

Invested in Sustainability

Sustainability Report 2025

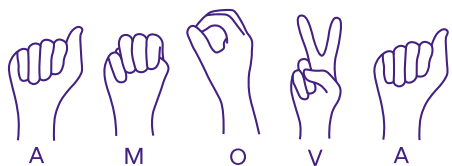


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The version of the Sustainability Report 2025 (online English version) that was available on our website from September 1 to 10, 2025 has been amended. Please visit [this link](#) for the errata.

*This report mainly covers the sustainability activities of Amova Asset Management Co. Ltd. and its consolidated subsidiaries for the period from 1st January to 31st December 2024. Where specified, certain events and data from 2025 are included.





Mission

Shaping a brighter future with our stakeholders through progressive investment solutions

Principles



Client Focus

We uphold our fiduciary duty by ensuring every action meets the highest standards of client care and ethics, prioritising our clients' best interests.



Authentic Partnership

We draw upon our rich heritage in Japan to build enduring partnerships globally, rooted in trust, transparency, and harmonious growth.



Continuous Innovation

We anticipate industry trends to drive long-term success in a dynamic market, leveraging our growing global presence and investment expertise.



Purposeful Performance

We pursue performance excellence built on responsible decision-making to create better outcomes for the well-being of all our stakeholders.

Values

We achieve our mission by complying with laws and regulations, fostering Diversity, Equity, and Inclusion, and living by our four values.

— Champion Integrity —

— Cultivate Collaboration —

— Embrace Challenge —

— Pursue Excellence —



A message from Stefanie Drews, President and CEO

Purposeful progress

“Shaping a brighter future with our stakeholders through progressive investment solutions” — this new mission statement, refined over the past year, reflects our philosophy of delivering long-term value for our clients and communities.

2025 is a transformational year in which we have also made a bold decision to change our brand name. The rebranding marks an exciting new chapter as we strengthen our position as a global asset manager, ensuring we continue to deliver the high standards of investment excellence and fiduciary responsibility that our clients expect.

At Amova AM, sustainability is more than just a philosophy; it's what we do. We've been supporting wheelchair rugby in Japan for over 10 years, which makes it all the more special to congratulate our athlete employees Yukinobu Ike and Katsuya Hashimoto on their great success in Paris in 2024. We've chosen to recognise them on the cover of this year's Sustainability Report in honour of their efforts and inspiration.

“At Amova Asset Management, sustainability is more than just a philosophy; it's what we do. We've been supporting wheelchair rugby in Japan for over 10 years”



Yukinobu Ike and Katsuya Hashimoto

Whether in Japan or across our international business, we continuously seek new opportunities to expand our capabilities in sustainability-focused investment products. We are excited that we finalised a strategic partnership with Tikehau Capital in 2024, which has led to the incorporation of Tikehau Amova Investment Management Pte. Ltd. at the close of 2024. The licensing application was made to the local regulators in early 2025, with the launch subject to regulatory approval.

Tikehau Capital is a leading global alternative asset management group, and our joint venture will utilise the complementary expertise of both organisations to develop innovative Asia-focused private asset investment strategies. Our focus will include developing strategies and products dedicated to decarbonisation in Asia, building



Stefanie Drews
President and CEO

on Tikehau's existing Private Equity Decarbonisation strategies in Europe and Amova AM's deep insights into Asian markets.

In line with our ongoing commitment to responsible investment and transparency, in 2024 we are proud to continue the commitment we made starting in 2022 as a signatory to the UK Stewardship Code. Amova AM has long stood for the responsible management and allocation of capital towards building long-term value for our clients, leading to sustainable benefits for



Stefanie Drews was invited to participate in an event held at Bloomberg's headquarters in New York City called Japan's Financial Future: Elevating Asset Management, organised by Fumio Kishida, then Prime Minister of Japan.

the economy, the environment and society that the UK Stewardship Code extols, and it's our honour to continue this pledge. Signing the code reflects our belief that thoughtful, engaged management and sound governance are essential to delivering lasting value for clients.

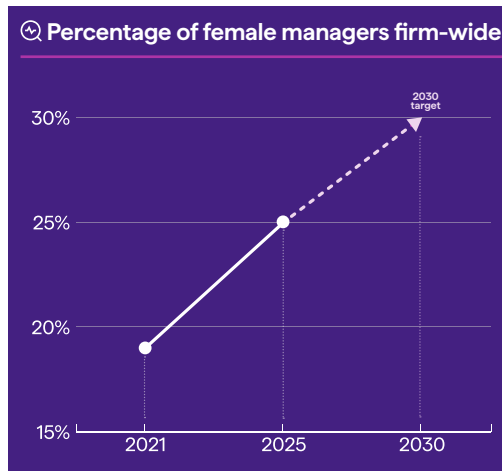
At Amova AM, we stand by our belief that sustainable success is not just about markets — it's about people. I'm thrilled to announce that for the sixth consecutive year in Japan, we received a Gold rating on the PRIDE Index in recognition of our inclusive workplace practices, and in 2024, we were honoured to receive our first-ever Rainbow Certification.

This certification is awarded to companies whose efforts in fostering LGBTQ+ inclusion

extend outside of the firm, and demonstrates a long-term, meaningful impact in society. These recognitions show how important the work we've done is to create a culture where everyone is seen, respected, and empowered; and they reinforce our responsibility to keep doing more.

We continue to make strides with our internal

“we set a goal in 2021 to raise the number of female managers firm-wide to 30% by 2030”



Source: Amova Asset Management

initiatives, as well. In supporting female colleagues to progress in their careers, we set a goal in 2021 to raise the number of female managers firm-wide to 30% by 2030. We began the journey with 19.4% (as of April 2021) and achieved 25.2% in April 2025, showing steady progress. This is a result of deliberate and continuous efforts to create a nurturing and inclusive culture supported by managers, HR and senior management.

2024 saw our corporate sustainability initiatives continue to flourish. This year, we moved closer to our target of 15% participation in one or more of our sustainability-focused groups among global employees. Our bottom-up culture has been a strong motivator for employees to take ownership of the causes they are most passionate about. Globally, our groups held 42 events in total. For example,

employees of the Tokyo office planted trees at a welfare facility for people with disabilities, and each of our offices around the globe celebrated International Women's Day through special events. A variety of activities from our ground-up groups in Japan, Asia, Americas, EMEA and New Zealand is featured throughout the report in the corporate sustainability section.

As Amova AM, we remain committed to sustainability across our three strategic pillars, Diversity, Equity & Inclusion; Social Impact & Well-Being; and Environment & Climate. With every choice we make, every solution we craft and every relationship we forge, we aim for progress with purpose, and remain invested in sustainability.

Stefanie Drews
President and CEO

A snapshot of corporate sustainability in 2024

8.7%
year-over-year increase in sustainability group volunteer participants

47%
year-over-year increase in internal sustainability events

39.8%
of the Amova Asset Management workforce are women, with women making up 24.5% of managerial roles

Sustainability Groups (number of employees registered)

EMEA Sustainability Group	7	Japan Women's Group	19	Americas Sustainability Group	13
EMEA Int. Women's Group	8	Japan LGBTQ Group	13	Americas Int. Women's Group	12
		Japan Environment Group	22		
Asia Sustainability Group	14	Japan Abilities Group	12	New Zealand Sustainability Group	11
Asia Int. Women's Group	13	Japan Philanthropy Group	21	New Zealand Int. Women's Group	11
Global Racial Equality Group	16				

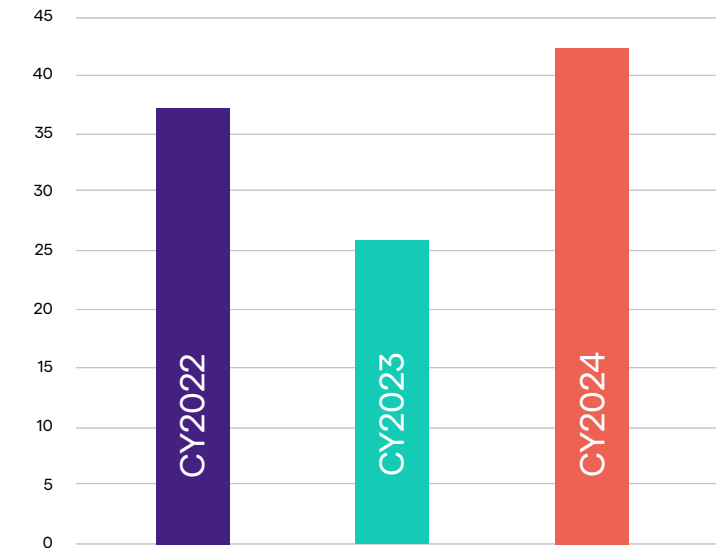
149*
Sustainability group volunteers total (approx. 15% of total employees)

8**
Global Corporate Sustainability Team total (dedicated members: 4)

*Excluding Global Corporate Sustainability Team. Eliminating double counting of dual members.
**Including members concurrently in other departments. As of 31 Dec 2024.

Source: Amova Asset Management

Number of internal events (by calendar year)



Source: Amova Asset Management

Percentage of female employees at Amova AM

	Dec 2020	Dec 2021	Dec 2022	Dec 2023	Dec 2024
Ratio of women in total workforce*	36.9%	37.3%	38.7%	39.5%	39.8% ↗
Ratio of women in managerial roles**	18.5%	20.5%	20.2%	23.8%	24.5% ↗
Ratio of women on the Board of Directors of Amova AM	20.0%	25.0%	33.3%	33.3%	27.3%

*Permanent full-time employees and directors of Amova Asset Management and its consolidated subsidiaries.
**A managerial role is defined as General Manager or an equivalent position and/or a corporate title of Senior Vice President or above.

Source: Amova Asset Management

A timeline of our sustainability activities



Naomi Fink, Chief Global Strategist

Lessons from history

Sustainable development and the importance of inclusive growth

Economists' view of sustainable growth

Economic models have often been criticised for insufficiently incorporating environmental or social factors that may make economic growth more sustainable. Nevertheless, several economists have emphasised the need for sustainable growth to help future generations meet their needs and flourish.

Robert Solow (the 1987 Nobel laureate in Economic Sciences) pioneered the Solow-Swan model, a cornerstone of modern economic growth theory. Solow emphasised technological progress (not simply capital accumulation) as a driver of improved productivity and long-term sustainable growth. Amartya Sen (1998) linked policies enhancing education, health and social welfare to sustainable economic growth. Joseph Stiglitz (2001) highlighted the importance of government intervention in addressing market failures that hinder sustainable growth. Paul Romer (2018) emphasised the relationship between technological innovation and cultivation of human capital to achieve growth without

permanently depleting natural resources.

William Nordhaus (who shared the 2018 prize) developed the Dynamically Integrated Climate-Economy model to illustrate the trade-offs between economic growth and environmental sustainability. Nordhaus tackled the global public good problem by highlighting how market prices do not adequately reflect the costs of environmental damage and thereby disadvantage future generations.

Lastly — and particularly important during rapid technological change — is the work on institutional governance by Daron Acemoglu (2024), who demonstrated why the quality of institutions at the national level matters as much as private-sector governance.

“several economists have emphasised the need for sustainable growth to help future generations meet their needs and flourish”

Why institutions matter, and measuring their quality

In *Why Nations Fail: The Origins of Power, Prosperity and Poverty*, authors Daron Acemoglu and James Robinson examined comparative growth successes and failures over several centuries. They emphasised institutional governance as a key factor influencing long-term national growth.

Acemoglu's framework for sustainable growth highlights institutional drivers such as pluralism and a centralised government which enforces a uniform code of law and ensures its consistent application. These conditions enable inclusive growth, defined by broad-based economic participation. Without inclusive growth, consumers and households lose incentive to increase their economic contributions.

Credibility amid dynamic conditions: institutions evolve over time

The challenge for any institution is that conditions — both within and outside the economy — evolve. While inclusive growth is often observed in democratic countries, having a democratically-elected government does not guarantee lasting growth. Democratic institutions can become less inclusive, while non-democratic institutions can become more inclusive. Within the context of global markets, which anticipate future growth by rapidly discounting observed information, even marginal contributions matter.

In this construct, challenges to pluralism, rule of law and inclusive growth can create opportunities for “price discovery”, where even the slight probability of institutional failure may affect asset valuations. Assets previously assumed to be “risk-free” with minimum probability of institutional failure may be reassessed; recent moves in certain developed bond markets might reflect the emergence of this type of risk premium.



Naomi Fink
Chief Global Strategist



Institutional stability is important because critical junctures are unpredictable

Institutional quality and stability is important because critical junctures — periods of rapid structural or technological change — are unpredictable. While critical junctures are typically disruptive, if managed successfully they can increase the well-being of a nation's population. Failure to capitalise on these catalysts for structural change and growth can lead to missed opportunities.

One historical example of such an “institutional drift” cited by Acemoglu and Robinson is the contrasting fortunes of Britain and Spain (neither, at the time, democratic) in the

eighteenth to nineteenth centuries. Spain ultimately suffered from its institutional design, which was more extractive compared to Britain's. The latter was more inclusive, thanks mostly to the greater financial reliance on private sector participants by the British monarchy, a fundamentally extractive institution.

The critical juncture was the emergence of new industrial technologies. Britain's patent system and its entrepreneurs' access to private financial institutions were key to fostering widespread participation in the Industrial Revolution. Spanish participation in the Industrial Revolution was much more limited,

leading to a subsequent growth gap. Britain's more inclusive institutions, despite not being designed for such a critical juncture, enabled it to capitalise on the industrial innovation wave.

Institutional failures tell us what to avoid at all costs

The unpredictability of critical junctures means that even inclusive growth can be uneven. However, what is more predictable is that non-participants — countries with comparatively extractive institutions — will be left behind. This makes it important to study market failures and avoid institutional pitfalls that hinder widespread economic participation.

We present three examples:

1) Failure to protect property rights

After the 1999 “Bolivarian Revolution”, Venezuela centralised power and nationalised key industries by expropriating private assets. Though intended to boost social welfare, this undermined property rights and eroded institutional checks and balances. Early 2000s growth, driven by oil prices, proved unsustainable. Venezuela experienced volatile economic swings and high inflation, discouraging private investment. Without secure property rights, macroeconomic policy failed to stabilise growth.

2) Populism and the “iron law of oligarchy”

Sociologist Robert Michels argued that institutions tend toward oligarchy. Acemoglu and Robinson applied this to Ethiopia's post-1974 transition. The Derg, a left-wing military group, redistributed land but lacked checks and balances, consolidating power and forming extractive institutions. Despite ideological change, inclusive growth faltered. Ethiopia faced civil war, famine and stagnation

“countries with extractive institutions can undermine their structures and weaken incentives for innovation, thereby impairing long-term growth”

until the Derg's fall in 1991, with slow recovery in the following decade.

3) Capricious “rule of law”

Turkey introduced modern seismic building codes in the late 1990s, reinforced after the 1999 Izmit earthquake. Yet enforcement was inconsistent, undermined by exemptions, non-compliance, corruption and patronage. The regime's suppression of dissent reflected deeper institutional issues. In 2023, devastating earthquakes exposed these failures, worsened by Ankara's slow and disorganised response.

Inclusive growth is more than a soundbite: the alternative will not last

Many institutional investors aim to cover long-term liabilities by investing in a diversified portfolio. To do so, investors must consider both risks and rewards of investment in any firm, industry or country over the full investment horizon. As we illustrated, countries with extractive institutions can undermine their structures and weaken incentives for innovation, thereby impairing long-term growth. Therefore, allocating a greater proportion of investments to countries with increasingly inclusive institutions may yield dividends over time. ↗

Corporate Governance

Company

Amova Asset Management is a leader in the Asian financial services industry, with approximately USD 234.8 billion in assets under management as of 31 December 2024. The firm (then Nikko Asset Management) was established in April 1999 as the result of the merger between Nikko Securities Investment Trust & Management Co., Ltd and Nikko International Capital Management Co., Ltd. Headquartered in Tokyo, Amova Asset Management leverages its extensive global resources to deliver innovative solutions to meet the needs of both institutional and retail clients.

The firm has a stable base of shareholders, with the majority ownership held by Sumitomo Mitsui Trust Group, Inc. (99.00%)¹, one of the largest banking groups in Japan, and a smaller stake by Sumitomo Mitsui Trust (Hong Kong) Limited (1.00%)¹, as of 31 December 2024.

Mission, Principles and Values

Amova Asset Management's Mission encapsulates the firm's purpose to provide innovative solutions for clients and positive outcomes for the well-being of all our stakeholders. In support of this mission, the Principles articulate the operating philosophy as an organisation, while the Values guide the behaviours of all our employees.

underscores our commitment to embrace diversity among our employee base and maintain an inclusive workplace free from discrimination or harassment.

In support of women's career progression, the firm has a stated goal to have at least 30% of its managerial positions³ held by women by the year 2030. As of 31 December 2024, the ratio of women among full-time employees and directors is 39.8%, while the ratio of managerial positions assumed by women is 24.5%. See "[Human Resources](#)" section for further discussion on our employee initiatives.

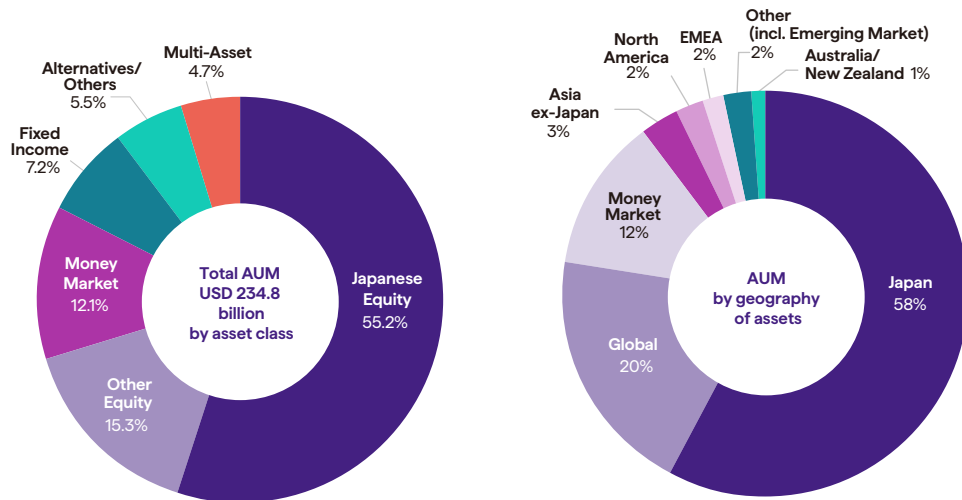
Our Employees

The diversity of the workforce has always been a source of innovation at Amova Asset Management. The firm has a total of 952 employees globally² representing 30 countries and/or regions (as of 31 December 2024).

Board of Directors

Amova Asset Management's Board of Directors ("the Board") is the firm's highest decision-making body that oversees the firm's business execution and monitors its performance. As of 31 December 2024, the Board

Inclusion, collaboration and mutual respect has been the hallmark of Amova Asset Management's corporate culture. The firm's Global Diversity and Inclusion Policy

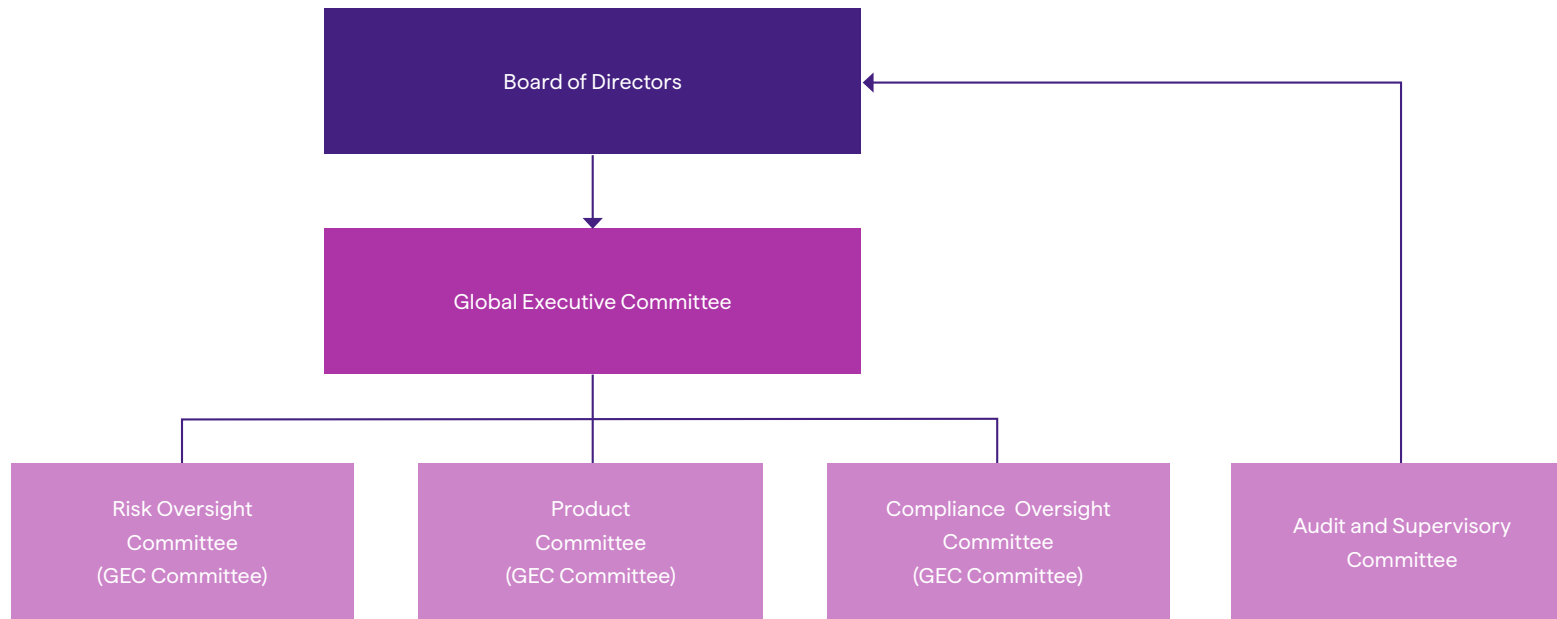


Source: Amova Asset Management

1. Excluding treasury shares.
 2. Full time and fixed-term contract employees and directors of Amova Asset Management Co. Ltd and its consolidated subsidiaries.
 3. A managerial position is defined as General Manager or an equivalent position and/or a corporate title of Senior Vice President or above.



Corporate Governance



Source: Amova Asset Management

comprises 11 members, nine of which are outside directors including the Non-Executive Director and Chairman Yoichiro Iwama, ensuring the independence of the Board and high degree of autonomy of the company's management. In terms of gender diversity, three out of the 11 members are women (please see our website for the latest list of Board members). Board Meetings are held at least quarterly.

Nomination Committee and Compensation Committee

The appointment and remuneration of directors and executive officers are considered matters of utmost importance in maintaining a sound governance framework. The company

has adopted a framework whereby these matters are deliberated on by the Nomination Committee and the Compensation Committee, both of which serve as advisory bodies to the Board. The outcomes of these deliberations are subsequently submitted to the Board for resolution. Both committees are composed of a majority of independent outside directors, mirroring the composition of the Board itself, and are chaired by independent outside directors. This structure ensures that independent outside directors are deeply involved in the decision-making process.

Global Executive Committee ("GEC")

The GEC is the senior management team appointed and delegated by the Board to execute business decisions on issues including the firm's organisational structure, human resources and finances. It is chaired by a full-time director appointed by the Board and meets at least once a month. It is required to report to the Board on the status of its business execution. As of 31 December 2024, the GEC has 15 members (eight of which are voting members), with representation from all the business functions and global regions to ensure that diverse viewpoints are captured in its decision-making. Three of the 15 members of the GEC are women (as of 31 December 2024). Please see our website for the latest list of GEC members.

The following are some key committees governed by the GEC.

Risk Oversight Committee (GEC Committee)

The Risk Oversight Committee's responsibility is to review how effective the firm's risk management systems, practices and procedures are. It also provides recommendations for improvement in the status of the firm's compliance with applicable laws, rules and regulations in respect of risk management. The committee is chaired by the director or corporate officer in charge of risk management and comprises voting GEC members, chief officers and global heads (excluding those in charge of internal audit) who meet at least on a quarterly basis.

Compliance Oversight Committee (GEC Committee)

The Compliance Oversight Committee's role is to establish and revise the firm's basic compliance policy and regulations. It also reports on compliance-related matters, including compliance with investment guidelines and revisions to relevant laws and regulations. The committee is chaired by the director or corporate officer in charge of the firm's Legal and Compliance Division and comprises voting GEC members, chief officers and global heads who meet at least on a quarterly basis.

Product Committee (GEC Committee)

The Product Committee is a key body of the firm's product governance framework. In the pre-launch phase, it is responsible for the assessment of the feasibility plan and all relevant risks and criteria of a proposed product. Product Committee approval must be obtained to advance from the development to

Corporate Governance



the implementation stage for a new product launch. The committee also approves any significant or material changes to existing products that are proposed as a result of ongoing product life cycle management. The committee is chaired by the director or corporate officer in charge of the Products and Solutions Division and in principle meets monthly.

