to 100% of AuM by 2050. Our in-scope AuM are developed market equities and all equity and fixed income assets which fall within the scope of Article 8 and Article 9 of SFDR. For our in-scope AuM, we have set an interim target to reduce carbon intensity (scope 1 and scope 2 emissions) by 50% by 2030, as measured from a baseline level of 2019, phasing scope 3 as data becomes available.

Furthermore, before November 2023 Artemis has committed to:

- set further targets for in-scope assets which are aligning or aligned to net zero;
- devise an engagement plan for direct and/or collaborative engagement with investee companies in material sectors which are key contributors to the total firm-level financed GHG emissions;
- update our voting policy in respect of our NZAMi commitments; and
- develop a policy to phase out coal investment.

Key data sources used for our analysis and commitments under NZAMi are MSCI, Transition Pathway Initiative and the Climate Action 100+.

For implementation of our NZAMi commitments, we aim to ensure that the principles we follow and the measures we use to assess progress are consistent with IIGCC's Net Zero Investment Framework (NZIF). NZIF, which was published in March 2021, provides a common set of recommended actions, metrics and methodologies through which investors can maximise their contribution to achieving global net zero global emissions by 2050 or sooner. It sets out recommended approaches to assessing alignment of individual securities or assets. The approach for a given asset class generally uses a range of asset class-specific indicators in a decision-tree that is used to determine whether a security or asset is *"committed to aligning"*, *"aligning"*, *"aligned"* or *"net zero"*. However, methodologies and frameworks are evolving quickly and we may use other approaches over time.

UN Principles for Responsible Investment

Supported by the United Nations, the Principles for Responsible Investment (PRI) rallies investors to work towards sustainable markets and so contribute to a more prosperous world for all. Artemis became a signatory to the PRI in 2015, committing to the six principles of the collective and reporting annually on responsible investment activity.

IFRS Sustainability Alliance

IFRS Sustainability Alliance is a global membership programme for sustainability standards, integrated reporting and integrated thinking and is the result of the merger of the Business Network and the SASB Alliance. Members of the IFRS Sustainability Alliance share a belief in the benefits of a coherent and comprehensive system for corporate disclosure. The Alliance provides education and resources relating to the integration of sustainability factors into investment processes, reporting best practices, sustainability standards development, global policy and ongoing academic research.

The IFRS Foundation's International Sustainability Standards Board (ISSB) has assumed responsibility for the SASB Standards. The ISSB has committed to build on the industry-based SASB Standards and leverage SASB's industry-based approach to standards development. The ISSB encourages preparers and investors to continue to use SASB Standards when considering sustainability disclosures.

Climate Action 100+

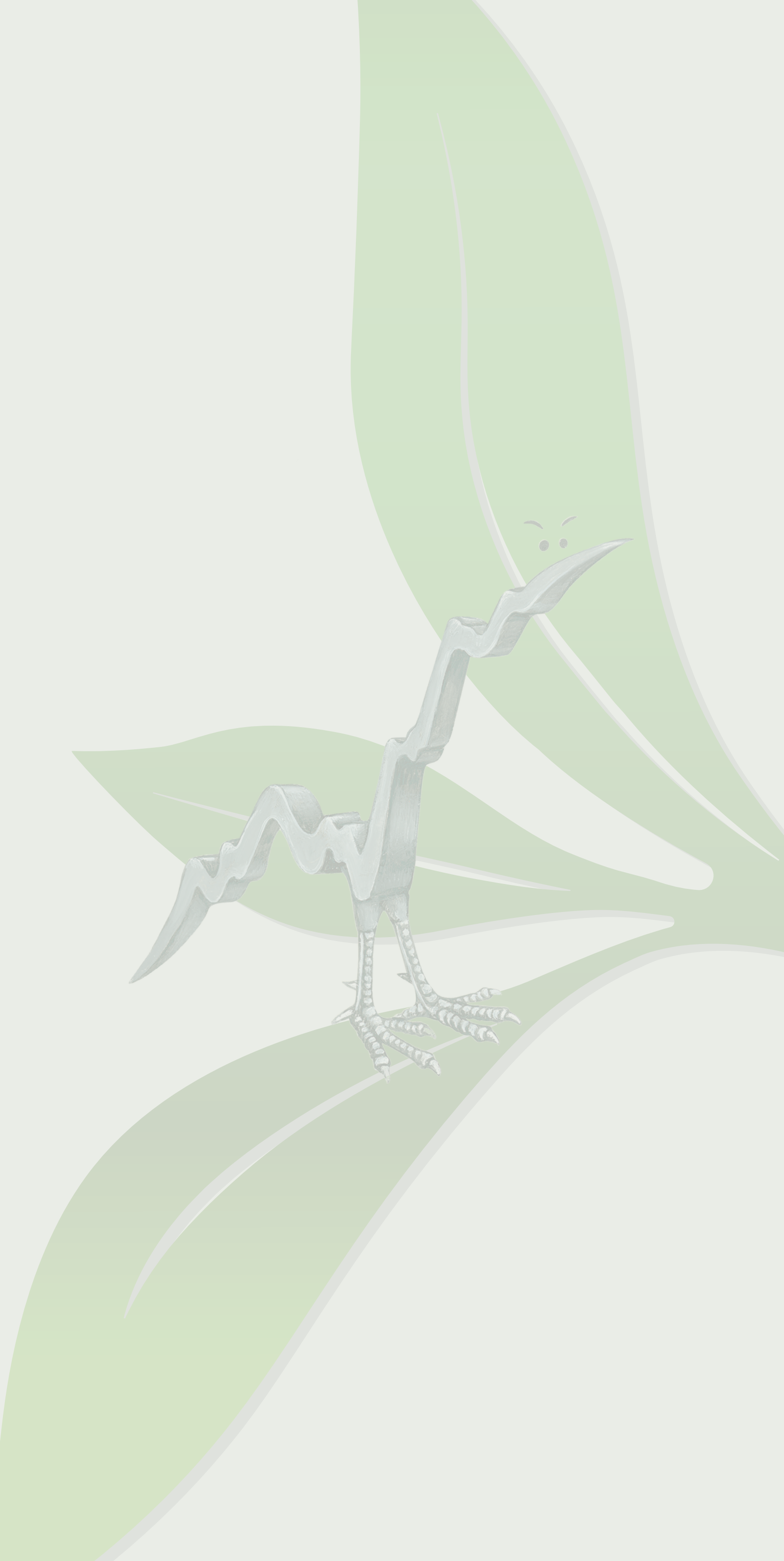
Artemis is a supporter of Climate Action 100+, which is an international coalition of investors working to ensure the world's largest corporate greenhouse gas emitters take necessary action to halt climate change.

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.

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.



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