Audit and Supervisory Committee

The Audit and Supervisory Committee reports directly to the Board of Directors, independent of the GEC. Their role is to audit and report on directors' execution of their duties, determine resolutions regarding appointment, dismissal and non-reappointment of accounting auditors and form opinions regarding appointment, dismissal and resignation of directors as well as their remuneration (excluding Audit and Supervisory Committee members).

Internal and External Audit

Amova Asset Management adopts a risk-based approach to internal audit. An annual audit plan is created based on the risk assessment performed by Internal Audit and approved by the Board of Directors. The annual audit plan consists of audit engagements which can be categorised taking into account business units or geographical location, business process or other audit themes.

As for external audits, Deloitte Touche Tohmatsu LLC is the auditor for the System and Organisation (SOC) Report covering Amova AM's discretionary investment management services in accordance with ISAE3402 and SSAE18. The latest report, which covers the related controls for 2024, was issued in March 2025. The auditor provided an unqualified opinion for the SOC Report.

KPMG Azsa LLC is the financial auditor of Amova AM and its financial statements are audited annually. The last audit was conducted

in June 2025 for the fiscal year ended March 2025. We have received an unqualified opinion from the auditor.

Risk Governance

Our firm has established a comprehensive risk management framework based on the "three lines of defense" model:

- **First Line:** Business Units (departments that are directly involved in each business and operation of the firm). Business units identify and manage risks in their business function that could threaten the achievement of their objectives. They also maintain robust policies and procedures along with process control documentation.
- **Second Line:** Risk Management & Compliance (verification). The Risk Management and Compliance functions assess and oversee risk at the firm level. The Risk Management function develops and maintains risk frameworks, including firmwide policies, and monitors the level of risk appetite approved by the Risk Oversight Committee.
- **Third Line:** Internal Audit (Independent verification). This provides an independent and objective verification regarding the design and effectiveness of the management of internal controls.

See "[ESG approach, philosophy and governance](#)" for a discussion on stewardship governance structure and approach to sustainable investment.

Code of Ethics and Business Conduct

Amova Asset Management's beliefs in the context of investment philosophy, corporate culture and stakeholder engagement are encapsulated in our Code of Ethics and Business Conduct ("Code of Ethics"), which commits us to upholding our fiduciary duty to our clients, the integrity of capital markets, our responsibilities to environmental conservation and our social responsibility.

The Code of Ethics outlines our commitment to uphold the highest standards of business ethics and earn and maintain the trust of our clients, prospective clients, the public, regulators, business partners, participants in the global capital markets and other key stakeholders. Our employees, as good citizens, must also respect each other as well as eliminate and prevent discriminatory comments or any other forms of harassment.

[For more detail, visit this link to view a summary of the Code of Ethics.](#)

Remuneration Policy

All full-time employees are compensated on a fixed salary structure with a variable bonus component. Amova Asset Management's basic policy on remuneration and performance appraisal is to provide transparency and accountability to both employees and management. The compensation structure is based on a skills matrix and the market value of each professional. In general, employees, including senior leadership, are appraised on their individual performance and overall contribution to the company, with appropriate incentives designed to compensate and reward strong performance in the employee's area. The goal is to create a motivated, achievement-focused and stable environment.

Our Affiliates

Shared purpose

How our global affiliates advance sustainability together

Amova Asset Management’s global affiliates share a strong commitment to responsible investing and sustainable progress. Across regions and strategies, each firm brings unique strengths to our shared vision — advancing ESG practices and creating long-term value for clients and communities alike.

AHAM Asset Management Berhad

As one of Malaysia’s leading asset managers and a proud affiliate of Amova Asset Management, AHAM Asset Management Berhad (“AHAM Capital”) is committed to driving the advancement of sustainable finance in Malaysia through responsible investing, inclusive leadership and purposeful community engagement.

Guided by our Responsible Investing Policy, we incorporate sustainability considerations into all investment decisions. Reinforcing our fiduciary duty and stewardship values, AHAM Capital has made a formal net-zero commitment — supporting Malaysia’s low-carbon transition and contributing to global climate action.

Diversity and inclusion are integral to our culture. As of 2025, 56% of our leadership team are women, underscoring our belief that diverse leadership fosters better decision-making, innovation, governance and long-term value creation.

Our sustainability efforts extend beyond investment. In 2025, we introduced an AHAM Capital employee donation-matching initiative, raising over RM 280,000 to support 47 children with three years of quality education through the



Dato' Teng Chee Wai,
Managing Director &
Executive Director,
AHAM Asset Management Berhad

Dignity for Children Foundation. We also continue to support the Yayasan Tunku Abdul Rahman (YTAR) Scholarship, which provides underserved youth with access to undergraduate education and leadership opportunities.

To address food insecurity and climate impact, we proudly partner with The Lost Food Project, which rescues surplus food and redistributes it to communities in need — reducing both food waste and hunger.

At AHAM Capital, we believe financial success and social responsibility go hand in hand. As we deepen our ESG integration and expand strategic partnerships, we remain committed to building a more inclusive, resilient and sustainable future — together with Amova AM.

ARK Invest

At ARK Invest, our strength lies in identifying and investing in technologically enabled disruptive innovation that we believe will transform industries and societies. We focus exclusively on companies that are leaders, enablers, or beneficiaries of innovative platforms such as artificial intelligence, robotics, energy storage, multiomic sequencing and blockchain technologies. Our forward-looking research approach, combined with a rigorous top-down and bottom-up investment process, allows us to anticipate and capitalise on multi-year value-chain transformations that often go underappreciated by traditional research frameworks.

Sustainability and ESG considerations are deeply embedded in our investment philosophy — not through exclusion, but through inclusion. We believe that disruptive innovation has the potential to address the world’s most persistent environmental and social challenges. Our strategies are aligned with the UN Sustainable Development Goals, as we invest in technologies that improve access, reduce cost and create global equity in areas like healthcare, energy, finance and information infrastructure. ESG factors are integrated directly into our proprietary scoring



Cathie Wood,
Founder, CEO, & CIO,
ARK Invest

framework, particularly through our evaluation of management quality, product impact and thesis risk.

Our partnership with Amova Asset Management reflects our shared commitment to bringing innovation-led sustainable investment opportunities to a broader global audience. Together, we offer differentiated solutions that not only pursue long-term growth, but also seek to offer exposure to innovative technologies and companies that are likely to have a positive impact on the environment and our society. By aligning values and research capabilities, ARK and Amova AM continue to empower investors seeking both impact and innovation at the forefront of global change.

Our Affiliates

Osmosis Investment Management

A smarter approach to sustainable investing

Founded in 2009 in the wake of the financial crisis, Osmosis Investment Management (“Osmosis”) recognised an opportunity to redefine how capital could be a force for good. From the outset, we believed that sustainable investment should not come at the expense of financial returns. Our early research demonstrated that environmental metrics — when measurable, objective and systematically applied — could enhance mainstream portfolios and generate alpha.

Today, Osmosis remains at the forefront of sustainable investing, leveraging quantitative research to assess companies’ carbon emissions, water consumption and waste generation. By identifying businesses that most efficiently utilise these resources to create economic value, we have uncovered a powerful signal for long-term growth.

On average, resource efficient companies exhibit higher future firm value, stronger gross profits, greater free cash flow and lower leverage — financial attributes that are particularly valuable for long-term investors seeking resilient pension portfolios. Our proprietary Resource Efficiency factor is demonstrably uncorrelated with traditional investment styles such as value or growth, enabling seamless integration into portfolio construction to enhance risk-adjusted returns while delivering meaningful environmental benefits.



Ben Dear,
CEO & Founder,
Osmosis Investment
Management

A Global and Institutional Platform

Osmosis currently manages over USD 17.6 billion (as of 29 May 2025) in sustainable public equity portfolios. The firm remains majority-owned by its employees and is supported by a strong institutional shareholder base, including the Oxford University Endowment and the Capricorn Sustainable Investment Fund.

In January 2024, Amova Asset Management acquired a minority stake in Osmosis. This strategic partnership included exclusive distribution rights across the Asia-Pacific region and representation on the Osmosis Board of Directors.

We look forward to partnering with Amova AM to provide our investment solutions to clients in the region.

Rongtong Fund Management

Strategic Partnership with Amova Asset Management

Rongtong Fund Management (“Rongtong”) continues to advance Environmental, Social and Governance (ESG) principles through independent innovation and strategic collaboration. Its commitment to ESG integration spans the entire investment process, with a strong focus on index-based strategies. A key milestone was the development of China’s first centrally SOE-themed ESG ETF, which reached RMB 550 million in assets under management by the end of 2024. Rongtong has also contributed to ESG framework evolution through evaluation projects, comprehensive reports and thought leadership published in outlets like China Fund News.

These efforts have earned Rongtong notable recognition, including the ESG Financial Innovation Award by Cailian Press and the Outstanding Case of High-Quality Green Finance Development by the Shenzhen Green Finance Association. Through exclusive ESG-themed seminars and in-depth analyses of listed companies, Rongtong has solidified its role as a thought leader in sustainable finance.

Complementing these achievements is Rongtong’s strategic partnership with Amova Asset Management — a transformative



Shang Xiaohu,
CEO,
Rongtong Fund
Management

alliance that enhances global investment capabilities and fosters dynamic business development. This collaboration has refined Rongtong’s investment framework by integrating Amova AM’s expertise in global markets, enabling deeper insights into international trends and cultivating a globally minded research team.

The partnership also accelerates Rongtong’s international expansion. With Amova AM’s experience in overseas product distribution and investor education, Rongtong has broadened its global reach and positioned itself for sustainable growth.

Importantly, the alliance promotes reciprocal knowledge exchange. Rongtong shares its strengths in index construction and China-focused ETF strategies, while benefiting from Amova AM’s global research capabilities. This synergy enhances value creation and reinforces both firms’ commitment to responsible investment and ESG innovation.

Our Affiliates

Tikehau Capital

At Tikehau Capital, sustainability is not just a pillar of our strategy — it is part of our DNA. Since our founding in 2004, we've been guided by a simple but ambitious mission: to channel global capital toward investments that generate long-term, positive impact for all stakeholders. Our entrepreneurial mindset drives us to innovate and lead across Private Credit, Private Equity, Real Assets, and Capital Markets Strategies; with ESG embedded at every step.

We are proud that over 65% of our assets under management now integrate ESG criteria, and that €4.1 billion is already committed to climate and biodiversity strategies. Over 40% of our capital is managed in line with a net-zero emissions trajectory by 2050, reflecting the urgency we see in accelerating the energy and ecological transition. Beyond capital allocation, we work closely with portfolio companies to co-develop ESG roadmaps and deliver measurable outcomes.



Antoine Flamarion (L)
Mathieu Chabran (R),
Co-Founders,
Tikehau Capital

Our partnership with Amova Asset Management, launched in the beginning of 2024, marks a strategic milestone for both firms. Together, we are unlocking new avenues for sustainable growth, combining our complementary strengths and global reach. From a new joint venture focused on private assets in Asia, to fund distribution partnerships and a strategic equity investment in Tikehau Capital — this collaboration signals a shared belief in the power of purpose-driven finance.

We are excited to deepen our presence in Asia with Amova AM, and to build investment solutions that not only deliver performance but help shape a more resilient, inclusive future.

Yarra Capital Management

Yarra Capital Management (“Yarra”) is a leading Australian investment management firm, dedicated to delivering superior investment solutions and long-term financial growth for our clients. We are proud to partner with Amova Asset Management, supporting international clients with Australian investment strategies and provide access to Australian clients to Amova AM’s investment capabilities.



Edward Eason,
Managing Director,
Yarra Capital Management

We offer a diverse range of actively managed strategies across Australian equities, fixed income, private capital and global equity products in conjunction with our partners, including Amova AM. Our investment approach blends rigorous research, a deep understanding of markets and a commitment to delivering strong, risk-adjusted returns; all while prioritising transparency and client collaboration.

At Yarra, we believe that integrating environmental, social and governance (ESG) factors into our investment strategies not only benefits our clients but also contributes to a more sustainable future. We strive to be a responsible business by prioritising sustainable operations and fostering a supportive, inclusive environment where our people can thrive.

We are committed to sustainability, and deeply recognise the importance of responsible investing — as custodians of our clients’ capital, we recognise that our decisions have far-reaching impacts on the environment and society. We aim to generate value for our clients and our business while thoughtfully considering the pressing challenges facing our society.

In 2025, we published our inaugural Yarra Group Sustainability Report, outlining our commitment to transparency and accountability in our sustainability practices and approach to responsible investment. [➤](#)



Investment Management

A message from Mark E. Stoeckle, Chief Investment Officer

Putting principles into practice

In today's world, asset managers' responsibilities go beyond delivering strong returns. As stewards of our clients' capital, we must offer investment solutions that align with their investment objectives, risk appetite, sustainability ambitions, and regulatory frameworks. This also means being attuned to the broader social and environmental context in which we operate. If returns are not sustainable over the long term, we as a fiduciary have not fulfilled our duty.

With Japanese origins, sustainability is part of our heritage. Japanese culture values harmony between people and nature and emphasises responsibility to others. This translates into respect for our environment, our community, and each other. At the same time, we are a global firm with a broad international presence. Our approach

reflects this dual identity: we uphold high international standards while tailoring strategies to meet the unique needs of clients across diverse regions. As active owners, we extend these principles to the companies we invest in, building long-term relationships based on trust and respect to promote better outcomes for our clients, the economy, the environment, and society.

We recognise that the environmental, social and governance (ESG) landscape is evolving and complex. Recent shifts in public discourse and differing perspectives on ESG frameworks in certain regions, highlight the challenge of aligning sustainability goals with diverse economic, social, and political priorities. Rather than retreat, we reaffirm our commitment. We

remain focused on long-term value creation, guided by our principles and the belief that sustainability is a necessity, not a trend.

To drive this forward, we are establishing a Global Sustainable Investment Strategy Council, chaired by our President and CEO. This council will play a pivotal role in aligning our global efforts, refining strategic priorities, and ensuring accountability across the firm. Our Global Sustainable Investment team is fully integrated across our international offices, enabling us to deliver sustainable outcomes that meet international standards while adapting to local needs, reinforcing the importance of sustainability in every aspect of our business.

Our leadership in sustainable investing continues to gain recognition. We are proud that our efforts have been recognised by the wider industry. In May 2025, we were named ESG Asset Management Company of the Year-Japan by The Asset. We were also invited to join the Net Zero Asset Managers initiative as a member of its Global

Advisory Group, reflecting our expanding influence on the global stage.

To support our investment teams, who have autonomy to implement their own philosophies across markets and asset classes, we are investing in our sustainable investment capabilities. This includes expanding resources in areas such as ESG data and developing advanced AI tools to enhance ESG analysis and integrate deeper insights into our investment decision-making.

As we look ahead, our priority remains clear: delivering lasting value for our clients, while navigating complexity with clarity and purpose. The path demands discipline, innovation and commitment. This is an opportunity, and a responsibility, we are proud to carry forward. ↗

Mark E. Stoeckle

Executive Corporate Officer, CIO, Global Head of Investment, and Country Head, Americas



Mark E. Stoeckle
Executive Corporate Officer, CIO,
Global Head of Investment, and Country
Head, Americas

“Our approach reflects this dual identity: we uphold high international standards while tailoring strategies to meet the unique needs of clients across diverse regions”

Our ESG approach, philosophy and governance

Guided by principles, driven by purpose

Our ESG approach and philosophy

The importance we place on environmental, governance and social principles is clear right from our company's statement of purpose: "Amova Asset Management, as an asset management company, acts as a fiduciary on behalf of its clients and is firmly committed to putting its clients' best interests first. It places fiduciary and ESG principles as the highest guiding themes of its corporate values and actions." In applying these principles to our day-to-day work, we effectively fulfil our responsibility as a good steward of our clients' assets.

We are a global asset manager, but our origins lie in Japan. Japanese culture values harmony — both with nature and with others — so we have grown with the belief that we must be a good corporate citizen. Our approach to sustainability has evolved with this as our foundation.

We strongly believe that ESG considerations are inherent to long-term corporate value creation and contribute to the realisation of sustainable economic growth. An overview of our ESG policy can be found on the [Fiduciary & ESG Principles](#) page of our website. The principles are based on the UN-supported Principles for Responsible Investment.

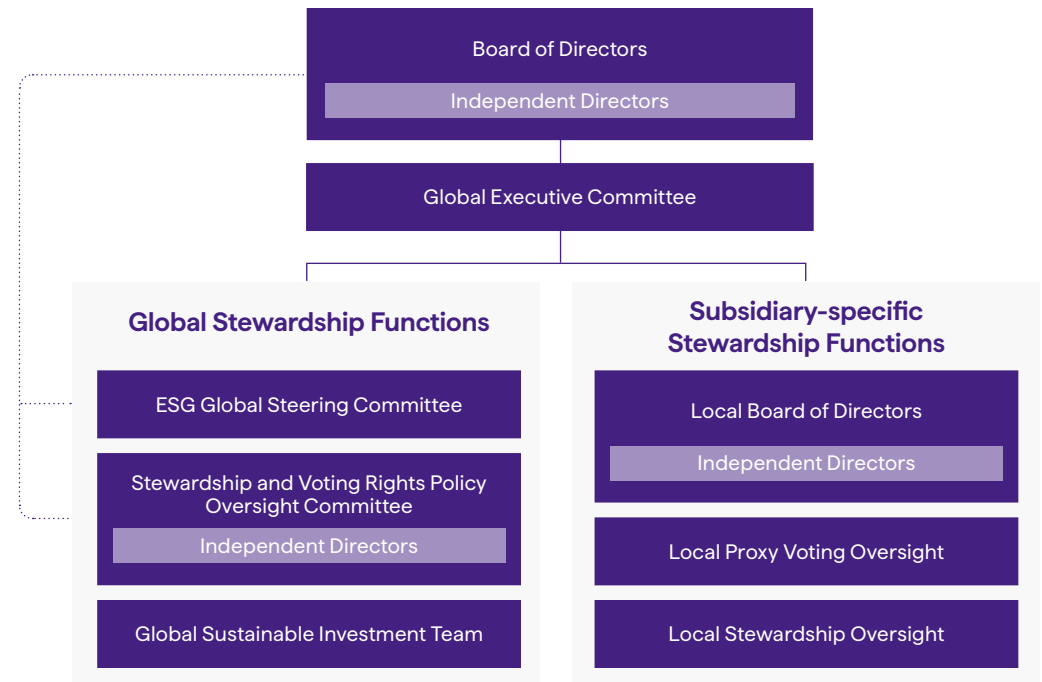
Governance

Responsibility for sustainability starts at the top. Both Stefanie Drews, President and CEO, and Kuniyuki Shudo, Executive Chairman, have specific key performance indicators to enhance the group's ESG activities in line with international standards. The ESG Global Steering Committee oversees our ESG activities. This committee reports to the Board of Directors, chaired by Yoichiro Iwama, and to the Global Executive Committee (GEC) of senior management, led by the President and CEO.

Governance of our stewardship and ESG activities takes place at both the global and local subsidiary level. The ESG Global Steering Committee is responsible for all ESG activities at Amova AM. It oversees the integration of ESG within investment teams, sets policy, develops strategy, makes external disclosures and recommends ESG-related initiatives and participation in external bodies.

The committee is chaired by the Global Head of Investment, Mark E. Stoeckle, and its members are the heads of our investment teams worldwide, who are in charge of stewardship implementation in their individual investment processes. It is further supported

Stewardship Governance Structure



Source: Amova Asset Management

by the Global Sustainable Investment Team, which provides dedicated expertise and implementation support.

Our Global Head of Sustainable Investment, Natalia Rajewska, reports directly to the President and CEO, and the Chief Investment Officer. Members of each of the three functions of the Sustainable Investment Team report directly to the Global Head of Sustainable Investment.

Each Amova AM Group subsidiary has an independent executive team led by a regional head who reports to the President and CEO and is responsible for formulating and executing targets and plans decided by the Group Board and the GEC in line with local regulations and customs. ➤

Implementing ESG Principles

Building on firm foundations

Sustainable Investment has been an area of focus for Amova Asset Management for more than two decades, beginning in 1999 when we launched Japan's first socially responsible investment fund.

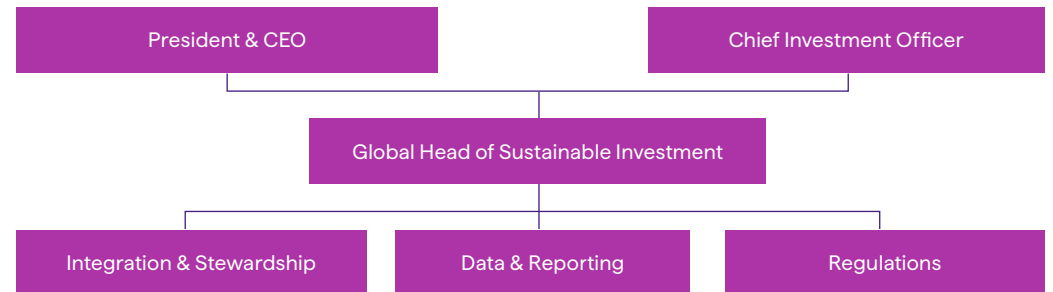
In 2022, we created our Global Sustainable Investment Team. It is headed by Natalia Rajewska, based out of the Singapore office. Her core priorities centre around shaping our sustainable investment strategy, building the Global Sustainable Investment Team and working closely with investment teams and other business functions in all the regions to strengthen the firm's ESG capabilities and provide insight on broader ESG topics. In 2024, she presented ESG topics to the Amova AM Group Board of Directors on three occasions, addressing a variety of sustainable investment topics.

A key aim is to ensure that investment teams integrate material ESG issues into their investment approach, while recognising the growing importance of regulatory reporting on ESG for both Amova AM and our clients. This has resulted in us strengthening the team in both these areas over the last few years.

The Global Sustainable Investment Team is divided into three functions:

- **Integration & Stewardship:** This function brings together ESG integration and stewardship expertise and respective investment support. This team works closely with regional investment groups to support embedding ESG factors and drive stewardship activities such as engagement and proxy voting. They also collaborate across functions such as client services, product development, and data team, to ensure ESG integration is continuously refined and aligned with evolving industry standards, delivering strong outcomes for clients across the value chain.
- **Data and reporting:** These team members source, store, validate and disseminate ESG data globally, as well as providing support with ESG data analytics and reporting.

Global Sustainable Investment Team structure



Source: Amova Asset Management

- **ESG regulation:** This role is responsible for identifying, assessing, determining and supporting our approach to ESG regulations and standards globally.

Led by our global network of more than 200 investment professionals, Amova AM has fully integrated sustainability in the investment process. Together with the portfolio managers and analysts, the Global Sustainable Investment Team is responsible for ensuring sustainability practices are integrated into each of our investment approaches. Most investment employees have undertaken training in stewardship and sustainability principles. These include internal training in the recommendations of the Task Force on Climate-Related Financial Disclosures and courses offered by the PRI Academy.

In Japan, Amova AM's Japan Sustainable Investment department makes judgements on voting and stewardship activities for our Japanese portfolios, as well as engaging with those Japanese companies not already covered by sector analysts in actively-managed portfolios. It has fully integrated into the Global Sustainable Investment Team since early 2023. The scope of its work has increased to cover all asset classes managed by our Japanese investment teams.

Contributing to Amova AM's wider global growth plans, we completed in January 2024 the acquisition of a minority stake in Osmosis (Holdings), a UK research-based quantitative investment manager focused on delivering better risk-adjusted investment returns with better environmental outcomes. Through this partnership, we have acquired exclusive distribution rights in Asia for Osmosis' investment products and strategies.

Implementing ESG Principles


In June 2024 we entered a strategic partnership in Asia with Tikehau Capital, an alternative asset manager with considerable expertise in sustainable investments, specifically decarbonisation strategies. These investments represent significant steps forward in our commitment to ensure that sustainability remains an integral part of our growth strategy.

Greenwashing

Greenwashing began as an industry buzzword, but has become a rapidly growing category of risk. It is a situation where investment firms make misleading or exaggerated claims about the sustainability practices of their products and approaches. The primary cause of greenwashing among investment firms is ambiguous regulatory guidance, which creates room for errors of interpretation that may lead to problems later on.

As there is rising interest in ESG funds, we have taken a number of steps to protect ourselves against greenwashing claims and meet regulatory requirements. Our sustainability categorisation framework provides a coherent structure for defining the range of ESG approaches used in our investment processes. We want to ensure clients have access to reliable and accurate information, so we provide details and where possible, additional examples to support the validity of the investment process.



Every year, we report on our ESG activities using the Principles of Responsible Investment (PRI) reporting framework. Through the PRI report, we demonstrate transparency and accountability in our ESG activities. 

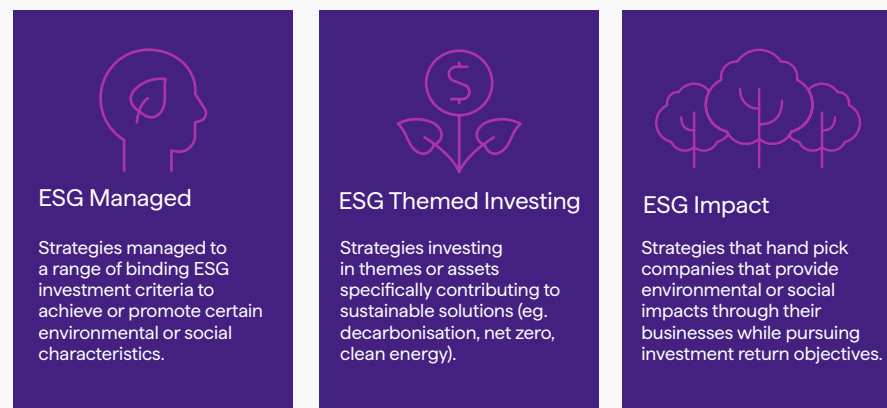
Identifying suitable ESG products

Amova AM has developed a new classification framework for our range of ESG products. This framework provides a methodology for categorising our ESG Inside products, the name we use for all our products that incorporate ESG factors in their investment processes.



ESG Inside

Three categories of products that incorporate ESG factors and negative screens



Source: Amova Asset Management

The categories provide guidance on various types of sustainable investment strategies, helping meet their sustainability-related goals. The three categories of ESG Inside products, which relate to the type of approach adopted, are: ESG Managed, ESG Themed Investing and ESG Impact.

This classification framework is not intended to match a current or future taxonomy or regulatory system, though ESG Impact currently only includes funds that meet article 9 of the EU's Sustainable Finance Disclosure Regulation. We will regularly review and amend this framework as necessary to ensure it complies with applicable regulatory requirements.

Japan Sustainable Investment Team

Encouraging companies to improve

Stewardship activities**Implementation framework**

The Japan Sustainable Investment Department was established with the aim of improving the stewardship activities and ESG integration of Amova Asset Management's Japan investment teams. It also works to strengthen the firm's efforts to meet global sustainability standards through close collaboration with the Global Sustainable Investment Team.

The primary tasks of this department are:

- to promote sustainable investment activities at Amova Asset Management
- to conduct sustainability-focused engagement
- proxy voting

The department also works to gather the latest ESG insights through information-sharing meetings mainly involving members of the Japan, Asia and EMEA offices, and to reflect those insights in the Japan office's investment management.

Engagement**Engagement policy**

We focus our engagement on issues that are material to the sustainability of a company. Medium- to long-term issues differ from company to company, so we identify the issues that need to be addressed before engaging with companies. In addition, we actively collaborate with our analysts and portfolio managers when setting issues and engaging with companies.

The details of our engagement activities with companies are shared throughout the investment management departments to ensure that sustainability is considered in the investment decisions of our investment professionals. We also engage with investee companies that have medium- to long-term issues regularly to follow up on progress made and to encourage improvements.



Members of the Japan Sustainable Investment Team

Key ESG themes

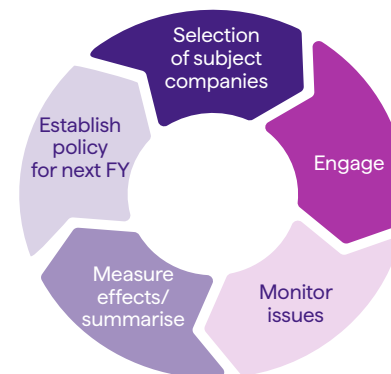
Amova AM believes that actively addressing ESG issues is essential for companies to grow sustainably, and have identified a list of six key ESG themes. These themes are primarily used as a framework to help us prioritise the companies we need to focus on.

ESG Category	Key ESG Themes
E	Action for a decarbonised society
E	Biodiversity
S	Human capital and productivity
S	Diversity
S	Human rights
G	Effective Governance

Source: Amova Asset Management

Engagement process

We conduct organised engagement in line with the process shown in this chart.



Source: Amova Asset Management

Japan Sustainable Investment Team

Select companies to engage with

In addition to selecting companies for engagement based on our key ESG themes, we carry out focused engagement for stocks held in our active funds.

Monitor issues to be addressed

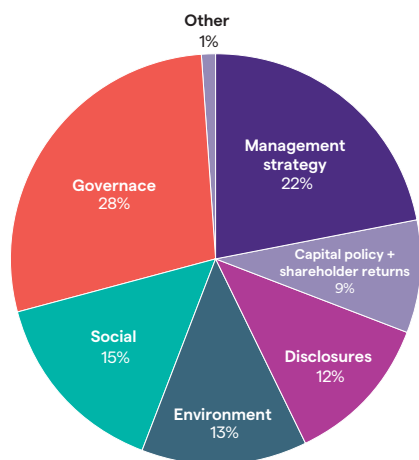
The challenges we identify are classified into stages and registered in our issue management platform for continuous monitoring. As of the end of 2024, 380 companies and 627 issues were being managed on this platform.

	Stage	Category	Confirmation method	Stage description
Sharing issues	0	Amova AM's identification of issues	—	Amova AM identifies issues
	1	Presenting issues to company	—	Issues presented, but unable to reach understanding with company (lack of shared understanding)
	2	Reaching shared understanding of issues with company	Engagement	Shared understanding of issues with company
Addressing issues	3	Presenting measures to address issues	Disclosure	Company announces measures to address issues
	4	Implementing measures to address issues	Engagement/disclosure	Company implements measures to address issues
	5	Resolving issues	Engagement/disclosure	Issues have been resolved or company is able to resolve issues itself

Source: Amova Asset Management

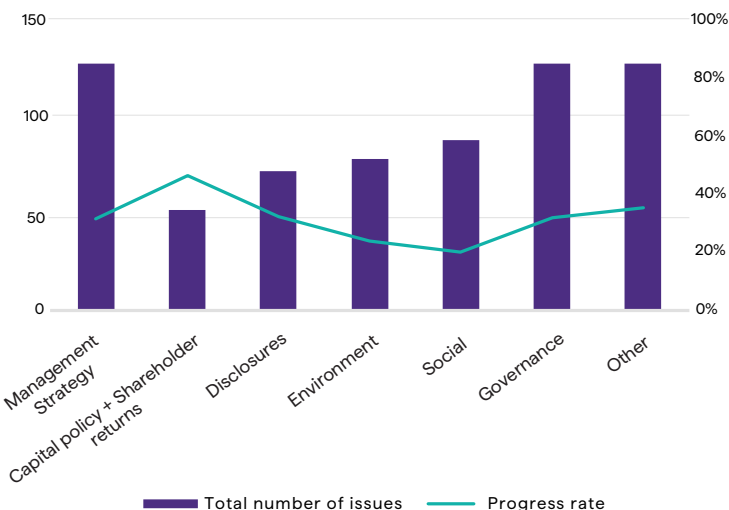
Effectiveness measurement and review

We also manage the rate of progress made on addressing issues. During 2024, progress was made on 16% of the approximately 540 issues that had been identified through the platform as of the end of 2023. Analysis of the effectiveness of our engagement demonstrated that companies that make progress in addressing issues through engagement tend to show strong performances.



Source: Amova Asset Management

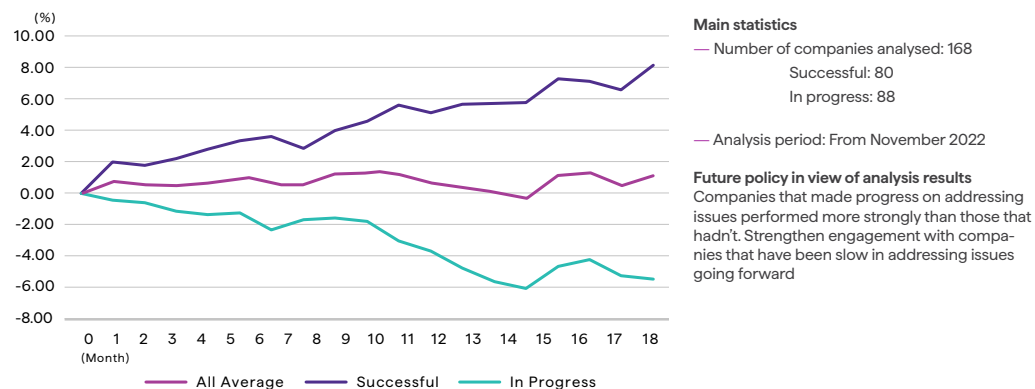
Progress rate and number of addressing issues



The rate of progress is calculated by dividing the number of issues for which progress has reached stage three or higher by the total number of issues.

Source: Amova Asset Management

Average CAR (FF3 Residual) since EP registration



Source: Amova Asset Management

Japan Sustainable Investment Team

Establish policy for next fiscal year

Every July, we establish our objective for the next fiscal year based on effectiveness measurements and full-year overviews. We believe that carrying out a Plan–Do–Check–Action cycle is essential to improving our stewardship activities.

Gaining ESG knowledge through collaborative engagement

In our role as a lead investor in the Climate Action 100+ initiative, we encourage companies to take further action on decarbonisation in cooperation with other investors. We also work to expand our ESG knowledge through participation in initiatives including the Asia Investor Group on Climate Change (AIGCC) and the 30% Club Investor Group. In addition, we participate in Nature Action 100, a global investor-led initiative, to gain more insights into biodiversity.

Collaboration with investment management departments

The Japan Sustainable Investment Department employs a system in which members are assigned responsibility for different sectors. They exchange information on the sectors and stocks for which they are responsible with analysts in the Equity Research Group. This gives them an understanding of the fundamental issues faced by investee companies and enables them to conduct high-quality engagement.

We also hold twice-monthly meetings with members of the Equity Fund Management Department in which we provide explanations on engagement examples, progress stages reached and new sustainability topics. This keeps investment management personnel up-to-date with the latest sustainability developments.

Proxy Voting

We work to integrate our engagement with our proxy voting by reflecting the content of our engagement in voting decisions. In our engagement meetings, we actively provide investee companies with feedback on voting results, and push for improvements by giving them detailed explanations of our reasoning when we have voted against a proposal.

In view of the topics we cover in our engagement and changes in the corporate environment, we have made revisions to our proxy voting standards to come into effect as of April 2025 and April 2026. In the revisions to apply starting from April 2026, we will:

- require TOPIX 500 constituent companies to ensure that multiple members of their board (and at least 15% of board members) are women
- raise our earnings standard from the current level of 5% ROE for the past three straight fiscal years to 8%

We are engaging with companies to inform them of these standards and push for improvements.

[🔗 Visit this link for details of the revisions to our proxy voting standards.](#)

Conflict of interest control framework

Amova AM has established a [Conflict of Interest Control Policy](#) and posted an outline of the policy on its website. In line with the policy, we properly manage transactions and other activities that may cause conflicts of interest, and ensure that we conduct business

appropriately. Our Stewardship and Voting Rights Policy Oversight Committee, the majority of whose members are from outside Amova AM, also works to prevent conflicts of interest through monitoring and supervision in accordance with the policy. Proxy voting decisions regarding the parent company, for which particular stringent management of potential conflicts of interest is needed, are discussed in advance by the Stewardship and Voting Rights Policy Oversight Committee. Decisions are then made in view of the results of monitoring and oversight focused on conflicts of interest. 🚫

Japan Equity Team

Better CSV scores lead to enhanced corporate value



Yasushi Ishikawa
Deputy Chief Investment Officer (Deputy CIO)
Co-Head of Equity Fund Management Department

Since March 2023, the Tokyo Stock Exchange has requested all companies listed on its Prime and Standard markets to implement “management that takes into account capital costs and stock prices”. This has led to a significant increase in the number of companies disclosing the actions they are taking to meet the request.

In the Prime market alone, the percentage of companies that have disclosed applicable measures (including those currently considering them) has risen from 49% (815 companies) as of the end of 2023 to 91% (1,493 companies) as of the end of March 2025¹. However, given that the ratio of TOPIX constituent companies trading below their

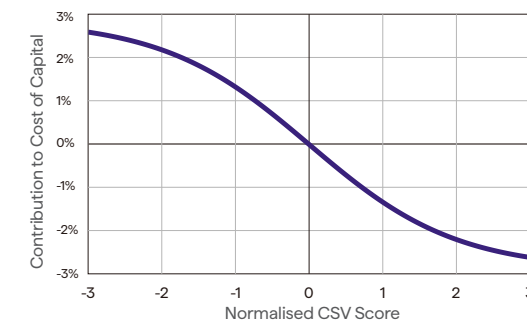
book values remains high at approximately 44%, we believe that companies need to take higher quality action through constructive engagement with investors, including Amova Asset Management.

Given that the cost of capital is the expected level of return investors expect from a company, it is effective for institutional investors to share this expected level in their engagement to ensure that the market and companies share the same perspective. We believe this shared understanding can lead to discussions in areas such as profitability assessments of individual businesses, improvements in business portfolio and capital cost reductions that can help to increase corporate value.

Since 2013, we have been assessing the ability of major Japanese companies to sustainably co-create economic value, mainly through corporate earnings and social value linked to ESG factors in the form of Creating Shared Value (CSV) scores (as described below). In 2024, we also introduced a model for estimating capital costs incorporating CSV scores. As the source of expected returns for equity investors, the model uses Fama-French’s three-factor model (market beta, value (B/P) and size (market capitalisation))² and our CSV scores as a fourth factor to estimate Japanese companies’ cost of equity. Furthermore, we estimate the Weighted Average Cost of Capital (WACC) of companies by taking into account the cost of debt.

The chart shows how CSV scores contribute to the estimated cost of equity. Based on our model, we estimate that investors’ required rates of returns tend to be higher for companies with low CSV ratings (negative standardised CSV scores), and lower for companies with high CSV ratings. This suggests that companies can reduce their capital costs and consequently increase their corporate value by engaging in activities that help to improve their CSV rating.^{1,2}

CSV Score Contribution to Estimated Cost of Capital



Source: Amova Asset Management

CSV score contributions in capital cost estimates

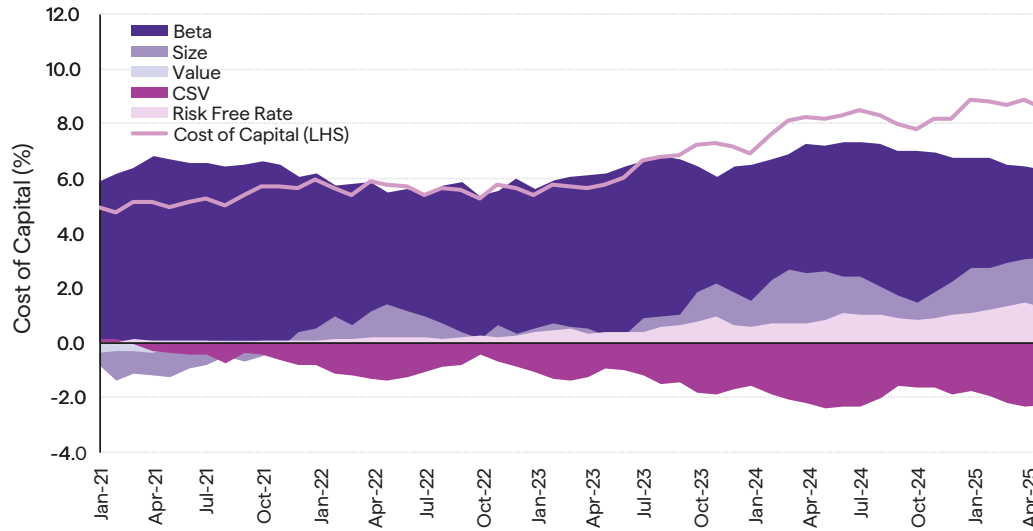
The following chart shows the estimated cost of equity, as well as a breakdown of its contributory factors for Company A which has a CSV score higher than the market average. The chart demonstrates that the high CSV score reduces the cost of capital, and that the extent of this reduction has increased in recent years. Introducing such quantitative models enables us to share the recognition of capital costs with companies in an objective manner when engaging with them. We believe it is important to use this common recognition to discuss ways to increase corporate value through company actions that can lead to higher CSV scores, such as capital cost reductions, profitability improvements and business continuity enhancements.

1. Tokyo Stock Exchange, Status of Disclosure on “Action to Implement Management That Is Conscious of Cost of Capital and Stock Price” (as of end-March, 2025), April 15, 2025.

2. Fama and French, “The Cross section of Expected Stock Returns”, *Journal of Finance*, 46, 1992.

Japan Equity Team

📌 Estimated cost of capital and contribution breakdown for Company A
(large company with higher-than-average CSV score)



Source: Amova Asset Management

The Japan Equity Fund Management Department is responsible for the active investment management of Japanese equities based on bottom-up research. Our assessments of major Japanese companies are founded on their ability to sustainably co-create economic value, with a focus on corporate earnings as well as social value linked to ESG factors.

This approach stems from the concept of Creating Shared Value (CSV), a form of corporate management proposed by Professor Michael Porter of Harvard University

in 2011.³ Professor Porter and his co-author proposed that companies should play a central role in solving social challenges and that the solutions they provide can result in innovation, thereby sustainably creating social as well as economic value. They also emphasised that companies performing these socially centred activities would exemplify a preferred form of capitalism.

Amova AM was an early supporter of CSV and started conducting CSV-based evaluations of major Japanese companies in August 2013. Professor Porter has stated that, to his



Source: Amova Asset Management

knowledge, Amova AM was the first asset manager to introduce CSV-based corporate evaluations.

As shown in the chart, we divide CSV into three broad fields: ESG, market competitiveness and financial. Firms are evaluated on a total of 12 factors across these three fields. The social challenges and business opportunities of a company differ greatly depending on the industry to which it belongs, so our corporate analysts use a range of evaluation items to examine each company, in line with relevant issues and the business environment. This

allows them to evaluate each firm's ability to create shared social and economic value as a CSV score.

In the area of ESG, evaluations are based on a cross-functional approach that includes assessments by the Japan Sustainable Investment Department, which is primarily responsible for ESG-focused engagement, and the head of the Japan Equity Research Group. 🏠

³ Porter and Kramer, "Creating Shared Value," *Harvard Business Review*, Jan-Feb. 2011.

Japan Equity Team — Equity Research Group

Enhancing investment performance sustainability

In the Equity Research Group, we have a two-fold approach to ensuring greater sustainability in the investment performances of our Japan equity active funds.

The first of these is the generational diversity of our analysts. While it goes without saying that societal values are important in investment management, it is also true that values differ among different generations. The ability to empathise with the values of different generations is necessary to keep up with current trends, and intergenerational discussions are effective in generating investment ideas.

In recent years, a growing number of analysts have taken on fund manager positions. By avoiding bias towards specific generations, we have been able to operate without disruption.

The second approach to ensuring sustainable investment performance is our CSV score system. As analysts, we make investment decisions on individual companies based on earnings forecasts and stock price valuation



Masanori Hoshino
Co-Head of Equity Fund Management Department
Equity Research Group Manager

analysis. We believe that the CSV score system has a strong affinity with stock price valuation analysis. Many of the items assessed for CSV scores, such as carbon neutrality, management implementation, brand equity and market growth potential, can have an impact on equity price valuations. The period for earnings forecasts is set at a minimum of three years, but CSV score components are assessed from a longer-term perspective. We believe

that checking the CSV stock prices derived from those components can lead to greater accuracy in investment decisions and new investment opportunities.

We will continue to consider generational diversity in our recruitment process and further integrate the CSV score system into our analysis to ensure the sustainability of our investment performance.

Japan Equity Team — Value Strategy Fund Management Team

Portfolios that meet changing needs

The Value Strategy Fund Management Team manages investments using a bottom-up, contrarian approach. Since we began investing in 1996, we have built a proud record of delivering strong investment performances and growth in assets under management (AUM), through the expertise of our dedicated analysts who share nearly 30 years of experience and investment philosophy, and through close communication with management teams of investee companies.

Throughout our history, we have invested in undervalued companies that have the potential to generate earnings by addressing various societal issues, with the alpha earned from the turnaround in share price becoming our source of added value. As a minority investor, we have evaluated these companies fairly, helped them to realise their true potential and shared risks with these firms through investing in them; thereby sharing numerous successes.

One of the most important elements of our research is acquiring non-financial information. We recognise that in order to accurately evaluate a company over the long term, it is essential to understand not only the financial information already incorporated into its enterprise value, but also the critical

non-financial information that indicates its underlying potential.

Our approach to companies is informed by our view that they all have “a hidden gem”. To increase corporate value multiple times, it is essential to assess the potential of the management and the company’s frameworks, while also gaining a good understanding of the core business.

One key element in gaining non-financial information is engagement, which has been integrated into our investment processes since our team was established. This is embodied in two proprietary approaches in our research: multi-layered research and historical information.

Besides shareholder returns, a firm’s social contributions are becoming more important when assessing non-financial information; this trend has been a tailwind for us, because we have always focused on this aspect.

We see the stock market as a kind of mirror that reflects the needs of society. As investment managers, our mission is to deliver profits for customers by building portfolios that reflect the different needs of the era, while



Members of the Japan Equity Team — Value Strategy Fund Management Team. On the right is team leader, Takaaki Harashima

at the same time sending a message to the outside world. We seek to understand, from a neutral perspective, what society will need and what people will empathise with in five to ten years. Then, we identify the companies that can actively address these points, invest in them and provide returns to our beneficiaries. As professional fund managers, we believe our role is to deliver these returns while also communicating effectively to society.

In today’s world, there are many factors that are expected to be reflected in the stock market, including ESG factors. With this in mind, as professionals, we consider the Japanese market to be extremely attractive

in the current environment. We are seeing a number of companies evolving to improve their corporate value from a medium- to long-term perspective. These include exiting cross-shareholdings to improve capital efficiency, investing in human capital and areas of competitive advantage and re-examining business portfolios. Our goal is to deliver excess returns by using our bottom-up approach to invest in companies that are working to solve their challenges.

Japan Investment Technology Fund Management Team

Shaping the future of sustainable investment together

The Investment Technology Fund Management Department is responsible for managing and developing index funds and quantitative funds. In addition to setting up ESG (sustainable investment) funds as sustainable investment vehicles and utilising sustainability-related information in our fund management, we actively research this field and work to communicate our findings to others across the industry, academia and beyond.

For us, sustainable investment creates benefits that go beyond Amova Asset Management. We believe it can generate greater social and economic value when a virtuous circle encompassing investee companies, asset owners (such as pension funds, banks and insurance

companies) and asset managers (like Amova AM) is created within the investment chain. As an asset management firm, we are committed to continuously deepening our knowledge of the sustainable investment field and collaborating with others to positively shape its future.

Unlocking ESG's potential: joint ESG research with Visiting Professor Ryohei Yanagi, Graduate School of Accountancy, Waseda University

In collaboration with Ryohei Yanagi, Visiting Professor at the Graduate School of Accountancy, Waseda University, Kyoji Hasegawa and Masayuki Teraguchi of The Investment Technology Fund Management Department and Masahiko Komatsu,



Members of the Japan Investment Technology Fund Management Team

co-head of the Japan Sustainable Investment Department co-authored a paper titled “The Implications of Empirical Studies on the Application of the Yanagi Model to all TOPIX Stocks” in the July 2024 edition of Capital Markets Monthly.

The paper conducted analysis using data from TOPIX constituent names targeting a wide range of ESG KPIs (Key Performance Indicators). We believe the paper’s detailed examinations of the impact of ESG efforts on stock valuations, which exclude sector-specific and individual stock-specific factors, provided new insights that had not been observed in previous studies. We strive to disseminate our ESG insights to the wider

public including publishing a re-arranged English version of the paper (“Yanagi Model in practice: analysis of TOPIX firms links ESG factors to shareholder value”) on the Amova AM website.

Promoting human capital management that realises people’s potential

In 2023, Keio University’s SFC Research Institute and Persol Research and Consulting Co., Ltd., launched the Consortium for Human Capital Management and Corporate Value, a research collaboration between industry and academia to increase corporate value at Japanese companies through the realisation of human capital management.

Japan Investment Technology Fund Management Team

“We strive to make society better with the power of sustainable investment. Holding this belief, we will continue to take on new challenges”

Amova AM endorsed the consortium and took part in its activities alongside company managers responsible for areas such as human resources and sustainability in both 2023 and 2024. In 2023, we presented our findings in the relationship between human capital investment and corporate value as well our stewardship activities. These findings were published in July 2024 as part of a book titled “Human Capital Management Strategies and Corporate Value” written and edited by Professor Takaaki Hoda of Keio University and Satoshi Sasaki, Senior Researcher at Persol Research and Consulting Co., Ltd.

In December 2024, we delivered a presentation on the reasons why Japan’s social challenges (the “S” in ESG) and human capital investment are attracting attention and introduced Amova AM’s Japanese Equity Human Capital Empowerment Strategy as well as the results of the above-mentioned joint research with visiting Professor Ryohei Yanagi. The event allowed us to share our thinking on sustainable investment with the industry and academia.

AUM increasing in Japanese Equity Human Capital Empowerment Strategy and Climate Change Solutions — Japanese Equity Strategy

At the Investment Technology Management Department, we manage multiple ESG-related strategies. Our Japanese Equity Human Capital Empowerment Strategy focuses on both social value (Japan’s economic growth) and economic value (investment returns) by investing in companies that combine management discipline with skilful and active investment in its people.

A product that focuses on companies’ greenhouse gas emissions is our Climate Change Solutions — Japanese Equity Strategy which combines the construction of a low GHG emissions portfolio across all sectors in Japan’s TOPIX while minimising the tracking error relative to the TOPIX.

2024 was a year in which these strategies saw an increase in the number of investors and the AUM. We see this growth as a testament to asset owners’ support for our approach. We are committed to continuing the promotion of sustainable investment.

External recognition of Amova AM’s ESG strategies

The success of the Japanese Equity Human Capital Empowerment Strategy was recognised externally in 2024 when Masayuki Teraguchi, head of the department and members of his team received The Asset’s ESG Fund Manager of the Year (Japan) Award. In May 2025, The Asset named Amova AM ESG Asset Management Company of the Year (Japan). ESG Asset Management Company of the Year (Japan).

The Investment Technology Fund Management Department’s Japanese Equity Human Capital Empowerment Strategy and Climate Change Solutions — Japanese Equity Strategy attracted particularly high praise for their use of unique methodologies in seeking to pursue returns while considering investors’ ESG objectives.

Use of AI and other cutting-edge research for further advances

Masahiro Suzuki, a quantitative analyst in the Investment Technology Fund Management department, won the “Most Innovative Application of Artificial Intelligence” award

at the 2024 Best of the Best Awards, which are awarded by the Hong Kong-based Asia Asset Management magazine. We are actively researching deep learning technology using information such as Japanese text data in the financial sector. The aim is to enhance the accuracy of the analyses of investee companies, the economy and capital markets, further improve investment performance, and enhance the sophistication of our ESG assessments and risk management.

Looking to the future together

We strive to make society better with the power of sustainable investment. Holding this belief, we will continue to take on new challenges.

1. [Yanagi Model in practice: analysis of TOPIX firms links ESG factors to shareholder value | Amova AM Insights](#)

Taking a broader view

The focus of our sovereign ESG analysis

Sovereign bonds, both domestic and foreign, are a major component of our current fixed income investments. As they do with corporate bonds, major rating agencies — such as S&P, Moody's and R&I — provide ratings for debt issued by leading countries in both their local currencies and foreign currencies. Ratings are based on analyses of the risk of default, which generally take into account countries' fiscal balances and their debt levels, as well as other information such as financing structures, economic growth trends and the stability of their markets.

In our team, we do not look at each country's debt when we conduct ESG analysis. Instead, we consider factors such as the sustainability of each country's economy and social infrastructure as well as the soundness of its policy management and civil society.

Our sovereign ESG scoring currently integrates the following items, which we monitor regularly. We consider these useful for analysing qualitative risks that are not captured in country credit ratings.

Factors evaluated towards sovereign ESG scores

Environmental (E)	Social (S)	Governance (G)
Greenhouse gas emissions/capita	Human development	Corruption
Greenhouse gas emissions/GDP	Gender equality	Government effectiveness
Climate change vulnerability and resilience	Average life expectancy	Political stability
Sustainability of forest resources	Secondary education penetration	Regulatory quality
Sustainability of mineral resources	Electricity penetration rate	Rule of law
Sustainability of energy resources	Modern slavery (forced labour)	Government response to modern slavery
Sustainability of freshwater resources	Gini coefficient	Freedom of speech

Source: Amova Asset Management



Osamu Matsubayashi
Fund Manager, Japan Fixed Income Team
Global Bond Fund Management Team

Interpreting our sovereign ESG analysis

If, for example, a country scores extremely poorly on environmental factors, it may be prone to more frequent and severe disasters associated with environmental degradation over the long term. This may undermine social stability more than in countries that have achieved a low-carbon society. In turn, this may adversely impact a country's sustainable growth.

Also, a nation with poor social factors may not be fully utilising its human capital. In the long term, this may widen the gap between rich and poor, contribute to widespread social unrest and hinder long-term growth. Similarly, poor governance factors will result in a decline in voter confidence, which will likely increase political risks. In extreme cases, alongside greater risks of terrorism and conflict, elevated political risks raise the likelihood of adverse effects on debt soundness

by increasing unsound government spending.

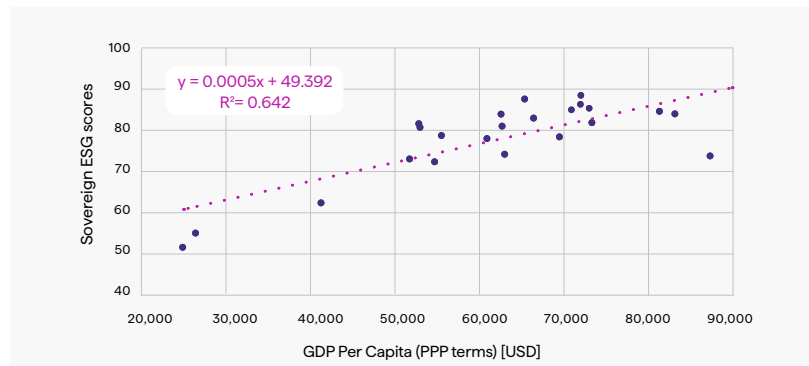
The Trump administration has made clear that it prioritises energy production over environmental protection, with a particular focus on deregulation in climate change measures, air and water quality and energy development. The main reasons for deregulation include promoting economic growth and energy development. However, if such policies are promoted to the extent that they actually have a negative impact on the environment and public health, they will ultimately increase economic risk. Therefore, we believe that the importance of ESG analysis will not change in the long term.

The scatter plot below shows the relationship between the International Monetary Fund (IMF) estimate of GDP per capita in purchasing power parity (PPP as of end-2024 terms) and the sovereign ESG score calculated by

our department (as of March 2025). It covers sovereign debt that the Fixed Income Fund Management Department has invested in, all of which is issued by countries included in the FTSE World Government Bond Index. Most of these countries are developed nations and the deviation in their sovereign ESG scores is relatively small. Even then, the sovereign ESG score and GDP per capita (in PPP terms) of these countries show a relatively strong correlation.

We see ESG factors as useful measures of the sustainability of a society as well as the stability and soundness of its economic, political and social infrastructure. ESG factors are also thought to have an effect on a country's debt over a long period of time. Monitoring these factors to supplement credit ratings, which focus on the fiscal conditions of a country, is therefore seen as an effective way of enhancing the long-term stability of bond investments. ↗

📊 Sovereign ESG scores and GDP per capita (PPP terms)



Source: Amova Asset Management. GDP per capita (PPP terms) data: International Monetary Fund (as of end-2024)

Japan Fixed Income Team — Credit Research Team

Evaluating ESG Factors



Akihiko Yoshino
Credit Research Group Manager

The Japan credit research team believes ESG considerations are key factors when analysing qualitative risks that cannot be covered exhaustively by financial analysis. We focus on eight ESG items, displayed in the diagram below: two of these are related to the environment, three are related to society, and three are related to governance. We periodically review and update these focus areas based on case studies we conduct.

Integration of ESG analysis

Our credit analysts consider ESG factors in addition to the fundamentals of each issuer. In this way, ESG factors are integrated into investment decisions for the industries and issuers we cover. ➤

Environmental (E)	Society (S)	Governance (G)
Changes in environmental regulations	Human capital	Corporate governance
	Manufacturer responsibility	Accounting fraud
Environmental pollution	Relationship with antisocial forces	Corporate ethics

Source: Amova Asset Management

Case study

In-depth discussions on human capital with major retailers

Business competitiveness is one of the key criteria when selecting issuers in the retail sector for investment. Our investments in subordinated bonds and other such securities of issuers that we believe can maintain a high level of structural competitiveness have delivered strong performance to date. We believe we can further improve investment performance by seeking to enhance the corporate value of these companies through discussions and proposals that help to maintain and strengthen their business competitiveness. As part of these efforts, we are holding more in-depth discussions on human capital with these issuers.

Issue

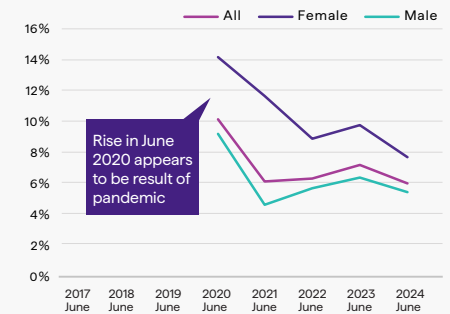
For general merchandise retailers with multi-store operations, we believe that having strong management capabilities at the individual store level is a key factor to attract customers and increase per-customer sales values. However, at present there are no quantitative indicators to measure the ability of personnel operating individual stores. As a result, analyses are based on limited quantitative data such as employee turnover rates and qualitative information gathered through interviews with issuers.

Our view of the issuer in question is that their business competitiveness is particularly grounded on the attractiveness of their individual shops which is supported by the efforts of their shop-floor employees. As we engage with the issuer, we monitor data such as their personnel turnover rates, since we believe any issues with their human capital management will be reflected in this data.

Engagement

We hold one-on-one engagement meetings with the issuer roughly once a year. In the 2024 meeting, we asked them about the factors behind the changes in their personnel turnover rate and how it compared to the pre-pandemic period.

Employee turnover



Source: Amova Asset Management

While the issuer did explain the factors to us, they added that they are working on enhancing the data. As we gained a sense that the issuer was struggling with how it should explain human capital issues to investors, in this meeting, we raised the following issues regarding their disclosures:

- The need for explanations of factors behind increases and decreases in the employee turnover data
- The necessity for more detailed disclosures and explanations of personnel mobility indicators
- The need to disclose clear data that allows external investors to understand whether the issuer provides adequate remuneration and advancement opportunities to its employees

Outcome

In response to our suggestions, the issuer indicated that it shares our concerns. We added that in addition to disclosing qualitative information, the issuer could enhance its disclosures by releasing quantitative data that explains the challenges that can be recognised from the data and the measures the company is taking to address them. We are optimistic that we will see more concrete initiatives from this issuer in the future. We intend to evaluate the results by observing both the company's efforts to enhance their disclosure as well as their qualitative progress through periodic engagement.

Asian Equity Team (Ex. Japan)

Patient engagement pays off

Asia suits a tailored approach best

The consideration and integration of ESG factors is a core part of our Asian equity investment process. This is linked to our fundamental belief that companies with strong or improving ESG performance can achieve high sustainable returns. While we recognise there are potential risks, we believe firms prioritising ESG offer good opportunities for shareholders.

Our ESG Materiality Map, which we have customised for Asia, allows us to identify the material issues and opportunities for each of the companies we cover. As part of our proprietary ESG scoring methodology, individual companies are assessed and scored on environmental, social and governance factors, alongside fundamental analysis, which informs the overall company score.



Members of the Asian Equity Team

Asian Equity Team ESG Materiality Map

Environmental Pillar (50%)				Social Pillar (30%)			Governance Pillar (20%)		
Climate Change	Nature Capital	Pollution & Waste Management	Environmental Opportunities	Human Capital	Product Liability	Social Opportunities	Corporate Governance	Corporate Behaviour	Governance Opportunities
GHG Emissions from Operations	Water	Toxic Emissions & Waste	Clean Tech	Labour Management	Product Safety & Quality	Access to Basic Services (Food, HC, Finance, Power, Comms, Education)	Beneficial Ownership Assessment (Individual, SOE or Capital Market)		Ownership & Management Change
GHG Emissions from Product/Customers	Land & Biodiversity	Packaging Material & Waste	Green Building	Labour Development	Privacy & Data Security		Minority Interest Alignment	Business Ethics & Fraud	
Physical Risk	Resource Management	Electronic Waste	Renewables	Health & Safety	Responsible Investment	Opportunities in Health & Wellbeing	Principal-Agency Alignment	Anti-Competitive Practices	
Financing Environmental Impact				Supply Chain Management	Financial System Instability	Community Development	Board	Corruption & Instability	
							Pay	Past Transactions	
							Accounting Practices	Transparency & Disclosure	

Primary Risk
Issues which can put a company out of business

Secondary Risk
Issues which can have a material impact on shareholder returns

Opportunities
Issues which can lead to a material enhancement in shareholder returns

Pre-defined General Secondary Risk
Climate Change and ESG-Governance

Source: Amova Asset Management

Asian Equity Team (Ex. Japan)

Asian companies continue to improve their ESG data disclosures over the past year, but the lack of consistent and verifiable data is still a prevalent issue across the continent. As a result, firms in Asian markets — where an understanding and appreciation of ESG investing is still developing — lend themselves naturally to active ESG engagement, which we supplement with ESG-focused research. We rely on our research analysts and their engagement with companies to identify material ESG risks and opportunities.

Given the many complex, diverse and fast-changing economies in Asia, we believe ESG implementation is more nuanced in this region compared with elsewhere, and there cannot be a one-size-fits-all approach. As we assess materiality, we are always cognisant of the differences in ownership, culture and stages of development compared with developed markets.

We have continued to enhance our ESG-integrated investment framework to help us keep up to date with ever-evolving global regulations and to determine their effect on shareholder returns. This research involves close collaboration with our dedicated Asia ex-Japan ESG Analyst and the broader Global Sustainable Investment Team.



Members of the Asian Equity Team

Engagement

A key aspect of our ESG-integrated investment framework is engagement. We continue to engage with companies not only to better understand their ESG risks and opportunities, but also to encourage them to improve their disclosures and performance. Asian companies are increasingly aware of the importance of ESG, and some are making real efforts to mitigate the risks.

“Given the many complex, diverse and fast-changing economies in Asia, we believe ESG implementation is more nuanced in this region compared with elsewhere, and there cannot be a one-size-fits-all approach”

Case study

Sustainability remains a focus at First Resources*

First Resources is one of the leading palm oil producers in Indonesia. Its core businesses include palm oil plantations, mills and refining.

Issue

The company has suffered bad publicity over its approach to biodiversity and deforestation. It has also received a poor ESG score from the rating agency MSCI. In the light of this, we have been engaging with the company to find out how it is seeking to improve.

Activities

Following a meeting with the company in March 2023, we determined that the company's operations were on track in terms of its sustainability commitments, and that it was addressing past criticisms — particularly concerning biodiversity. This optimism was encouraged by our next engagement with the company in December 2023, when it said it was considering a \$300 million project to turn waste cooking oil into fuel, which would improve the company's sustainability credentials. A decision was to be made by the end of 2024.

The picture was more mixed when we met the company again in September and December 2024. We had a positive discussion about the company's sustainability roadmap, which covers its short-, medium- and long-term plans, including the need to start reporting Scope 3 emissions (i.e. those that arise from use by third parties of the company's products or services).

However, there was less progress on its work towards receiving certification for its operations from the Roundtable on Sustainable Palm Oil (“RSPO”) lobby group. We had expected it would achieve certification for about three-quarters of its operations in 2024, however the company said that



it was now only aiming to raise its certification from 50% to 67% in 2025, and aiming for full RSPO certification by 2026.

Outcome

We are encouraged by the advances the company has made in climate disclosures on the back of our engagements over the last 3 years. Sustainability remains a central priority for the company, and we believe it is committed to a strategy that emphasises biodiversity and sustainable land use.

In addition, the company is actively exploring green investment opportunities in Indonesia to enhance its environmental performance. However, Management has decided to pause its original plan to invest in sustainable fuel oil or convert waste cooking oil into fuel due to concerns about feasibility and financial returns. Instead, First Resources is focusing on new green opportunities where the firm anticipates growth opportunities in repurposing agricultural land into productive green industrial exports. We look forward to the results of the early-stage feasibility study expected to conclude in 2025.

We will continue to closely monitor progress at First Resources and engage with the company to ensure that its sustainability efforts, including RSPO certification and the biofuel development project, move forward effectively.

*The individual issue names identified on this page are not a recommendation to sell or purchase an individual issue, and that it does not guarantee holding or non-holding in a fund or strategy.

Asian Fixed Income Team (Ex. Japan)

A comprehensive approach

Our approach to ESG

We integrate ESG analysis into our credit research process through our Internal Credit Rating (ICR) framework. This approach provides a holistic view of issuers, improving identification of investment opportunities and risk management. We believe that material ESG factors can impact a company's

credit profile, and that companies with strong or improving ESG performance will outperform peers over the long term.

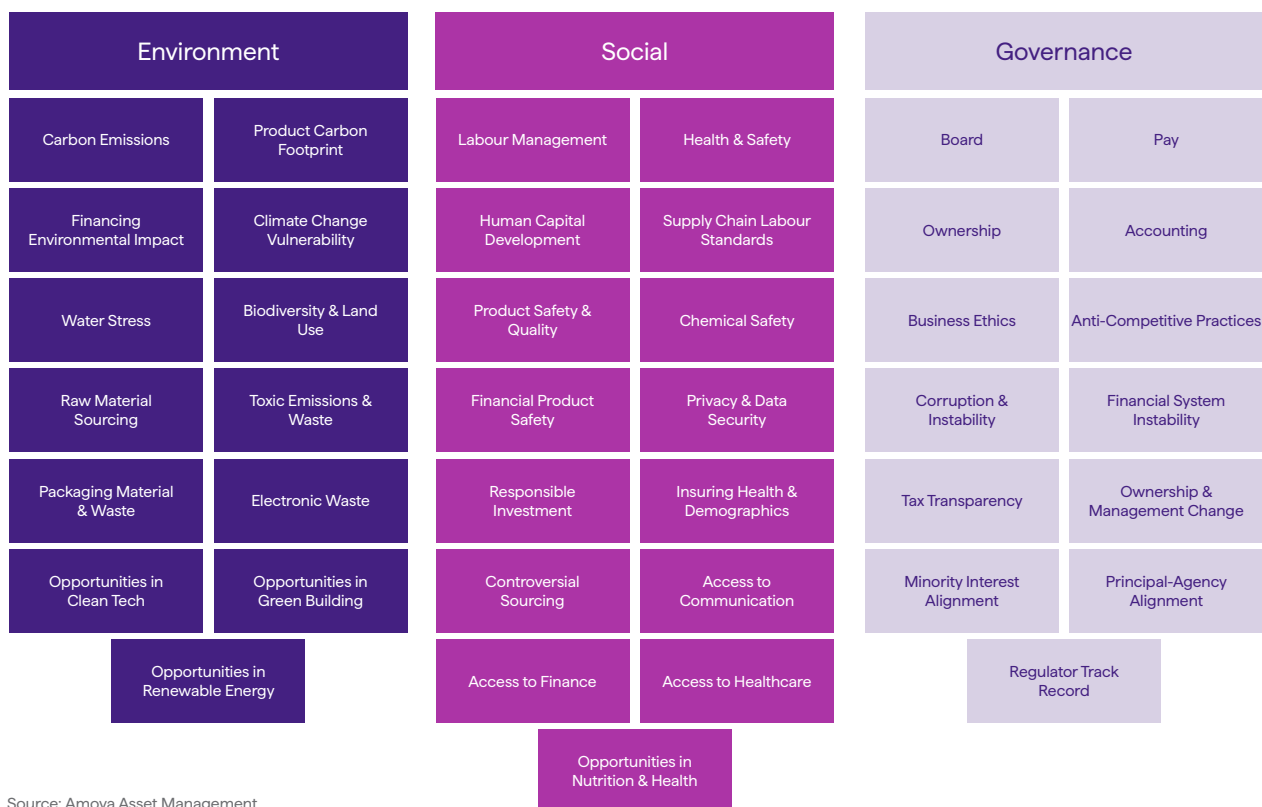
As part of the research process, our credit analysts leverage the ESG Materiality Map to identify the key ESG issues that companies face (see chart below). We created this

materiality matrix with reference to the Sustainability Accounting Standards Board (SASB) and MSCI and adapted it to have an Asian lens.

Using the ESG Materiality Map, our credit analysts assign a weight to the individual environmental (E), social (S) and governance (G)



Members of the Asian Fixed Income Team

Asian Fixed Income team's ESG Materiality Map

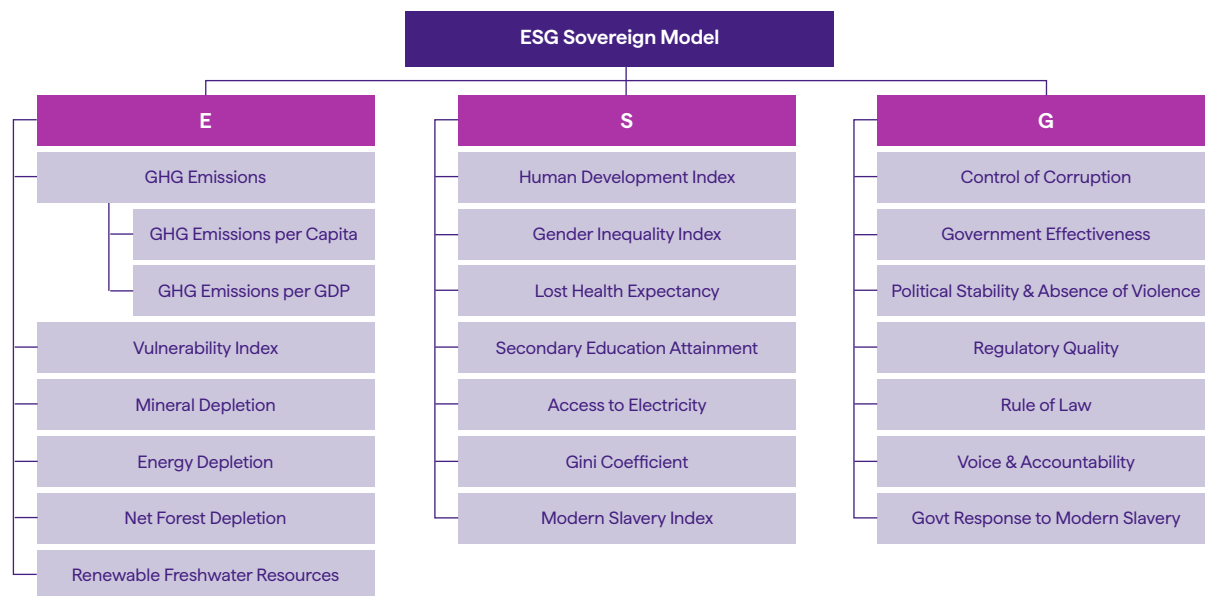
Source: Amova Asset Management

pillars to determine the materiality of these key ESG factors to the issuers. They then assign a score for each pillar, reflecting the issuer's performance in these areas. This analysis allows us to form a holistic understanding of the issuer and provides an insight into how that issuer is performing relative to its peers. Aside from identifying industry leaders and laggards, we also look to support issuers that have positive momentum on ESG performance. As such, the issuers are also assigned an ESG outlook of "Deteriorating", "Stable" or "Improving" by considering the expected ESG trends of the issuer over the next 12 to 18 months.

We use a different model to evaluate and quantify a country's exposure to and management of ESG risk factors. Our proprietary ESG Sovereign Rating Model was developed in 2022 by the Asian Fixed Income team and the Global Sustainable Investment Team. In 2023, we further refined this model by reviewing the E, S and G indicators used and incorporated new ones such as the "Modern Slavery Index", which we saw to be of growing relevance. From publicly available data sources such as the World Bank, the United Nations and the European Commission Emissions Database for Global Atmospheric Research, we selected 21 indicators that broadly cover all

Asian Fixed Income Team (Ex. Japan)

Asian Fixed Income team's ESG Sovereign Rating Model



Source: Amova Asset Management

three areas of E, S and G (shown on the chart above).

This approach has been implemented as an element in our sovereign model and has added substantially to the quality of our investment analysis. We enhance our ESG-integrated investment framework by researching issues and staying current with global regulations. We then evaluate the impact of these developments on companies to better position our portfolios. This research is conducted in close collaboration with the Asia ex-Japan ESG Analyst.

Engagement

In addition to assessing our issuers on their disclosures, engagement has been a longstanding key aspect of our credit research process. Our analysts undertake active engagements with companies on the downside and upside risks of ESG factors. This is where we can follow up on monitoring points or queries highlighted during our initial ESG assessment. We also find that engagements provide better insights on how ESG is factored into business strategy or help to drive sustainable returns over time. Engagement can either take place directly between our team and representatives from a company or, where possible, collaboratively with other investors

as part of investor initiatives. The research process culminates in the expected credit outlook and credit recommendation on the issuers. The team's engagement and escalation efforts are detailed in our annual [Global Stewardship Report](#).

Our engagement activities have led to a marked improvement in companies' understanding of their own ESG risks and opportunities. We look forward to continuing to work closely with investee companies and investor initiatives on material ESG issues as part of our stewardship activities. [↗](#)

Case study

Continuing our collaboration efforts to help drive change with Indonesia's dominant electricity supplier

Amova AM joined the Asian Utilities Engagement Programme (AUEP) of the Asia Investor Group on Climate Change (AIGCC) back in 2022. This investor-led initiative targets Asia's key utility companies to reduce emissions, improve climate-related disclosures and strengthen governance. Our Asian Fixed Income team has been actively engaging with Perusahaan Listrik Negara (PLN), Indonesia's state-owned electricity provider and a bond issuer in our investment universe.

Issue

PLN generates over 80% of its electricity from thermal coal sources, making it one of the region's highest carbon emitters. It has historically lagged global peers in climate accountability and transparency. Given these risks, we've collaborated with AUEP participants to engage PLN's senior management on decarbonisation and disclosure improvements.

2023 Activities

In 2023, PLN announced the early retirement of two coal-fired plants — a significant step given Indonesia's

heavy reliance on fossil fuels. Our team held regular meetings with PLN, where management acknowledged the challenges of balancing energy security with transition goals. These discussions laid the groundwork for deeper engagement in 2024 as part of AIGCC.

2024 Focus

With a new administration in place, President Prabowo Subianto has pledged to phase out coal-fired power by 2040. Our engagement this year continues to focus on early coal retirement, scaling renewables and addressing PLN's funding needs for the energy transition. PLN remains receptive, recognising its central role in Indonesia's net-zero ambitions.

Outcome

Since our engagement began, PLN has cancelled substantial coal capacity and committed to halting new coal developments. It is executing early retirement plans and plans to disclose climate-related financial impacts in its next sustainability report. Following the TCFD's disbandment in 2023, PLN is transitioning to the IFRS S1 and S2 frameworks to enhance disclosures. While progress is gradual, PLN's actions reflect a genuine commitment to decarbonisation. This case underscores the impact of sustained investor collaboration, and we remain dedicated to supporting PLN's transition journey.



*The individual issue names identified on this page are not a recommendation to sell or purchase an individual issue, and that it does not guarantee holding or non-holding in a fund or strategy.

Multi-Asset Team

Diverse portfolios require careful screening

Multi-asset investing by definition involves a wide range of assets, including equities, fixed income securities and real estate investment trusts (REITs).

The Multi-Asset team manages a broad range of portfolios using a variety of investment approaches, and our ability to integrate ESG considerations varies across our diverse client portfolios.

In situations where we use Amova Asset Management's active equity and credit funds, we undertake ESG integration and company engagement on material issues. But where we invest using passive funds,

such as exchange traded funds (ETFs), our ability and opportunity to integrate ESG can be limited.

Firm-wide exclusions on cluster munitions apply across all our strategies where we have discretion. Together with an ESG specialist, we screen portfolios to identify companies that breach social safeguards, such as those listed in the Ten Principles of the United Nations Global Compact and the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises on Responsible Business Conduct. Companies that have been flagged as being in breach of social safeguards will be further assessed — which might entail engagement to clarify areas of concern, before divesting as a last resort.



Members of the Multi-Asset Team



Chris Rands, Joint Head of Global Multi-Asset Team, and Shay Pang, Senior Portfolio Manager, as panellists at an external event.

We draw on our proprietary research into the return potential of different asset classes, our experience with portfolio construction and the expertise of Amova AM's Global Sustainable Investment Team to support clients with their ESG requirements. We always aim to invest with the best interests of our clients at heart, so we are always transparent in our communications and discussions of how we integrate ESG considerations in our investment process.

As ESG regulations and disclosure requirements evolve, we are committed to exploring further opportunities with our Global Sustainable Investment Team to further embed ESG into our investment process.

New Zealand Equity and Bond Teams

Engaging for effective change

ESG integration

Amova Asset Management's New Zealand Equity and Bond teams work side by side on ESG issues. As medium- to long-term investors, we use our extensive experience to understand and evaluate the materiality of industry and company ESG factors and how they may impact our investment decisions through our bottom-up fundamental approach. On some

occasions ESG factors may not be material enough to alter our conclusions; there is no set formula.

We rely on the experience of team members to understand ESG impacts and document them in our investment research reports. While these reports form an important element in our approach, they cannot be assessed and



Members of the New Zealand Bond Team



Members of the New Zealand Equity Team

managed in isolation. Other factors, such as the quality of the management team, must also be carefully assessed.

Engagement and proxy voting

Every quarter, we screen the investments we hold across all portfolios — together with investments on watch or under active assessment using a tool from MSCI ESG Research. This process assists the team by adding another layer of scrutiny to our knowledge of companies. As many debt issuers are also listed on the New Zealand Stock Exchange, they are also captured during this screening.

The outcome of this process is that companies are rated against the standards and performance of their industry peers on a scale from AAA to CCC. We engage with companies in an effort to raise the bar in areas where

improvement would be beneficial to stakeholders. These areas may be identified by MSCI ESG Research or by our own analysis. We prefer companies that have a rating of BBB or higher, however, a rating of BB or less does not necessarily mean we should not invest in a company. We may still engage with the company on the main issues causing the poor rating.

“We engage with companies in an effort to raise the bar in areas where improvement would be beneficial to stakeholders”

New Zealand Equity and Bond Teams



Similarly, a higher MSCI rating does not alone dictate a higher investment weight. The primary driver of a company's weight in our portfolios will still be determined by the relevant portfolio manager, based on a range of both quantitative and qualitative factors. The MSCI rating is only one of the quantitative factors that feeds into our investment process. For instance, we monitor the carbon footprint and weighted average carbon intensity of our portfolios. This information helps to form a baseline, which we use to find opportunities in areas that we can invest in. We then try to encourage these firms to move towards a lower carbon future. We believe companies that have higher ratings or are actively improving their ESG standards will ultimately

be recognised by market participants, so our process should highlight these opportunities.

Analysis of a company's corporate governance structure helps to form our view of the quality of a management team. Voting is one way we can influence governance, as an integral part of responsible stewardship of capital. We exercise proxy voting rights independently and solely in the interests of our clients and beneficiaries. When we vote against a company resolution, it is our policy to write to the management to explain our reasons in an endeavour to advance the company's development. 🚩

Case study

Cutting coal to make greener milk

Issue

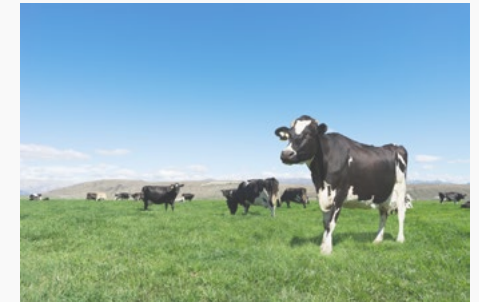
a2 Milk™ is a New Zealand branded dairy nutritional company. Its business involves the sale and distribution of branded milk products naturally containing the A2 protein. The company has expanded beyond its home market in New Zealand, to Australia, China and North America.

Previously, processing and manufacturing has been contracted out to third parties, making the company traditionally light on both assets and capital requirements. In 2021, in a departure from this strategy, a2 Milk bought a 75% stake in Mataura Valley Milk, which owns a purpose-built nutritional products operation in New Zealand. The company's rationale for the purchase was that it would increase supplier diversification. It would also reduce market access risk for several reasons, one of which is because the remaining 25% of Mataura is controlled by the China National Agricultural Development Group, a Chinese state-owned enterprise and parent of a2 Milk's Chinese logistics and distribution partner, China State Farm.

Activity

We had concerns about the acquisition, which involved changing the company's business strategy from being purely a brand owner to a more vertically-integrated capital-intensive model. A major element of our concern was environmental, given that Mataura used a coal-fired boiler for milk drying.

We regularly engaged with a2 Milk on its emissions and ways they could be reduced. This included the electrification of the manufacturing process. Mataura has now switched to using electricity for powering its drying process, replacing the coal-fired boiler with a high-pressure electrode boiler, which became fully operational during the 2024 financial year. This has helped decrease the



company's Scope 1 and 2 carbon emissions (those directly and indirectly related to the company's own operations and purchases from elsewhere) by 45%. Meanwhile, a2 Milk has agreed a new energy deal that includes a market-based mechanism that certifies that 100% of the energy supplied is renewable.

Outcome

We are pleased that our active engagement, along with that of other investors, has had a positive effect on the company. It is notable that the retirement of the coal-fired boiler — which had many years of useful life remaining — and the premium paid for the certified renewable energy have had a negative impact on the company's short-term financial returns. Both Amova Asset Management and a2 Milk believe that the changes should add to value over the long-term, but the immediate impact also acts as a salutary reminder of the complex trade-offs involved, not least on the financials.

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US Investment Team

Standing together

ESG integration

Amova Asset Management's US investment team continues to focus on ESG considerations in its investment process. We do this through the support of our sub-advisers, which provide us with investment advice for managing our different equity mandates. Each sub-adviser has their own dedicated approach to analysing companies in relation to ESG. We hold monthly and ad hoc conversations with them, where we discuss the potential risks to the investment strategies as well as the opportunities that may arise from the changing environment. The US investment team adds a layer of risk management to the portfolios, and one aspect of that is using ESG ratings from third-party providers.

Getting the chemistry right

An example of our collaboration with sub-advisers is the Positive Change Innovation Strategy, managed by ARK Invest, a US-based investment firm. The strategy is built around a proprietary framework that evaluates how a company's technologies, products and business model contribute to the 17 United Nations Sustainable Development Goals (SDGs). ARK's methodology begins with a top-down analysis of transformative technologies and their potential to drive change, followed by a bottom-up assessment of how each company's offerings align with specific SDG targets.

Our US investment team, in close coordination with the Global Sustainable Investment Team and supported by third-party data providers,

plays a critical role in reinforcing this process through a risk management lens. This includes validating both positive and negative SDG alignment data, identifying potential discrepancies across data sources and ensuring that ESG risks are appropriately flagged and addressed.

Making every vote count

The area where we believe we can have the strongest impact in implementing our ESG philosophy is through proxy voting. We take our proxy voting responsibility seriously and work as a team to review all ballots before voting. We also use a proxy adviser, which recommends how we should vote, and its recommendations are based on our group voting policy. When assessing proxy ballots, we find it useful to engage with companies to complement the proxy adviser's recommendations.

One proxy ballot item that we review with particular scrutiny is the vote expressing

“The area where we believe we can have the strongest impact in implementing our ESG philosophy is through proxy voting”



shareholders' opinion on executive compensation. This so-called “say-on-pay” vote asks investors to vote on the compensation of the top executives of a company. It is an advisory vote that is not binding, but we expect management to make changes in the event of low shareholder approval. As an asset manager, we take say-on-pay votes extremely seriously, reflecting our commitment to ensuring alignment between executive compensation and company performance. We use the proxy ballot to convey our concerns when we perceive a disconnection between pay and performance.

By actively engaging in these votes, we exercise our fiduciary responsibility to protect shareholder interests and advocate for transparent compensation practices. The

frequency of these votes differs for each company but, given the option, we support the ability to vote on executive compensation annually. Ultimately, using our voting power for say-on-pay resolutions underscores our dedication to promoting sustainable long-term value creation and fostering trust between management and shareholders.

Executive compensation plans vary by company and often have different goals, depending on the size of the company, the business sector, or the stage of the company's development. Additionally, as ESG metrics are increasingly used in incentive compensation, we believe it is important for investors and proxy advisers to question companies on the use of such metrics and whether they have achieved any related goals. ↗

Global Equity Team

Remaining committed to sustainability

Amova Asset Management has long believed that sustainability should be at the core of our stock selection process. Our Future Quality investment approach helps us to identify those companies we think are well positioned to sustain high returns into the future, while creating value for all stakeholders and benefiting the planet. Our underlying belief is that the market will increasingly recognise that these companies will not only weather future challenges, but also be able to deliver solutions to the problems that we face.



Members of the Global Equity Team

ESG analysis is undertaken by each portfolio manager and analyst, and is fully integrated into the stock-selection process. We rely on our four-pillar Future Quality analysis, which includes in-depth evaluations of ESG factors to determine their effect on a company's risks and returns. Our research includes an analysis of a company's corporate governance, social practices, the environmental sustainability of its products or services and its

ability to fund its growth and ESG commitments.

Engaging within and across the portfolio

In creating a sustainable portfolio, picking the right stocks is only part of the job. It is also crucial to make sure the chosen companies remain committed to pursuing sustainable practices. Amova AM's investment team engages with individual investee companies to help promote

better ESG practices if we believe there is room for standards to improve. From time to time, these engagements can embrace the whole portfolio when we believe there is an issue that affects many companies.

In previous years, we have discussed an initiative undertaken by our Global Equity team to write to all the companies held in our Global Equity strategy about climate

change. The objective was to better understand the companies' climate strategy and encourage them to follow industry best practice.

In the light of the responses, in 2023 we identified a number of companies that were engagement priorities as there were particular areas that required improvement (see our Sustainability Report 2024, page 34). In 2024, we built on this work, spending a significant amount of

time understanding and developing a framework to monitor the degree to which companies in our portfolio were aligning their strategies to a future of net-zero carbon. We used the alignment assessment methodology used in the Net Zero Investment Framework developed by the Institutional Investors Group on Climate Change. This complemented the team's existing active investment process and philosophy: forward-looking, growth-focused,

Global Equity Team

“In creating a sustainable portfolio, picking the right stocks is only part of the job. It is also crucial to make sure the chosen companies remain committed to pursuing sustainable practices”



Members of the Global Equity Team

pragmatic in its expectations — while providing flexibility to align the methodology with the investment philosophy.

The resulting classification we have developed allows us to have a consistent and systematic approach to monitoring our portfolio companies' alignment to net-zero for Global Equity, with a clear focus on climate disclosure,

targets and strategy. In carrying out this work, we conducted top-down and bottom-up reviews of the portfolio using quantitative data and proprietary research. We are aiming for these reviews to become a regular driver of our engagement activity and are looking at the viability of scaling this methodology across other investment strategies. ➤

Case study

Supporting dissident shareholders seeking more transparency at Microsoft

Microsoft is one of the world's largest software groups.

Issue 1

Over recent years, we have had concerns about Microsoft's plans to build new data centres in a number of countries with questionable human rights records, notably Saudi Arabia.

Activity

We voted in favour of a resolution at the 2023 Annual General Meeting that called on the company to prepare a report on its human rights' due diligence process in high-risk countries. This vote failed to pass, although it received a favourable response from a third of the votes cast (see our Sustainability Report 2024, page 45).

In 2024, two shareholders again put forward a motion asking that the directors commission a report assessing the implications of situating Microsoft cloud data centres in countries where there are significant concerns about human rights, as well as the company's strategies for mitigating their impact. It called for the report to be published within a year of the 2024 shareholders' meeting.

Outcome

We agreed with the assessment of our proxy adviser, Institutional Shareholder Services (ISS), that there are legitimate concerns over the company's potential complicity in human rights violations. We therefore voted in favour of the resolution which, although it did not pass, it still gained the support of 32% of the shares.

Issue 2

In another area of concern, a US ethics pressure group, The National Legal and Policy Center, proposed a motion to the 2024 Annual General Meeting relating to the increased risks of copyright infringement due to the widespread use of artificial intelligence (AI). Although Microsoft provides a general assessment of AI risks, the shareholder was seeking a report looking specifically at the risks of the company's use of external data for the training of artificial intelligence. It called on Microsoft to disclose how it was minimising those risks and the measures it was using to gauge success.

Activity

ISS concluded that, given several high-profile lawsuits and increased regulation, shareholders would benefit from greater disclosure about how the company views the use of copyrighted information. It therefore supported the resolution. We agreed with the recommendation and voted in favour.

Outcome

Again, while this did not carry sufficient support to go through, with well over a third of votes (36%) in favour, it showed this concern is widely shared among shareholders.



*The individual issue names identified on this page are not a recommendation to sell or purchase an individual issue and do not guarantee holding or non-holding in a fund or strategy.

Global Fixed Income Team

Maximising our impact

The Global Fixed Income team believes the world economy is gradually moving towards embracing sustainable practices. It is therefore incumbent on us to incorporate ESG principles into our investment process. We have always believed in employing a consistent process that relies on quantitative and qualitative inputs to generate ideas and construct high-conviction portfolios, which should reward us suitably for the risk we take.

ESG implementation

ESG factors are considered across all our products at the research and screening stage of the investment process. We continue to develop our proprietary ESG monitoring tools and are increasingly taking ESG considerations into account when selecting bonds. Our assessment of corporate governance focuses mainly on general management quality, while environmental and social analyses tend to capture risks and opportunities linked to a specific industry or region.

Given that the majority of our fixed income assets are in AAA-rated bonds, it is sometimes challenging to ensure that the environmental and social aspects of a business align with every one of our investors' wishes. However, we strive to make sure these businesses meet the standards set out by the UN-supported Principles for Responsible Investment.

ESG considerations are incorporated where they are deemed material to the investment case, and in line with our clients' risk appetite and perspectives on ESG investing. For example, for clients with high sustainability expectations, our Global Green Bond strategy has historically invested strictly in green bonds from global AAA-rated sovereigns, supnationals and agencies with the strongest sustainability credentials. Issuers include the World Bank, the European Investment Bank and KfW, the German state-owned investment and development bank. However, in 2023 we expanded our investable universe to include corporate credit as a means of supporting clients' growing desire to help fund the transition to a net-zero future.

The Amova Global Green Bond Strategy - relaunched in October 2023 and managed from London — invests mainly in green bonds but also some social and sustainable bonds.



Members of the Global Fixed Income Team

We do not currently invest in sustainability-linked bonds, which are a separate class of product. It complies with Article 9 of the EU's Sustainable Finance Disclosure Regulation, giving investors across the EU access to bonds that finance affordable and clean energy, sustainable cities and communities and climate action. It falls under the impact category of our ESG classification system, covering funds that invest in companies that have an environmental or social impact, while also pursuing return objectives.

Limited leverage

It is more difficult for a fixed income investor to have a direct influence on the direction of investee companies. A bondholder lacks the voting rights that accompany equity ownership. Even so, it is important for us to engage with management when we see areas that can be improved.

With regard to corporate credit, our Global Fixed Income portfolio managers and research analysts work alongside our ESG specialists to engage with the companies we invest in. These discussions cover the firms' corporate earnings and financial strategies, as well as other non-financial information including their management policies, business strategies and material ESG matters, as part of an assessment of corporate value that ultimately informs our investment.

However, given our relatively small exposure to corporate bonds and emerging markets, we are realistic about the practical limits to our influence, and we avoid situations where we might end up in corporate actions that would disproportionately tie up resources and time. ➤

Global Fixed Income Team

Case study

Saying no thanks to H&M's green bond

When selecting bond issues for our Global Green Bond strategy, we undertake a due diligence process that reviews a range of factors, including:

- the issuer's sustainability strategy to ensure it aligns with our fund's goals
- the "bond framework", which sets out the green aims of the particular issue, to ensure that it is sufficiently ambitious
- the proposed post-issuance allocation and impact report to ensure the reporting and impact of the proceeds meet our expectations

Any concerns that are identified can lead to a decision to engage with the issuer to carry out further due diligence to ensure alignment with our sustainability goals or to not invest at all, depending on their severity.

Issue

An example of our green bond process in action related to a bond Amova Asset Management originally reviewed in 2023 issued by H&M Group, a clothing retailer headquartered in Stockholm and known for its fast-fashion business model. Under the terms of its sustainable finance framework, eligible projects for the bond's proceeds would include: the development of "circular economy" products and supply chains, including those that allowed customers to take back used clothes; the ownership or leasing of "green" stores, offices and logistics centres; supporting renewable energy generation and energy efficiency in logistics and supply chains; and the reduction of fresh water consumption in its own activities and those involving its merchandise.

Activity

We ultimately chose not to subscribe to the bond issue for a number of reasons. We felt that there was a lack of clarity about the minimum levels needed to reach a sustainable standard in each project, combined with a lack of ambition to stem the negative environmental consequences of its suppliers' manufacturing methods and the end-of-life disposal of its products.

These feelings were reinforced by recent controversies relating to H&M's supply chain. They have included allegations that it failed to pay workers properly in garment factories in Bangladesh, Cambodia, Ethiopia, Myanmar and the Philippines. It has also been criticised for the alleged dumping of used clothing that has caused environmental damage in parts of Asia and Africa.

Our review led to us concluding that the projects to which the proceeds of the bond were linked were insufficiently ambitious and did not live up to our Green Bond strategy's overriding expectation, "do no significant harm". In May 2024, we joined one other institutional bond investor on a call with executives of the company and explained why we had not participated in the bond issue. We were encouraged to discover that our fellow would-be investor had reached similar conclusions with regard to this particular issue.

Outcome

Green bond frameworks tend to not be updated frequently by issuers, so we believe it could be some years before this particular framework is reviewed. Nonetheless, we hope that the feedback provided in our meeting has given the company some food for thought and will encourage greater ambition in its future sustainability goals.



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Portfolio Solutions Group

Updating our oversight framework

Philosophy and policy

The Portfolio Solutions Group evaluates, selects and monitors external managers. Amova Asset Management believes that ESG factors are inherent to long-term corporate value creation and sustainable economic growth. We therefore embrace ESG to better manage investment risk, to deliver better quality long-term investment returns, to have a positive impact on our communities and to be good stewards of our environment. We uphold a high standard in integrating ESG considerations into our investment process.

We have had most external managers sign letters of intent affirming their commitment to integrating ESG into their investment management. They are expected to implement a process for assessing and observing current and future ESG-related investments. Nonetheless, our team regularly monitors whether external managers are fully integrating ESG factors into their investment management processes and, if necessary, encourages them to step up their activity. Our periodic assessments of external managers' ESG initiatives — in terms of their companies, personnel, research and investment processes

— means ESG plays a key role in our manager selection.

The Portfolio Solutions Group operates an inter-regional ESG Working Group for managing external managers, comprising members from our Tokyo, Singapore and New York offices. The working group is led by Naoyuki Murota of the Sub-Advised Fund Management Department in Tokyo. This group conducts research into the rapid changes that are taking place in ESG investment and keeps up to date with the evolution of ESG investment requirements.

Based on this research, we regularly review our ESG evaluation framework to properly reflect ESG requirements for the asset management industry. We include these considerations in our assessments of external managers and use them in our discussions with these managers to ensure that ESG is integrated effectively into their investment activities.

Updating our ESG evaluation framework

Attention to ESG factors is increasing year by year in the asset management industry, especially concerning climate change. There

is an urgent need to accelerate the transition towards global net-zero emissions, and we firmly believe asset managers need to be at the forefront in driving that change. In order to better evaluate how external managers are supporting the transition, we updated our ESG Evaluation Framework and ESG Due Diligence Questionnaire in 2024. We will continue to review and update these documents to improve our ESG evaluation process.

Engagement and voting

We believe that engaging with investee companies and exercising voting rights are powerful tools for us to fulfil our stewardship obligations. For funds managed under discretionary investment contracts, we exercise voting rights in line with Amova Asset Management's proxy voting policy, rather than delegating them to external managers. When exercising our voting rights, we refer to recommendations from Institutional Shareholder Services, a proxy voting adviser, and conduct stringent checks on proposals, such as those relating to the remuneration of senior staff, the composition of boards and the reappointment of directors.



Members of the Portfolio Solutions Group

Improving external managers' ESG integration

We aim for uniformly high standards, but ultimately each external manager integrates ESG factors into their investment process to differing degrees. Where integration is found to be inadequate, managers are encouraged to raise their standards.

For example, we saw that an external manager was investing in fast-growing small-cap stocks that did not disclose sufficient ESG-related information — particularly environmental data. As a result of our repeated engagements and advice on ESG processes, the manager started to deepen their understanding of ESG issues, leading to the creation of their own ESG checklist and improved ESG research to feed into their stock selection process. In

2023, the external manager took this ESG checklist further; where the original checklist items were merely rated with a “yes” or “no”, they have now established a more precise survey with a five-level rating system.

Some external managers are beginning to integrate ESG factors explicitly into their investment processes, while others with partial ESG integration have introduced self-developed models, and started to take into account how climate change will affect the financial performance of their investments.

It is clear that ESG integration is developing fast among our external managers, but we will continue to make sure it becomes a universal and effective part of their investment processes. ➤

Stewardship — Engagement on ESG topics

Supporting companies' progress

As a leading asset manager, Amova Asset Management recognises that engagement and stewardship are important parts of our fiduciary duty, particularly with reference to sustainability.

We engage with our investee companies on their strategy, operations and financial decisions, as well as their performance and management with respect to material ESG issues.

Investment teams engage with companies on sustainability issues, both before and during the period of investment. Our Global Sustainable Investment Team also participates in industry-led engagements through collective investor groups, such as the Asia Investor Group on Climate Change and Climate Action 100+. The analysts and portfolio managers in our investment teams are ultimately responsible for assessing the ESG risks and opportunities that inform portfolio buy and sell decisions.

Three overarching principles guide our engagements:

Materiality: Our engagements are driven by material factors, especially ESG factors

Intentionality: We establish clear objectives and expectations for our engagements

Effectiveness: We engage in a constructive, positive, and pragmatic manner

Within these principles, several key factors decide how we prioritise companies for



Members of the Global Sustainable Investment Team

engagement, which can differ by region and asset class:

- the size of our holding and/or our influence
- a poor ESG score or the scope for improvement
- the nature of an issue and/or the severity of a breach
- a voting event
- our ESG thematic priorities
- the client's priorities
- the company's openness to dialogue

The details of our engagement approach are outlined in our Group Engagement and Stewardship Strategy. It formalises our engagement and stewardship activities, ensures unity across regions and allows us to share with the market our global engagement commitments. ➤

Stewardship — Engagement case studies

Case study 1

Slow but steady progress in cutting greenhouse gases at a major South Korean steel producer (Asian Fixed Income and Asian Equity)

POSCO Holdings is a South Korean holding company that owns several businesses involved in steel making, trading and electric vehicle battery materials.

Issue

The group's listed subsidiary, POSCO International, has been criticised for contributing to deforestation in New Guinea. It has not committed itself to the disclosures recommended by the Taskforce on Nature-related Financial Disclosures (TNFD), a corporate initiative to promote more nature-friendly business. This is in spite of the fact that POSCO International, whose business has significant importance to biodiversity, has a policy of "no deforestation, no peatland, no exploitation" and that the rest of the POSCO group has joined TNFD.

POSCO Holdings has laid out a carbon reduction roadmap to reach net-zero in 2050. Even so, Amova Asset Management did not believe that the group's short-term targets matched the ambitions of the Science Based Targets initiative (SBTi), a UN-backed group pushing companies to adopt a clearly-defined path towards reducing emissions in line with the Paris Agreement goals.

Activity

Representatives of our Asia Fixed Income team met POSCO Holdings in September 2023 (see our Sustainability Report 2024, p. 41) to discuss these issues, as well as opportunities in "green steel" and its efforts to anticipate climate change. (The ESG themes we considered material to our analysis of the company can be seen in the graphic.) The company said it would push POSCO International to sign up to the TNFD. However, it also highlighted the difficulty it faced in being SBTi-aligned given the lack of government subsidies to enable decarbonisation.

We met the parent company again in early 2024, at which time we noted that POSCO Korea's operations had improved their greenhouse gas intensity by around 1.5% points between 2022 and 2023, which represented a cut of around 3.3% from the 2017-2019 baseline.

However, the company's carbon reduction pathway, including a 10% reduction in carbon emissions by 2030, is still a long way from that required by the SBTi. Moreover, its target usage of scrap steel — which makes "greener" steel as it is less energy intensive than using virgin ore — still appears relatively low compared to other steelmakers operating in the developed market. This is despite the company's investments in greener production using electric arc furnaces as opposed to blast furnaces, which generate more greenhouse gases. At the moment, most Asian rivals are still mainly producing steel using coal-fired blast furnaces, making it tough for POSCO to compete if it moves ahead with greener steel-making.

We noted that some positive steps were taken by the company during 2024. In June, POSCO International was approved for membership of the TNFD Forum, a consultative part of the group. The company confirmed that it would make biodiversity disclosures in line with TNFD guidelines in the future.

Outcome

There remain plenty of areas where POSCO has substantial room for improvement, notably in carbon reduction and biodiversity. We will continue to monitor and engage with the company to encourage it to accelerate its rate of change. Nonetheless, we are encouraged that progress has been made, albeit slowly, and continue to believe that having both equity and fixed income representatives involved in engagement has made the company more receptive to our pressure.

ESG themes material to the investment case	
Environment	High Carbon Emission, Opportunities in Clean Tech
Social	Moderate Health & Safety, Product Safety & Quality
Governance	High Ownership, Corruption & Instability, Board

Source: Amova Asset Management

Case study 2

Driving climate science in German real estate (Global Fixed Income)

Vonovia is a large German property group.

Issue

Amova Asset Management thought there was room for improvement in this company's climate strategy. It had set a number of targets in some important environmental categories, including reducing CO₂ in its housing portfolio and making its construction and refurbishment activities more sustainable. However, unlike similar companies, such targets only covered 89% of its portfolio and had not received science-based certification.

Activity

We engaged with the company in 2023 in order to encourage it to extend its targets to 100% of the portfolio and have the targets reviewed by the Science Based Targets initiative (SBTi), a UN-backed group pushing companies to adopt a clearly-defined path towards reducing emissions in line with the Paris Agreement goals.

The company explained that at the time it started to develop its "Climate Path" strategy, SBTi had yet to release standards for the industry. Instead, its climate strategy was developed with the Fraunhofer-Gesellschaft, a leading German applied research organisation, and was science-tested in 2022. We encouraged the company to have its targets

further validated in order to align it with current best practice in the industry. The company stated its intention to submit its targets to SBTi, which we expected would stiffen its resolve to meet its targets.

Outcome

Our hopes were validated as Vonovia has subsequently raised both its target coverage and its ambition. In April 2024, SBTi approved Vonovia's climate targets and confirmed they were aligned with the 1.5-degree rise in temperatures aimed for by the Paris Climate Agreement.



*The individual issue names identified on this page are not a recommendation to sell or purchase an individual issue and do not guarantee holding or non-holding in a fund or strategy.

Stewardship — Engagement case studies

Case study 3**Bolting down tighter emission controls at a heavy engineering group (Japan Equity)**

This company is a major Japanese conglomerate, spanning a wide range of heavy industries from aerospace to energy and industrial machinery.

Issue

In 2023, the group was identified as a focus company by CA100+, a collaborative engagement initiative on climate change set up by institutional investors. As a co-lead investor, Amova Asset Management heads engagement with the company in collaboration with another like-minded investor.

Activity

We had an initial meeting with the chief financial officer (CFO) in November 2023 and met him again in July 2024. During this second meeting, we confirmed the company's progress in the development of decarbonisation technologies, including gas turbine combined-cycle power plants; hydrogen or ammonia co-firing in carbon-based power stations; and carbon capture, usage and storage. We also asked whether progress on greenhouse gas reduction could be incorporated into performance-linked key performance indicators for executive pay. The company responded that it would consider these issues carefully and positively. Asked about its lobbying activities, the company stated that it would strive to disclose what it does in an integrated report in future.

In January 2025 we discussed carbon emissions objectives with other contributing investors in the collaborative engagement. The company is aiming to achieve carbon neutrality across all its operations by 2040. Thus far it has made encouraging progress, with a 98% reduction in the carbon emissions of its machinery works in Hiroshima, Japan, where it has cut nearly 10,000 tonnes of annual CO₂ emissions. Similar low-carbon technology will now be rolled out to other plants.

Outcome

Given the progress and following discussions amongst the contributing investors, we have evolved our emissions objectives for the company. Its target for Scope 3 emissions — i.e. those that arise from use by third parties of the company's products or services — will necessarily have to adjust to the extent that the world is able to meet reduction goals. We have decided that, in future discussions, we will now be watching more closely the company's Scope 1 and 2 emissions — i.e. those directly or indirectly under the company's control through its own operations or those of its purchases.

We will continue to engage with the company through the CA100+ framework, aiming for annual communications. We will be monitoring how the company is helping to accelerate the transition to greener energy and use it as an opportunity to, for instance, sell highly-efficient gas turbine combined-cycle power plants. More directly, we will continue to use progress on carbon neutrality targets as one of the elements in deciding how we cast our votes at shareholder meetings.

**Case study 4****Persistence and teamwork pay off at a big Japanese ceramics-to-solar group (Japan Equity and Global Equity)**

This big Japanese group makes a range of products, from industrial ceramics and semiconductor devices to solar energy and medical equipment. It is held in some of our Japan Equity and Global Equity portfolios.

Issue

The company's poor performance has slowly turned around in recent years under the leadership of a new president. Despite these improvements, the return on equity has remained poor, mainly due to a large stake in a telecommunications group co-founded by the company that has grown over time. As of the end of March 2022, this shareholding accounted for 46% of net assets. The drag has been recognised by the market in a low price-to-book ratio of less than one.

Activity

Between August 2022 and June 2023, Amova AM held eight meetings with the company, including three with the president. In these meetings, we conveyed our concerns about the low capital efficiency of the business and gave notice that the large telecoms stake contravened our new policy that cross-shareholdings should not amount to more than 20% of net assets.

In the event, the company's plan to cut the stake by the equivalent of 5% of book value proved disappointing. The Japanese Equity and Global Equity teams therefore joined forces and voted against both the president and chairman at the 2023 annual general meeting, in line with our voting guidelines. Although the two executives were re-elected, their support was less than overwhelming, with votes in favour of 66% and 65%, respectively.

This clearly had a galvanising effect, for, at the second quarter earnings presentation in November 2023,

the president stated that the company was reconsidering its reduction target for the shares, with a revised plan due by the autumn of 2024. He acknowledged that the lower-than-expected support for top management at the shareholders' meeting was a trigger for this reconsideration.

We met with the president again in November 2024. The main purpose of the meeting was to exchange views on the additional reduction in the large holding announced by the company at its interim financial results, which was now to involve the sale of one-third of the shares over five years.

**Outcome**

Since our last meeting, the company has decided to go even further. In February 2025, at the announcement of its third quarter results, it announced that it would accelerate the reduction in the shareholding so that one third of the shares would now be sold in two years. It also announced that it would buy back its own shares to the value of 200 billion yen — equivalent to about 9% of total shares outstanding — in the next fiscal year and shares worth another 200 billion yen in the three-year period from the next fiscal year onward. In addition, it announced a cut in the term of office of directors from two years to one year.

We will meet the president again in the aftermath of these announcements to follow up on our recommendations. However, thus far, we believe that they represent a vindication of our approach to what had been a seemingly intractable problem. Persistence, teamwork and a willingness to escalate have certainly paid off at this company.

Stewardship — Proxy voting on ESG topics

Good stewardship requires active voting

Proxy voting is a key part of being a good steward of our clients' money. We take great care to ensure that our voting serves the interests of both companies and our clients, particularly in sustainability matters where we are guided by ESG principles.

Proxy voting is an integral part of our active stewardship approach, and we endeavour to vote all shares where we have voting authority. We believe voting is an important mechanism for holding boards and management teams accountable, especially in passive strategies, when selling the stock is not always a feasible option. In our fixed income investments, where we do not have the voting rights that are available to shareholders, we aim to be active owners by engaging with the issuer on matters of concern.

[The Amova Asset Management Group Proxy Voting Policy](#) establishes our company-wide approach to proxy voting decisions. This policy establishes the principles we use for determining how we exercise our voting rights at the group level. Implementation of the group-wide policy is undertaken by our regional offices, which have the freedom to

interpret the principles to suit local conditions. As a result, there are some variations in how our voting and wider stewardship activities are implemented across the group. For example, in our Global Equity strategy in the UK, we have a supplemental proxy voting policy for addressing environmental and social principles, while in Japan we have a separate policy, Standards for Exercising Voting Rights on Japanese Stocks.

In 2024, we strengthened our stance on shareholder resolutions in Japan relating to climate issues. We now take each proposal on its merits, looking at its effect on shareholder value over the medium and long term. In principle, we support better disclosure, unless the firm's efforts are already in line with the proposal, or if it would be disadvantageous for the firm or restrict its business activities. In 2024, we supported

📊 Breakdown of voting by region, January to December 2024

Region of Company Incorporation	Number of Shareholder Meetings	Number of resolutions	Votes for Management (Number)	Votes for Management (%)	Votes Against Management (Number)	Votes Against Management (%)
APAC ex-Japan	2,400	17,374	15,057	86.7%	2,317	13.3%
EMEA	1,011	16,106	14,699	91.3%	1,407	8.7%
Japan	2,390	23,242	19,724	84.9%	3,518	15.1%
The Americas	1,212	13,403	12,227	91.2%	1,176	8.8%
Total	7,013	70,125	61,707	88.0%	8,418	12.0%

Source: Amova Asset Management

the majority of climate shareholder resolutions in Japan, which is a significant increase from previous years. (For example, we supported only around 50% of such resolutions in 2023.)

Based on public data, we are one of only a handful of domestic investors to have supported climate shareholder resolutions in 2023 and 2024. Examples are to be found in two of the case studies that follow: "Lending our support for climate change policies at a major Japanese bank" and "Encouraging climate-friendly policies at a *keiretsu*". This change underlines our commitment to decarbonising our portfolios, which has already seen us join the Net Zero Asset Managers initiative and set a 2030 greenhouse gas emissions reduction target.

Our detailed Guidelines on Exercising Voting Rights form part

of the company-wide proxy voting policy. Some of the considerations it covers include:

- shareholder return
- the separation of executive and supervisory functions
- the size and composition of the company's board of directors
- the auditors
- executive compensation systems
- new share issuance
- company control and takeover defences

A summary of our firmwide voting records for 2024 is listed in this table. We analysed 7,013 shareholder meetings and voted on 70,125 resolutions. Across all regions, we voted against management in 12% of resolutions. The most common reason for voting against management was in relation to the election of directors. A lack of independence amongst

non-executive directors, or dissatisfaction with the direction of the company often prompts us to oppose management's intent in these votes.

We use Institutional Shareholder Services (ISS) to execute our proxy voting decisions. ISS also provides research and customised voting recommendations based on our proxy voting policies. The portfolio manager or analyst takes a nuanced approach to reviewing the research and recommendation from ISS, supplementing it with our own proprietary research on the company.

Ultimately, it is the investment teams that are responsible for the final voting decisions. Examples of our voting activities can be found in the case studies that follow. ➔

Stewardship — Proxy voting case studies

Case study 1

Working together to improve capital allocation at a Japanese automation group (Japan Equity and Global Equity)

This is a leading Japanese maker of industrial automation and inspection equipment.

Issue

Amova Asset Management has been engaging with this company for several years over its use of capital. In the past, our Japanese Equity and Global Equity teams have joined forces to try to persuade the company to increase dividend payouts. Despite these efforts, the level of shareholder returns has remained low, while cash continues to accumulate. Moreover, the company's approach to capital allocation, including shareholder returns, is not clearly articulated.

Activity

In May 2023, we queried the company's approach to shareholder returns and capital allocation. We felt that its response was inadequate, and we voted against the dividend payment resolution at the annual general meeting in June, as well as voting against the entire incumbent board. We took the same view at the 2024 annual general meeting, where we voted against a number of management resolutions to voice our concerns at the continuing poor capital allocation, restricted board diversity and limited financial disclosure.

Outcome

There has been no significant change in the company's approach to shareholder returns. While the company's return on equity is high, we believe there is still room for improvement through better capital allocation. We will continue to engage with the company, emphasising the importance of improving capital efficiency and shareholder returns.

Case study 2

Lending our support for climate change policies at a major Japanese bank (Japan Equity)

This is a large Japanese banking and financial services group.

Issue

Evaluating climate change risks and opportunities are vital to the long-term sustainability of the banking sector. Given its size and involvement in all parts of the economy, this bank faces significant risks from its lending to carbon-intensive sectors.

Activity

In June 2023, Amova Asset Management opposed a shareholder proposal related to climate change, but explained our expectations for the bank's future efforts. It responded positively, indicating its commitment to decarbonisation.

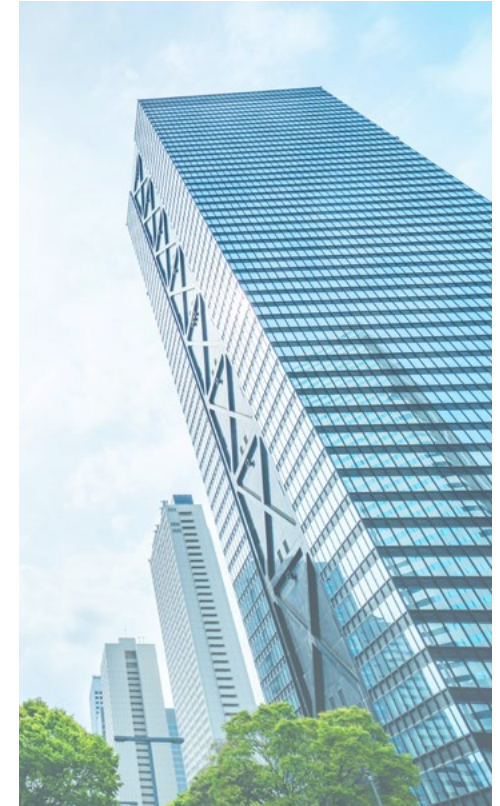
In May 2024, we held a meeting with the bank to discuss the board's oversight of climate change and the bank's approach to evaluating clients' climate transition plans. At the June 2024 annual general meeting, another shareholder proposal relating to climate change was put forward, requesting that the company partially amend its articles to include clauses on both the effective management of climate-related business risks and opportunities, and the assessment of customers' climate change transition plans.

The proposers argued that "megabanks" typically fail to insist on clients having credible strategies to cut emissions. Moreover, they have no clear way of either evaluating their clients' progress, or of refusing services to clients without credible decarbonisation pathways. Such shortcomings exposed megabanks to a range of risks, including stranded assets, loss of investor confidence and legal and regulatory risks.

Institutional Shareholder Services, our proxy voting adviser, recommended voting against the proposals on the basis that the bank already disclosed some relevant information. We disagreed, recognising the potential benefits for the bank of the enhanced disclosure. Since we did not believe that this would either disadvantage the firm or restrict its business activities — in line with our new voting policy — we supported the proposals.

Outcome

The two relevant resolutions failed, with 25.8% and 18.4% respectively of votes in favour. Nonetheless, we will continue to engage with this and other banks to encourage them to maintain and enhance their climate change policy and to monitor their progress.



Stewardship — Proxy voting case studies

Case study 3

Getting active leads to better governance at a US healthcare company (Global Equity)

Masimo Corporation* is a US health technology and consumer electronics company whose products include wearable health-monitoring devices.

Issue

For several years, an activist shareholder, Politan Capital Management, has been pursuing Masimo over its capital allocation, board oversight and worries about its \$1 billion purchase of Sound United, a consumer audio products company.

Activity

Amova Asset Management has held numerous calls and meetings with the company since November 2022 to discuss these concerns. In May 2024, we held another meeting to discuss the possibility of spinning-off the consumer electronics wearables part of the business and the progress of the activist battle.

As well as meetings, we have been actively using our proxy votes at shareholder meetings. We supported the appointment of Politan's nominee directors at both the 2023 and 2024 annual general meetings. We agreed with Politan's view that independent oversight of management action was needed. A number of key decisions appear to have been made unilaterally by the chief executive, including the Sound United purchase and recent sale discussions. The last-minute postponement of the shareholder meeting in July 2024 further reinforced our feeling that better oversight was necessary.

Outcome

Politan's nominees gained support from a majority of shareholders at both the 2023 and 2024 annual general meetings. The issue came to a head at the 2024 meeting, when Masimo's founding chief executive, Joe Kiani, resigned after receiving support from less than 40% of shareholders. The two new directors proposed by Politan were elected with 70%

and 61% support respectively, and a Politan nominee director was appointed interim chief executive. We now consider the board to be truly independent of management, which we hope will help the company to unlock its true potential and value for shareholders.

Market reaction was certainly positive, Masimo's share price rebounded by about 20% in the four days following the September annual general meeting and about 48% by the end of the year.

**Case study 4**

Encouraging climate-friendly policies at a *keiretsu* (Japan Equity)

This large Japanese trading group (or keiretsu) operates a huge range of businesses, from electronics to finance, heavy engineering and energy.

Issue

The group announced plans to maintain or expand its assets in liquified natural gas and coking coal, both of which contribute to global warming and therefore carry environmental, reputational and stranded asset risks. Amova Asset Management supported a shareholder proposal at the June 2023 shareholders' meeting which called for the company to align its business plans with the Paris Agreement on climate change, while disclosing how significant capital expenditures would accord with a net-zero carbon scenario by 2050.

Activity

In 2024, we discussed the shareholder proposal with the company. It acknowledged the need for improved disclosures and that discussions with the outside independent directors on how to address climate issues were taking place. It emphasised that CO₂ considerations were already part of its investment decision-making process.

Outcome

We believe that our support for the shareholder proposal and subsequent engagement with the company, including direct discussions with outside directors, have contributed to a more proactive stance. We will continue to engage with the company to promote further improvements in its disclosures on climate risk and in the measures it is taking to mitigate it.



*The individual issue names identified on this page are not a recommendation to sell or purchase an individual issue and do not guarantee holding or non-holding in a fund or strategy.

Stewardship — Collaborative engagement

Careful collaboration starts to pay dividends

Engagement with companies is an important way for us to encourage change. However, there are times when our voice alone is not enough. Collaborative engagement with like-minded investors can increase shareholders' influence on companies' corporate behaviour and ESG performance.

While these collective initiatives are becoming more common in many regions, collaborative engagement is still uncommon in certain parts of the world. For example, in some countries in Asia, one-to-one engagement can be viewed as more constructive and culturally appropriate, as it is a way to build trust.

Japan accounts for the majority of Amova Asset Management's equity assets, and we are mindful that collaborative engagement in the country can be more difficult due to local regulations covering reporting requirements. As a result, we only participate in collaborative engagement after careful consideration.

With support from the Japan Stewardship Forum, we have previously shared our thoughts on the current state of stewardship regulation in Japan, its limitations and how alternative approaches would help to advance

stewardship activities in the Japanese market. We hope that the changes being considered will allow market participants like ourselves to be able to engage with companies more freely in the future.

Most of our collaborative engagements are the result of our membership in industry-led initiatives. They include:

- The Asian Utilities Engagement Programme of the Asia Investment Group on Climate Change (AUPEP & AIGCC)
- Carbon Disclosure Project (CDP)
- Climate Action 100+ (CA100+)
- Global Investor Statement to Governments on the Climate Crisis
- International Corporate Governance Network
- The Investor Agenda
- Nature Action 100 (NA100)
- Net Zero Asset Managers initiative
- Principles of Responsible Investment (PRI)

Previously, we were a member of the Task Force on Climate-Related Financial Disclosures, but its role has been taken on by the International Sustainability Standards Board.

Strength in numbers

In 2024, we continued our active participation in various collaborative engagements. An example is our membership in CDP, an international non-profit organisation that aims to improve climate-related disclosures, where we work through its Non-Disclosure Campaign (NDC) initiative.

We also served as the lead investor in engaging with five companies under the NDC. This included four companies under the CDP's forest programme, which focuses on helping companies to measure and manage their forest-related impacts, dependencies, risks and opportunities. The fifth engagement was under the CDP's water programme, which focuses on water-related impacts.

The initial contacts in the summer of 2024 were to encourage the five companies to provide the relevant disclosures for 2024 and to continue them in future years. We will monitor these disclosures on the CDP database and then decide on the next steps with our partners.

Some other examples of our collaborative initiatives can be found in the case studies elsewhere in this report. For example, through Climate Action 100+, in "Bolting down tighter emission controls at a heavy engineering group" on page 47, and the Asia Investor Group on Climate Change in "Collaboration helps drive change at Indonesia's dominant electricity supplier" on page 35.

Until recently, most of our engagement has been restricted to a single asset class. However, in some regions we have started to combine our engagement activities, sending representatives from both equity and fixed income teams to those companies where we have holdings in both asset classes as a way to increase our leverage. For example, see the reports "Slow but steady progress in cutting greenhouse gases at a major South Korean steel producer" on page 46, "Persistence and teamwork pay off at a big Japanese conglomerate" on page 47 and "Working together to improve capital allocation at a Japanese automation group" on page 49.

Our criteria for collaboration

The decision to join with other shareholders to achieve a common cause is generally based on the following criteria:

- whether the initiative is consistent with our Group Engagement and Stewardship Strategy as well as the particular issues we want raised
- whether the initiative is likely to be successful, taking into account past results and the other participants in the initiative, among other factors
- whether the cost, time and effort involved are commensurate with the anticipated effect
- whether the organisation sponsoring the initiative is one we want to be associated with

Promoting Sustainable Investment

Getting the message across to a wider audience

If sustainability is to be effective, Amova Asset Management believes it is important to tell our story to the wider world, while also being ready to listen to the experiences of others. In support of this philosophy, during the past year we published a number of papers and took part in several industry events and awards.

The importance of human capital to investment outcomes

We devote substantial resources to investigating the impact of environmental, social and governance issues on investment outcomes. As in past years, human capital has formed a key focus for this research, often in collaboration with academic institutions.

An example is our contribution to a recent publication looking at how human capital contributes to corporate value. This publication was put together by The Consortium for Human Capital Management, an industry-academia collaborative research organisation jointly established by the Keio Research Institute at the Shonan-Fujisawa Campus of Keio University, and human resources firm Persol Research and Consulting. *Human Capital Management Strategies Linked to Corporate Value*, published by Japanese publishing group Chuokeizai-sha, was co-authored by Masayuki Teraguchi, Amova AM's Chief Operating Officer of Investment-Japan, who is also Head of our Investment Technology

Fund Management Department and our Portfolio Control Department.

The book discusses the link between management and human resource strategies, while looking at what human capital information is valued by the market, and the importance of human resource investment to organisational development. Aided by Masahiko Komatsu, Co-Head of our Japan Sustainable Investment Department, Teraguchi wrote the chapter entitled "The relationship between human capital management, corporate performance and share price". Amongst other things, this introduces Amova AM's Japanese Equity Human Capital Empowerment Strategy and stewardship activities.

Investigating the link between ESG and corporate value

Human capital was also an element in another research paper in which we participated during the year. "The Implications of Empirical Research into Applying the Yanagi Model to All TOPIX Stocks", published in the leading

finance journal *Capital Markets Monthly*, analysed the relationship between ESG initiatives and corporate value to companies in Japan's TOPIX stock market index. Three authors from Amova AM teamed up with Dr Ryohei Yanagi, Visiting Professor at Waseda University Graduate School of Accountancy, who is well known for his development of the Yanagi Model, which quantifies the relationship between intangible assets, such as human capital and intellectual property, with corporate value.

The Amova AM contributors were Kyoji Hasegawa, a quantitative analyst from our Investment Technology Fund Management Department, and Teraguchi and Komatsu. For the research, Dr Yanagi and Hasegawa headed a team which considered the growing importance of ESG and other non-financial factors to assessing corporate value. The resulting paper analysed a broad range of ESG key performance indicators of TOPIX constituent stocks. In doing so, it progressed beyond previous studies by eliminating

"We devote substantial resources to investigating the impact of environmental, social and governance issues on investment outcomes"

industry- and stock-specific factors to offer new insights into the impact of ESG initiatives on corporate value.

Others involved from Amova AM included Masanori Aburaki from the Equity Fund Management Department and Taro Egami from the Sustainable Investment Department. Together, they collected data, conducted quantitative analyses, reviewed previous research and undertook discussions to deepen the study. This research helped deepen our portfolio management expertise in a number of ways, including validating our voting standards and acquiring evidence in support of our stewardship activities.

Promoting Sustainable Investment



Natalia Rajewska addressing participants in the OMFIF meeting in Singapore

Are sustainability bonds an exercise in greenwashing?

Sustainability was at the heart of research in which one of our newer recruits collaborated during the year. Takuto Shimauchi of Portfolio Control Department's Investment Trust & Advisory Management Group was able to continue a theme he had been following since being a student at university. He and a team of academics and students from Kwansai Gakuin University collaborated on research into the environmental impact of bonds purportedly issued in furtherance of sustainability objectives. Their findings were published online in the paper, "Sustainability bond,

sustainability-linked bond, and firms' environmental performance", which was included in the June 2025 issue of International Review of Financial Analysis, a leading academic journal dealing with research and analysis related to global financial markets, financial products, corporate finance, risk management and related topics.

The research described in the paper uses a method called causal inference to analyse and consider the impact on corporate environmental performance of three types of ESG-related bonds: green bonds, sustainability bonds and sustainability-linked bonds. The

results of the analysis show that the issuance of green bonds is effective in improving corporate environmental performance, but that there is little effect from issuing sustainability bonds and sustainability-linked bonds. The authors consider that the reason is that while the use of funds raised through green bonds is clear and targeted, the aims for using the funds raised through the other two types of bonds are less clearly defined. The clear conclusion is that if ESG-related bonds are to make a real difference, there needs to be strict regulation of how the proceeds are to be used.

Talking about Europe and sustainable finance

As well as publishing research, we participated in a number of industry-led initiatives during the year. For instance, in September 2024 our Global Head of Sustainable Investment, Natalia Rajewska, took part in a panel discussion hosted by OMFIF, an independent think tank for central banking, economic policy and public investment, in partnership with the European Commission, as part of its meeting in Singapore on "Europe: The Opportunity for Global Investors".

The panel discussions ranged across a number of subjects, including the intricacies of green bonds, the EU's approach to sustainable finance, potential avenues for collaboration in energy transition in Asia and the need for both tailored approaches and large-scale solutions.

The event provided a forum for investors to deepen their understanding of investing in Europe. The day was marked by collaborative discussions and fresh perspectives, all of which underscored the importance of sustainable investment in driving global change.

External recognition for our efforts

For the second year in a row, our Investment Technology Fund Department was named ESG Asset Management Company of the Year – Japan for 2024 by The Asset, an influential Asian industry publication.

The award was for the department's efforts to support clients' sustainable investment objectives without sacrificing returns. As last year, two strategies were singled out for mention. One was the Japanese Equity Human Capital Empowerment Strategy, which employs a proprietary in-house quantitative model to invest in companies that effectively invest in human capital to help them make a positive social and economic impact alongside higher equity returns. The other was the Climate Change Solutions – Japanese Equity Strategy, which relies on our in-house greenhouse gas emissions (GHG) estimates to achieve a 50% reduction in GHG emissions at investments compared to the benchmark TOPIX index.



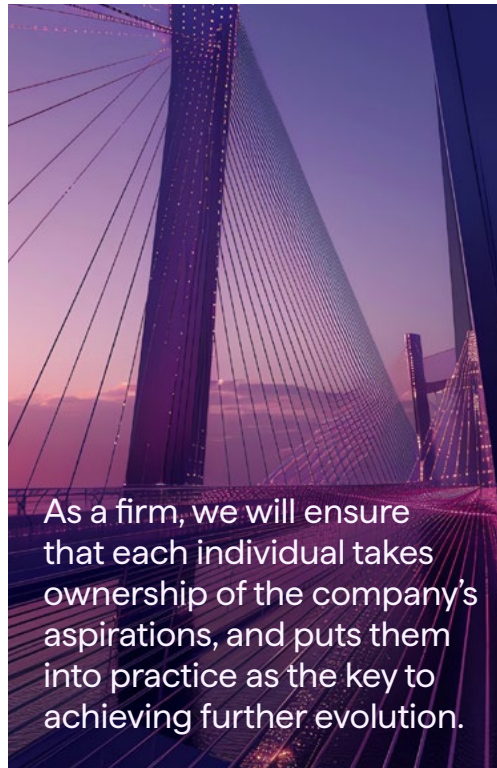
Corporate Sustainability

A message from Kuniyuki Shudo, Executive Chairman

Conveying Amova's aspirations

We are ushering in the next stage in our evolution with a new company name: Amova Asset Management. This is a significant decision that reflects our commitment to achieving growth and progress not only in Japan, but also in the global market. The decision involves more than just a name change: it is also an opportunity to reaffirm the mission that informs the company.

Our name embodies our commitment to providing exceptional investment solutions to clients around the world through our agility, which enables us to continuously evolve, and our innovation, which drives us to explore new frontiers and stay ahead of the rapidly changing investment environment.



As a firm, we will ensure that each individual takes ownership of the company's aspirations, and puts them into practice as the key to achieving further evolution.

Under our new name, all of our employees will engage in business with a renewed sense of purpose. As a firm, we will ensure that each individual takes ownership of the company's aspirations, and puts them into practice as the key to achieving further evolution. Doing so will require us to constantly think about how we can contribute in order to create value. I believe that when each of us communicates the thought and commitment that was put into these aspirations as concrete stories, it will create a greater sense of connection with the Amova AM brand both inside and outside the company.

The foundation of Amova AM's continued relevance and value to society lies in the trusted, long-term relationships our employees cultivate with all stakeholders through the diversity of their roles. These connections bring deeper meaning to our mission and illuminate the purpose that drives us forward.

Amova AM's key to sustainable growth lies in evolving our corporate brand beyond the



Kuniyuki Shudo
Executive Chairman

individual products and services we offer. Achieving this means ensuring that our stakeholders clearly understand — and stand behind — our broader aspirations as a company. I will also play my part by putting Amova AM's goals into practice as my own. By working together, we can expand the reach of these aspirations. ✨

Kuniyuki Shudo
Executive Chairman

Social impact

Guided by purpose

Altruism in action

Amova Asset Management has been active in philanthropic activities, even before it set up its Corporate Sustainability function in 2018.

We give back to society through donation schemes that are connected to two of our investment trusts. A portion of our investment management fees from these funds are donated to charities and organisations to support meaningful causes.

One of these schemes is linked to a global fixed income product and donates part of our management fees to the International Development Association (IDA), a division of the World Bank that provides grants and low-interest loans to support development in low-income countries. In 2024, we donated approximately JPY 5 million through this scheme, and in total have given over JPY 555 million to IDA since the inception of the program in 2007.

In 2024, we donated approximately JPY 5 million through this scheme, and in total have given over JPY 555 million to IDA since the inception of the program in 2007.

Since 2018, Amova AM has been donating a portion of its investment management fees from an investment trust that invests in companies in the genomics industry. The donations go to charities dedicated to supporting patients with rare diseases and their families, as well as institutions that conduct research on the practical application of genomic medicine to cure these diseases. In 2024, we donated approximately JPY 6 million



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to four patient organisations and two research institutions, raising the donation amount since the start of the initiative to JPY 68 million.

In the wake of large natural disasters, Amova AM and its employees rally to support the affected communities. In January 2024, colleagues from around the world responded to the devastating earthquake that struck the Noto region of Japan. Including partial matching contributions by the firm, a total of approximately JPY 3.2 million was donated to the Japan Red Cross society's relief fund.

At the fourth annual Sustainability Townhall in September 2024, we held a vote to gauge our employees' support for our three areas

of focus: Diversity, Equity & Inclusion (DEI); Social Impact & Well-Being; and Environment & Climate. For each vote, it was promised that the firm would donate to one of three charities that represent the focus pillars: UN Women's Trust Fund to End Violence Against Women, UNICEF's Humanitarian Action for Children Appeal and WWF's Fund for Saving Natural Endangered Species and their natural habitats. Through this activity, employees deepened their familiarity with our corporate sustainability pillars and a total of USD 16,700 in donations was made to these causes.

Amova AM will continue to seek various ways to make a positive impact in our communities, globally and from the ground up. ➤

Environment

Reducing emissions, raising impact

In 2024, the Global Corporate Sustainability team continued to collaborate with our sustainability groups and internal stakeholders to come up with ideas — big and small — to contribute to the sustainability of our environment and our community.

Assessing the Amova Asset Management Group greenhouse gas emissions

Every year since 2019, we have been partnering with UK-based consultant Carbon Footprint Ltd. to measure the greenhouse gas (GHG) emissions from our corporate operations, based on firm-wide energy consumption and transportation data.

The assessment covers the direct and indirect emissions from our operations in Scope 1 (i.e. fuel combustion) and Scope 2 (i.e. consumption of purchased electricity), as well as certain indirect emissions in Scope 3 (e.g. business travel, as well as activities not included in scopes 1 or 2 that require fuel and energy use) as defined by the Greenhouse Gas Protocol.

We have set a goal to reduce our GHG emissions from corporate operations by 40% per employee by the year 2030, compared with

2019 levels. We report the carbon footprint assessment to the Global Executive Committee on an annual basis.

[Visit this link to view our Group Environmental Policy.](#)

For 2024, our total market-based carbon footprint — which recognises a reduced emission factor for green energy contracts — was 2,795.6t CO₂e (2.8t CO₂e per employee) versus 2,170.1t CO₂e in 2023 (2.2t CO₂e per employee). Compared with our baseline year of 2019, when we generated 5,477.3t CO₂e (5.9t CO₂e per employee), this represents a 52.3% reduction in emissions per employee.

Business flights accounted for 65% of the total carbon footprint, while electricity usage from our offices and remote-working employees' homes accounted for 5% and 14%,

Carbon Footprint Assessment by Scope and Source Activity

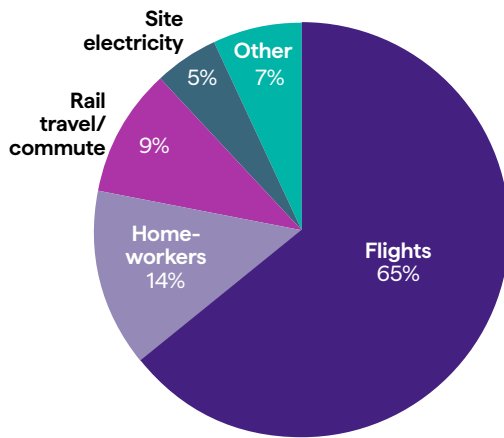
Scope	Activity	2019 Tonnes CO ₂ e (baseline year)	2022 Tonnes CO ₂ e	2023 Tonnes CO ₂ e	2024 Tonnes CO ₂ e	% Change from Baseline Year
Scope 1	Site gas	8.6	8.5	8.5	6.6	-23.4%
Scope 2	Electricity generation	833.2	259.1	144.2	141.0	-83.1%
	District cooling	N/A	N/A	43.7	54.8	N/A
Scope 3	Home-workers	N/A	442.8	404.3	382.7	N/A
	Commuting	N/A	N/A	N/A	149.5	N/A
	Flights	4,491.7	802.5	1,412.8	1,812.6	-59.6%
	Rail travel	95.3	76.2	48.3	117.1	22.8%
	Electricity transmission & distribution	N/A	14.7	5.8	8.7	N/A
	District cooling Electricity transmission & distribution	N/A	N/A	1.1	0.9	N/A
	Waste/waste water	N/A	N/A	N/A	3.6	N/A
	Taxi travel	23.9	42.7	18.8	16.9	-29.4%
	Non-controlled site electricity	N/A	70.3	74.7	87.9	N/A
	Hire cars	18.6	6.3	6.7	10.7	-42.4%
	Employee owned car travel (grey fleet)	4.2	0.2	1.3	0.2	N/A
	Bus travel, ferry	1.9	0.0	0.0	0.0	N/A
Total tonnes of CO ₂ e		5,477.3	1,723.1	2,170.1	2,795.6	-49.0%
Tonnes of CO ₂ e per employee		5.9	1.8	2.2	2.8	-52.3%

Source: Amova Asset Management

Including full time staff & directors, contract and part time staff of Amova AM (As of 31 Dec). *Past performance is not indicative of future results.

Environment

📊 2024 Market-based Emissions Breakdown



Source: Amova Asset Management

respectively. Emissions from business flights, which represents about two-thirds of our total carbon footprint, have increased 28.3% year-on-year, while that of rail travel has also jumped 142.4% year-on-year, signifying continued recovery of business travel since the end of the COVID pandemic.

In regard to emissions from electricity usage, the Tokyo, London, Edinburgh and Osaka offices are on green tariff contracts which significantly reduce our market-based emissions for site electricity. Emissions from site electricity were down 2.5% year-on-year, while that from the estimated homeworking electricity usage decreased by 5.3% year-on-year.

Carbon offset projects

Once our annual carbon footprint assessment is complete, we offset the greenhouse gas emissions from our operations through the purchase of an equivalent amount of verified

voluntary carbon credits from projects that help capture or reduce carbon emissions from the atmosphere. For 2024, we supported a greenfield solar power project in India which directly displaces electricity generated from fossil fuel-based power plants.

While carbon offsets may contribute to climate action, we recognise that they are not an alternative to reducing our own operational carbon footprint, which is our ultimate goal.

Reducing GHG emissions

Business travel is crucial for our operations, but we have implemented steps to raise awareness among employees about its impact on the environment. Since 2022, employees making overseas travel requests are required to include the carbon footprint of their international flights on the application forms. This policy helps the employees and their managers to understand how much each flight adds to our firm's total carbon footprint. The aim of this initiative is to encourage them to reduce the number of people travelling per trip, bundle more meetings into a single trip, and plan routes more efficiently.

This thinking is also consistent with reducing our business costs. Every quarter, the overseas

“Emissions from site electricity were down 2.5% year-on-year, while that from the estimated homeworking electricity usage decreased by 5.3% year-on-year”



📍 Forest of Amova AM biodiversity conservation project in Tanzania

flight data for each region is posted on our intranet platform for all employees to see. We focus on the international flights, because they result in the bulk of the emissions from business flights. This data is presented at GEC meetings periodically.

Adding to the Forest of Amova AM

Since 2021, we have supported reforestation projects around the world through a platform called Tree-Nation. In 2024, we contributed to the planting of a total of 5,516 trees in five different projects. These include a recovery project from wildfires and insect infestations in the US; a community tree-planting project in the UK; a reforestation project for the habitat of black tigers as well as a project to improve the environment for a local tribe in India; and a biodiversity conservation project in Tanzania. We plan to continue to add to the “Forest of Amova AM” over the coming years to do our part to stop deforestation and fight climate change.

Environmental initiatives at the Tokyo office

At the Tokyo office, as part of our commitment to environmental sustainability, we stopped giving visitors water in plastic bottles in 2023 and now offer them water in small eco-friendly paper cartons.

Throughout 2024, the Tokyo office collected used items from employees to be upcycled or used for various social initiatives. Approximately 13,000 plastic folders were collected and sent to stationery company ASKUL to be recycled into pellets, which are used to create materials for the firm's recycled product line. Also, as we did the previous year, volunteers removed the plastic from unclaimed plastic umbrellas left at the office to be reprocessed into stylish fashion items by PLASTICITY, a brand specialising in upcycling. 🌱

Human Resources

Making continuous progress

Advancing women

At Amova Asset Management, we believe that advancing gender equity is not only a moral imperative, but a business necessity. In 2021, to coincide with International Women's Day on 8 March, we launched our #30by2030 initiative to increase female representation in managerial roles to 30% by the end of the decade. When we launched this initiative, women held just 19.4% of managerial roles at our firm. As of 1 April 2025, that number has risen to 25.2%. This steady progress demonstrates our ongoing commitment to creating a more inclusive and diverse organisation. As we continue on this path, we remain focused on championing women in an industry where diversity, particularly at senior levels, has been a persistent challenge.

Our dedication to female leadership is clearly reflected in our appointments within our Global Executive Committee (GEC) and other senior positions. We're proud to have many talented women in our leadership team, including Eleanor Seet (GEC member, Head of Asia ex-Japan and President, Amova Asset Management Asia Limited), Mariko Matsui (Senior Corporate Officer, Chief Compliance Officer, Chief Legal Officer), Olga Bobrova (Senior Corporate Officer, Chief Administrative Officer, Global Head of Sales Support), Joyce Koh (Joint Global Head of Marketing, Sustainability and Communications), Natalia Rajewska (Global Head of Sustainable Investment) and Naomi Fink (Chief Global Strategist). We look forward to continuing our talent development programs to build a strong pipeline of future senior leaders.

Recognising the unique challenges women often face in balancing career ambitions with personal responsibilities especially in Japan, the Japan Women's Group, the employee resource group focused on women's advancement, has started a new initiative called "Career Café". This initiative offers a safe, informal space for female employees to share their thoughts, ambitions and challenges, regardless of their job title or department. While technology has increased workplace flexibility, it has also reduced opportunities for informal networking. The Career Café helps address this gap, enabling more women to engage with peers and strengthen their support networks.

Our dedication to women's advancement in the workplace extends beyond the walls of Amova AM. Since 2023, we have also been part of the Asset Management Women Forum (AMWF), a cross-industry initiative which promotes the advancement of women in the asset management industry. In 2024, Amova AM served as one of the four working group leads and led an event which gives college students an opportunity to learn about the asset management industry. These collective efforts reflect our belief that meaningful change requires both internal action and external advocacy.

Fostering disability inclusion

Inclusion at our firm does not stop at gender, we remain committed to creating a workplace where individuals with disabilities can thrive. Since the enactment of Japan's Act on Promotion of Employment of Persons with Disabilities in 2006, we have consistently exceeded the legally

defined employment rate. To us, this is more than just meeting requirements — it reflects our belief in fostering understanding and support within our organisation.

Supporting well-being

At Amova AM, we believe that employee well-being is the foundation of a successful and sustainable business. We are committed to creating an environment where every individual can work in a manner that supports both their physical and mental health, while feeling empowered to be authentic selves. To those ends, there are several ways we work to support employee well-being.

Our global offices and departments are encouraged to determine the most suitable work style, promoting autonomy through systems such as flex working hours and the remote-work arrangement. These practices support diverse lifestyles and job responsibilities.

Our HR team is working to create an environment where employees can continue contributing to the business while navigating life events such as parenting, caregiving, or medical treatment. As part of this effort, we offer employees peer support and host information-sharing sessions on these topics. These events are open to all employees, regardless of gender.

Training and developmental opportunities are offered through courses, workshops and access to learning platforms in the areas of professional growth, mental well-being and psychological safety across the organisation.



Employees and their families at the FIT for Charity Run

We also promote clear and constructive dialogue through 1-on-1 meetings and the GROW (Goal, Reality, Options and Will) model, supporting overall employee well-being.

On Family Day, we invite employees' families to the office for tours and interactive activities, fostering understanding of their work and appreciation to their families. Families are also invited to participate in external events where Amova AM is involved, such as the wheelchair rugby games, Tokyo Pride Parade and FIT for Charity Run. These efforts enhance employee engagement and well-being, and furthermore extend support for well-being to their families.

Our partnership with the Corporate Sustainability Department

Our commitment to sustainability and inclusion is driven by a dynamic partnership between senior leadership, the Global Corporate Sustainability function, and our employee-led Sustainability Groups. Together, these teams ensure that our Diversity, Equity and Inclusion (DEI) strategy is not only guided by executive leadership but also energised by grassroots engagement across the organisation. This integrated approach fosters a culture of shared purpose, innovation and continuous progress.

Secure and sustainable futures

We consider cybersecurity a part of our corporate sustainability because data breaches have the potential to hurt business continuity, as well as long-term value and trust. So, it is of the highest priority for us to do everything we can to protect our systems and all the data we store — including that of our clients, our employees, and our company — and, by extension, prevent identity theft, financial fraud and other harms.



Amova Asset Management has implemented cybersecurity measures for all our offices. These include anti-malware software, a firewall, and access control, as well as annual penetration testing to ensure their effectiveness in detecting and preventing potential threats. We have also implemented an IPS (Intrusion Prevention System), email filtering protection, endpoint security software for servers and terminals and a web filtering system to block access to malicious websites. When necessary, security patches are also quickly applied.

As a foundation to these steps, we have established global policies on information technology, cybersecurity, and information handling, in which the Information Systems, Risk Management and Compliance departments work together to ensure that all systems, policies, and procedures follow industry best practices and comply with rules and regulations.

It is necessary to conduct due diligence on third parties and critical service providers to make sure they are implementing appropriate cybersecurity management, so we do this regularly. We also provide our employees with security training, which covers areas such as protocols for reporting cybersecurity incidents, how to respond to threats, examples of potential threats, protecting against data loss, avoiding clickbait, and how to identify a phishing email. They are given quizzes to confirm they can effectively use the skills they have learned.

In the event of an infection, we have established procedures to take appropriate action and minimise damage. [➤](#)

Sustainability Town Hall

United for sustainability

Over 430 attendees joined the fourth Global Corporate Sustainability Townhall held via Zoom on 10 October 2024, consisting of colleagues from our global offices as well as outside directors and guests from our parent company Sumitomo Mitsui Trust Group and our sister company Sumitomo Mitsui Trust Asset Management.

Keeping true to our commitment to sustainability, the annual townhall updated attendees on a broad range of topics, from what we do as an asset manager to how we act as a responsible business.



Keynote address was given by Ellen Carr, co-author of “Undiversified: The Big Gender Short in Investment Management”

After the opening by Stefanie Drews, President and CEO, a keynote address was given by Ellen Carr, who is the co-author of “Undiversified: The Big Gender Short in Investment Management”, Principal Portfolio Manager at Barksdale Investment Management and an Adjunct Lecturer at Columbia Business School and Kellogg Graduate School of Management. This segment, moderated by Naomi Fink, our Chief Global Strategist, covered important topics such as the need to equalise the

three “P’s” (pay, promotion and performance evaluation) between genders, how to overcome the so-called “token female” scenario and how managers can support women in the workplace.

The investment section commenced with Hiroki Wakita from the Japan Sustainable Investment Department, who covered the results of our proxy voting for Japanese equities, particularly on shareholder proposals. This was followed by presentations from Greig Bryson, Global Equities, with a stewardship case study from Kenneth Tang, Asia Equities, on the team’s approach to alpha generation through ESG integration, and Michael Sherrock, New Zealand Equities, on climate disclosure in New Zealand.

This was followed by an interactive live voting session led by Joyce Koh, Joint Global Head of Sustainability. Joyce presented three causes operated by global charities UN Women (fund to end violence against women), UNICEF (humanitarian action for children in conflict zones) and World Wildlife Fund (wildlife protection). Each one is aligned with our strategic pillars of Diversity, Equity & Inclusion (DEI); Social Impact & Well-Being; and Environment & Climate. Participants were asked to vote for the cause that resonated most, and that the firm

would donate USD 50 per vote to the charity of their choice. A total of 334 votes were received to raise a grand total of USD 16,700.

The next segment included updates on Corporate Sustainability by Daisuke Kono, Joint Global Head of Sustainability, and updates from Human Resources.

At Amova Asset Management, we are proud to have our corporate sustainability initiatives led by sustainability groups from the ground up. These groups help organise volunteering activities for our employees, support fundraisers and plan educational webinars around our three strategic pillars.

This year, we had Zoey Zou, co-lead for International Women’s Group Asia and member of the Asia Sustainability Group representing Social Impact & Well-Being; Benjamin Ramel, member of the Japan Environment Group covering the Environment & Climate pillar; and Praneal Narayan from the New Zealand Groups representing Diversity, Equity & Inclusion. Our three champions shared what they did in their groups and encouraged colleagues to join the sustainability groups.



Yukinobu Ike sharing his experience in Paris 2024

The action-packed programme was capped off when our surprise guest, Yukinobu Ike, our athlete employee and then-captain of the Japan Wheelchair Rugby team, joined to share his story of the journey as a sportsman. We are proud to have both Yukinobu Ike and Katsuya Hashimoto on the team and as colleagues of our company, representing abilities in stellar sporting victories and inspiring human potential and perseverance.

The annual sustainability townhall is a valuable platform for employees to learn about our sustainability commitments through lenses of our global investment teams and our corporate efforts. Moving forward, we will continue to strengthen our initiatives on both fronts while engaging our stakeholders to foster a culture of building a sustainable future together. 🚀

Interview with our athlete employees

An interview with our athlete employees

Three of Amova Asset Management's employees are athletes who have competed on the global stage as members of Japan's national wheelchair rugby team. Miwa Takano of our Corporate Sustainability Department spoke to them about their work as athlete employees, how they transform the support they receive from the company and encouragement from their colleagues into strength, their daily lives facing rigorous training, their second careers and their perspectives on social issues.

Joining the company

Miwa Takano: Could you start by telling us why you decided to work at Amova Asset Management?

Takahisa Yamaguchi: At my previous job, I needed to work full-time on weekdays and use the rest of my time for training, so trying to combine both parts of my life began to feel like

a challenge. I wanted to succeed both in sports and my work, so I looked for a company that would hire me as an athlete in a full-time position. That brought me to Amova AM in 2014, where I was assigned to the Global Data Management Department (now the Performance & Data Analytics Department).



Yukinobu Ike

Yukinobu Ike: I joined the company through an agent in 2015. Prior to that, I had been balancing life as an athlete with a job in exterior design, but I knew I would never be able to become the best in the world if I continued on that path. At that time, the company already had two wheelchair rugby athlete employees and was a wheelchair

rugby sponsor. That reassured me to decide to join the company as a full-time employee. I was freed from the late-night hill sprints I had been doing long before joining the national team, and was able to focus on my sport.

Katsuya Hashimoto: Before coming here, I was a full-time government

employee in my hometown of Fukushima Prefecture. I wanted to develop into a key player for the national team like Ike-san, and I felt I should work as an athlete employee to achieve that. Ike-san suggested joining Amova AM, and I decided to join the company in 2022.



Takahisa Yamaguchi



Katsuya Hashimoto

Interview with our athlete employees

Daily work and training

Takano: How do both of you balance your work outside of wheelchair rugby with your training?

Ike: On weekdays, I train at the local gym and take care of myself at home with training such as stretching. I spend Saturdays participating in drills with a local team, and there are national team training camps for about five days each month.

Outside my work as an athlete, I visit and lecture at schools and participate in media interviews. I also serve in ambassador positions to support sport in Kochi Prefecture, promote Japan's heritage and help prepare for the 2026 "Yosakoi" dance festival in Kochi Prefecture. I occasionally go to the Amova AM head office for events like wheelchair rugby experience sessions, lectures and marketing photo shoots — maintaining connections with our employees.

Hashimoto: I have gradually been getting more involved in giving talks and handling the media. My weekdays are spent training at gyms with a coach in my home prefecture of Fukushima. Some days are spent studying tactics by watching videos, while others are devoted to preparing lecture materials and responding to media requests. As tournaments approach, I spend my weekends in Tokyo getting match practice. Participating in those sessions helps me to

improve my practical skills in a short period of time. I am grateful for the opportunity to be employed as an athlete-employee and for the results I have achieved.

Support from company

Takano: What kind of support do you get from the company as athlete employees?

Ike: The company makes sure we can concentrate on competing, for example by giving us the time we need for training and covering the costs of rugby wheelchair equipment. As an athlete, I am incredibly grateful that I can use a well-maintained rugby wheelchair anytime I want. This kind of support really fires me up to give something back to the company by playing well.

Hashimoto: The company sets up booths at match venues and hands out things like branded paper fans and towels for people to show their support. It's always great to see employees and their families holding those goods when we play at other venues. That makes me feel even more connected to the company through sport, and reminds me of how unified we are here.

Yamaguchi: Employees are much more aware of wheelchair rugby than when I joined. I can see how important being a player has been in spreading awareness in the company.

Takano: You all take the sport seriously and that comes out in your success on the court. That seems to have gradually changed the company.

Ike: We have had a lot of opportunities to explain the rules and match highlights to our employees, and that seems to have encouraged people to enjoy wheelchair rugby even more. That has been a big change. It's also been great to see more employees participate in exhibition matches with other companies.

Career change and Abilities Group

Takano: Yamaguchi-san, you switched from being an athlete employee to a regular employee position in 2018. Can you tell us about your second career?

Yamaguchi: From the moment I joined the company, I knew I would have to retire from the national team one day. It was a big move for me emotionally when the time came, but the change to my new career went smoothly. I moved to the Marketing Department and got involved in website creation with help from the other department members. I still play wheelchair rugby now, and I'm a member of a club team.

Stefanie Drews was head of the Corporate Sustainability Department at the time (and is now the company's President



Connecting in conversation

and CEO), and she asked me to lead a group she was planning to launch to support employees with disabilities. That got me involved in the group's activities to make the workplace more inclusive in addition to my regular work.

Thoughts on an inclusive society

Takano: What kind of society would you like to see as a wheelchair user?

Yamaguchi: People have different disabilities, so accessibility needs vary. I would like this to be more widely understood and reflected in urban planning so that everyone can get around comfortably.

Hashimoto: I would like a society where we do not make assumptions that it is difficult to

support someone in a wheelchair. We should just be comfortable asking each other if any help is needed. I think the key to that is more communication and better understanding. I believe that those small, daily interactions help to make a future where we can all work and do well in ways that are true to ourselves.

Ike: These days, people with disabilities see a wider range of employment opportunities, but their job descriptions still tend to be defined by their disabilities. In some cases, they get passed over for important roles. In our company, we have a shared mission and employees with disabilities can really show their capabilities. I would like to see more workplaces like ours.

Global Corporate Sustainability Team & Sustainability Groups

A catalyst for change

The Global Corporate Sustainability Team leads Amova Asset Management's corporate sustainability strategy, embedding it into operations and culture through engagement with employees, senior leadership and external stakeholders.

Acting as a catalyst for change, the team advances initiatives aligned with our three strategic pillars in corporate sustainability: Diversity, Equity & Inclusion (DEI); Social Impact & Well-Being; and Environment & Climate. Regular updates are presented to the Global Executive Committee (GEC).

Sustainability Groups:**Empowering Employees to Take Action**

A hallmark of our bottom-up culture is the voluntary sustainability groups, known as sustainability groups. These groups empower members to shape the workplace, foster learning and contribute to society and the environment, through activities such as seminars, chats, volunteering and donation drives.

Participation in these groups continues to grow. As of 31 December 2024, there are 14 active groups with over 140 members globally. This count has almost doubled in the last three years; a testament to the remarkable enthusiasm and passion of our colleagues. We initially set a goal to reach 15% global employee

participation by 2025. With the current pace of growth, we have set a new target to reach 20% participation in fiscal year 2027.

Except for the Global Racial Equality Group (GREG) which spans all regions, the sustainability groups are organised by region and themes aligned with our strategic pillars. Many regional initiatives originate from the grassroots efforts that these groups organise.

Supporting these groups is a key responsibility for the Global Corporate Sustainability Team. Bi-monthly meetings connect members across regions to exchange ideas and launch global initiatives. Additionally, each group is paired with at least one Executive Sponsor from the GEC, reinforcing leadership's commitment to sustainability at every level.

Together, the Global Corporate Sustainability Team and sustainability groups foster meaningful employee engagement, cultivate a culture of sustainable practices and drive positive impact within the company and beyond. ↗

Global Sustainability Team works across and outside the organisation

Source: Amova Asset Management

Our sustainability groups by geography and focus

	Diversity, Equity & Inclusion	Social Impact & Well-Being	Environment & Climate
Japan	Japan LGBTQ Japan Abilities Japan Women's	Japan Philanthropy	Japan Environment
Regional	Asia Sustainability	EMEA Sustainability	Americas Sustainability New Zealand Sustainability
International	International Women's Global Racial Equality		

International Women's Group consists of regional chapters: Asia, Americas, EMEA and New Zealand

Source: Amova Asset Management

Japan Sustainability Groups

Listening, learning, leading

Japan Women's Group

The Japan Women's Group operates under the mission statement, "Continuing until we see change! We strive to create an environment that breaks down unconscious barriers — where you are free to choose how and in what way you find purpose at work". The group has been active since 2017.

In 2024, the group's largest initiative was a special event for International Women's Day in March. In this seminar, the group welcomed Takayuki Morita, President and CEO of NEC Corporation, to present on "NEC's Challenges — Inclusion & Diversity as a Management Strategy" facilitated by Kiyoshi Noda, Co-Head of the Japan Sustainable Investment Department, and who is also a member of the Japan Women's Group. During the seminar, Morita shared specific initiatives and future challenges related to promoting diversity at NEC, emphasising the importance of fostering a culture that goes beyond numerical targets.

At the beginning of the 2024 fiscal year, the group's members made a decision to focus their activities on two streams: "Empowering women in the mid-career bracket" and "The importance of diversity".

In the group's discussions on "Empowering women in the mid-career bracket", we decided to focus on two themes: the importance of role

models for women aiming to advance their careers, as well as the need to ensure that managers and systems are in place to support them. The objective is to convey to employees the enjoyment of pursuing career advancement and the rewards of management. To this end, we have launched a series of conversations with senior leaders within the company to encourage casual conversations about careers. In 2024, we held two sessions, with a total of more than 30 participants.

Participants listened intently to senior leaders share their experiences, such as how they became managers, creative ways to interact with their team members, their approach to taking on new challenges and how they manage their own moods — topics that are not often discussed in everyday conversations. This experience helped participants realise that a role model does not necessarily need to be one person, and that it is important to listen and know various perspectives and gradually incorporate ideas that resonate with themselves into their own thinking.

Meanwhile, "the importance of diversity" theme focused on learning about the impact that health issues unique to women have on companies and deepening our understanding of what we can do as a firm to support women facing these challenges. As part of the initiative, participants learned



Hiromi Suzuki, Head of CIO Office speaks to female employees about the enjoyment of pursuing career advancement

about the economic losses caused by women's unique health issues, as estimated by Japan's Ministry of Economy, Trade and Industry and the necessity of health management. The goal was to raise awareness of the impact of women's unique health issues on companies.

In September, with the support of Linkage, the group held a workshop where participants wore the "Perionoid" device, a VR experience device which simulates a lower abdominal pain similar to that experienced during menstruation through muscle electrical

stimulation. Sixteen participants, including two executive sponsors (executive committee members supporting this group), took part in the workshop. Following the simulation experience, all participants discussed their impressions of the experience and shared challenges they face related to menstruation.

The Japan Women's Group will continue to support female employees through these two streams, while collaborating with relevant departments to advance initiatives for women's career development.

Japan Sustainability Groups

Japan Abilities Group

Amova AM's Japan Abilities Group believes that employees shine brightest when diverse individuals come together as one. The group's aim is to create a corporate culture that seeks to understand differences, and contributes to improve accessibility for everyone by raising awareness through various activities both in and outside the company.

In July 2024 to celebrate the Paris Paralympics, the group organised a parasports event for colleagues and also invited Bloomberg L. P. and our sister companies, Sumitomo Mitsui Trust Bank and Sumitomo Mitsui Trust Asset Management. The fifty participants who joined the event had their hand at bocchia, sitting

volleyball and wheelchair relay, and learned about the characteristics of the sports and the appeal of parasports.


In line with the "Disability Week" designated by the Japan Cabinet Office (3 to 9 December of each year), the group designated this period as a time to strengthen employee awareness about people with disabilities by hosting three seminars, a workshop and a volunteer activity.

We invited Kaien, an organisation that supports recruitment for people with developmental disabilities, to hold a seminar on neurodiversity. The participants learned tips to create a more neurodiverse workplace. The group also invited the International Therapy Dog Association who spoke about therapy dogs that heal the hearts of the elderly and people undergoing treatment for diseases.

In addition, Amova AM cooperated with the PLAYWORKS Corporation, an organisation who supports inclusive design, human resource development and organisational development. The group held a workshop to explore the possibilities of communicating online with people with hearing disabilities using various methods. The participants were able to experience the challenges of communicating without relying on speech.

Through these activities, our employees were able to experience the importance of understanding the rich diversity of personalities, the importance of continuing to learn about themselves and the importance of improving accessibility for all.



 Participants at the parasports event organised by the Japan Abilities Group.



 Participating in the Tokyo Rainbow Pride Parade

Japan LGBTQ Group

The Japan LGBTQ Group aims to increase understanding of LGBTQ issues and create a comfortable workplace environment for our employees. The group strives to create a culture where employees not only learn about diversity, but also make it personal. Throughout the year, the group engaged in various self-learning and conducted awareness-raising activities, both within and outside the company.

The highlight for 2024 was the launch of our internal LGBTQ Ally Network. The group created a platform where employees who wish

to understand, accept and support LGBTQ individuals without prejudice can declare their ally status.

In April, we participated in the Tokyo Rainbow Pride Parade, the largest LGBTQ awareness event in Japan, as part of the Sumitomo Mitsui Trust Group (SMTG). From Amova AM, 27 employees and their family members participated, with approximately 200 participants across the entire group.

In June, as part of the group's Pride Month initiatives, we hosted a seminar titled "Is the Partnership System not Enough?" where we

Japan Sustainability Groups

welcomed Yu Shinohara from Goldman Sachs Asset Management, to discuss challenges in the current legal system. Additionally, in the same month, we sponsored a special screening of the film *The Egoist*, organised by the “Lawyers for LGBT and Allies Network (LLAN)”.

As the first step in engagement activities for participants of the aforementioned Amova AM LGBTQ Ally Network, we hosted an introductory training session on allyship in August in collaboration with LGBT Great, a London-based organisation supporting LGBTQ activities in the financial services industry. Approximately 60 participants from domestic and international offices attended the training, where they explored various terms used to describe “allies”, the characteristics of allyship and the concept of “intersectionality”. The session also taught the importance of understanding one’s own privilege and identity in allyship, as multiple forms of social inequality intersect in complex ways beyond sexual orientation.

In November, the group hosted a seminar titled “I’m a Dad, but I’m Now a Mom” by Toshimi Tanio, a Nippon Television Network film producer to celebrate Pink Friday. Approximately 130 people from our global offices, as well as from our sister companies and others joined online and in person.

The group’s efforts have been recognised externally, and in 2024 we were awarded the highest “Gold” rating for the sixth consecutive year in the “PRIDE Index 2024” by “work with Pride”, a general incorporated association that advocates for LGBTQ+ individuals. Additionally, this year, we have also been awarded the “Rainbow” certification for the



Tree-planting event with Bloomberg and Forest Lifestyle Institute, where 500 trees were planted at a welfare facility in Chiba.

first time, which recognises companies that are committed to creating workplaces and societies where LGBTQ+ individuals can work authentically and transcend sectors, as part of their mid- to long-term efforts.

Japan Environment Group

Acknowledging the pervasive global challenge of environmental issues, Amova AM’s Japan Environmental Group plans and implements the group’s activities based on the three fundamental principles of “raising awareness”, “deepening understanding” and “taking action”.

The group’s first activity of 2024 was to organise a tree-planting event in collaboration

with Bloomberg L.P. for employees and their families. This was our second environment activity with Bloomberg. With the cooperation of the NPO Forest Lifestyle Institute, we planted a total of 500 trees of three different species on a piece of land in the Chiba Prefecture that had been cleared in a corner of a social welfare facility that supports people with disabilities.

The 2024 Earth Day theme was biodiversity, and we held two seminars for employees. The first was a discussion between Professor Morio Tsukada of Mie University’s Department of Bioresources and our analyst, Taro Egami from the Japan Sustainable Investment Department. The discussion explored the relationship between biodiversity and capital markets from

an environmental economics perspective. In the session, Professor Tsukada highlighted the importance of preserving environments where not only rare insects exist, but also where “ordinary” insects can thrive in diversity.

For the second seminar, the group invited wildlife photographer, Tetsuya Nomura, who shoots photos under the theme “A single frame that captures the breath of the earth”. During the seminar, Nomura shared numerous beautiful photographs from the 155 countries he has travelled, sharing his ideal world as “A world where every human cares for each life”.

In Japan, it is estimated that 80 million plastic umbrellas are disposed of annually. As actions we can take as individuals, the group conducted a recycling activity for unused vinyl umbrellas within the company for the second year in a row. We disassembled the umbrellas into their vinyl and frame components and sent the 51 pieces of vinyl to Plasticity Co., Ltd. The company uses a special technique to compress the collected vinyl into multiple layers and then transforms it into bags and other small items.

Approximately 3.3 billion pieces of high-quality clothing are discarded as waste each year in Japan. To raise awareness of clothing waste, we conducted our first used clothing drive at our Tokyo office from October to March of the following year. Approximately 360 pieces of used clothing were sent to Japan Reuse System’s “Used Clothing for Vaccines” project. The collected clothing and accessories are exported to countries such as Cambodia and Thailand for reuse, generating funds which are contributed to environmental protection, job creation and vaccine distribution.

Japan Sustainability Groups

Japan Philanthropy Group

Our Japan Philanthropy Group was established to address inequality, eradicate poverty and eliminate disparities to create a better society.

At the core of our activities is the Amova AM employee charity program that we have been running since 2011 for our employees in Japan. Under this program, employees can donate a portion of their salaries to pre-selected organisations, and the company matches their donations.

The program currently donates to NPO The Volunteers Group to Send Wheelchairs to Overseas Children, NPO Maggie's Tokyo, Guide Dog & Service Dog & Hearing Dog Association of Japan, NPO Anata-no-Ibasho and NPO Bridge for Smile. We invited two of the organisations to speak to our employees at a seminar.

Through the operation of the employee charity program, we provide employees with opportunities not only to donate to organisations, but also to participate through volunteering opportunities. Employees also took part in a volunteer activity at the garden of Maggie's Tokyo. The organisation operates a facility where cancer patients and their families can receive free consultation about



 Employees volunteering with the NPO The Volunteers Group to Send Wheelchairs to Overseas Children


concerns and anxieties that sometimes cannot be resolved through medical services.

Additionally, employees participated in the wheelchair maintenance event organised by the NPO The Volunteers Group to Send Wheelchairs to Overseas Children where we have been participating annually, to clean,

repair and package children's wheelchairs that are no longer needed in Japan.

In September 2024, we held a relief support project for the Noto Peninsula Earthquake that occurred earlier that year. The relief support was a part of the "Fire and Disaster Prevention Training" event for employees of the office building

tenants that the building management team at Tokyo Midtown Roppongi hosted. With the support of Fukumitsuya, a long-established sake shop in Kanazawa City that has a store in Midtown, we distributed vouchers to those who visited our booth during the event. For purchases at Fukumitsuya by people with these vouchers, the firm would donate the same amount to the

Japanese Red Cross Society's "Noto Peninsula Earthquake Disaster Relief Fund" from our company. The Japan Philanthropy Group will continue to plan and implement activities that bring a positive impact to society. 

"we have been participating annually, to clean, repair and package children's wheelchairs that are no longer needed in Japan"

Supporting the next generation

The group is dedicated to advancing initiatives across a broad spectrum of focus areas. The activities held aim to reduce social and economic inequalities, enhance understanding of environmental issues and increase awareness and support to mental health.

Our employees participated in a Lunch & Learn session on 27 February with Preston Wong, the CEO and co-founder of *treasure*. The session was an hour-long crash course for colleagues to understand how this startup aims to reduce food waste with technology and new solutions. *treasure* shared how seeing food waste in Singapore catalysed their innovative start-up business to launch a food-saving app to connect hotels and grocers with surplus to everyday consumers.

Users of their app can find and buy discounted food from merchants or donate their own expiring food to others. The talk provided a new perspective on how to reduce food waste, especially at home. Attendees were also provided with a lunch, which was made from surplus and imperfect produce — cooked by one of *treasure*'s partner hotels.

Our Singapore office partnered with Halogen (Singapore), a Singapore-based NPO that offers a range of engagements for youth development to affect deep change in communities. Network For Teaching

Entrepreneurship (NFTE) is their programme to activate the entrepreneurial mindset and build business skills in youth from underserved communities.

To kick off a long-term youth mentorship from March to August, we opened with an introductory talk on 8 March, in which 30 Amova Asset Management colleagues attended to understand the requirements to be a mentor for NFTE.

Over the next five months, six sessions were held at St. Anthony's Canossian Secondary School, where 13 volunteers took turns working with a class of 30 students in their entrepreneurship projects. Over five afternoons, the volunteers got to know the students and helped kickstart their projects which concluded in a competition at the end of the programme. NFTE has a 50-hour structured curriculum that provides experiential learning on how to be an entrepreneur. It aims to uplift youths from low-income communities through entrepreneurial mentorship, and boost their confidence while doing so.



Employees at a beach clean-up

Joyce Koh, Joint Global Head of Marketing and Sustainability volunteered as judges in a business proposal contest in September called “NFTE (Network For Teaching Entrepreneurship) Youth Entrepreneurship Challenge”, where the students presented their business concepts at a school-wide entrepreneurial contest. The NFTE programme concluded with a national contest featuring the top three students from each NFTE school presenting their business ideas to a panel of judges.

The group organised a beach clean-up in partnership with Green Nudge, a social enterprise that helps build thriving green communities in Singapore. About 20 employees volunteered to join the event held at East Coast Park. The rubbish collected amounted to 136 kg. The top three items found were plastic packaging, Styrofoam products and plastic bottles.

Asia Sustainability Group



Children from Care Corner with stationary vouchers fundraised by employees

A talk was held with World Vision, an international humanitarian charity dedicated to working with vulnerable children, families and communities. In the Singapore office and beyond through Zoom, over 80 colleagues dialled in for this session where Marilee Pierce Dunker, daughter of the World Vision founder, Bob Pierce, shared her father's mission and how their work has impacted the lives of many children.

World Vision works in almost 100 countries to uplift those stuck in poverty, violence and other social injustices, and aid them on a journey towards a better life. World Vision's main charity initiative for these children and communities is through the Child Sponsorship

programme. When a child or an orphan overseas is sponsored through World Vision, donations will go towards nutrition, child protection, education and clean water among other necessities.

An inspiring talk by a sponsored child from the Philippines and a former sponsored child who is now working at World Vision Philippines followed. The two are now young women and spoke about how each of their lives have turned around because of the sponsorship they received.

We had the opportunity to host another talk with Asher Low, Executive Director of Limitless,

a Singaporean charity that helps youths who struggle with mental health.

In this session, Asher spent time helping the audience identify the signs of challenges to mental well-being including physical changes, emotional changes and other more serious signs that require immediate attention. Asher also shared stages and signs on when one should seek help.

The Asia Sustainability Group wrapped up the session by adding that there will be a fundraiser to support Limitless for the fourth year running. Employees in Singapore were encouraged to register to run or walk 5km or donate. The total

amount raised by our colleagues was SGD 1,575, the company also matched this amount, doubling the support.

During the school holidays, 13 volunteers from the Singapore office brought 32 children from Cahaya Community for a day out to the Bird Paradise, a local bird park. Cahaya Community is a Singapore-based charity that supports children in local communities through a set of interconnected programs and initiatives.

Accompanied by nine additional student volunteers from Cahaya, the group enjoyed a performance titled "Wings of Prey", where the children learned about various predatory birds and continued the day with a walk around the park and activities like "spot-the-bird bingo" and quizzes. This session was intentionally organised during the school holidays so that the children can enjoy continuous learning opportunities outside of school.

The Asia Sustainability Group launched another fundraiser in the Singapore office supporting Care Corner, a social service agency in Singapore supporting children, families and seniors. Funds raised will go towards purchasing "back to school vouchers" for children for children in their Student Care Centres to help prepare for school.

The group met their goal to donate a total of SGD 7,200, including a donation from the firm, thanks to the generosity of many colleagues in the Singapore office. 🎯

Growing together

The Americas Sustainability Group continues to support volunteering and donation opportunities in programs that create positive change. The group's ongoing work with organisations like South Bronx United and GrowNYC shows our strong commitment to the firm's sustainability goals in areas of social impact and the environment.



Mock interview experience for students held in the office

In 2024, the Americas Sustainability Group continued its partnership with South Bronx United (SBU), a local non-profit organisation in South Bronx that uses soccer as a tool for social change. The organisation aims to help youth build character, teamwork and leadership so that they can succeed in high school, college, careers, their community and beyond. The Americas Sustainability Group has supported SBU through donations and volunteer events, including participation at their Annual Summer Soccer Scholars Presentation Day and Annual Literacy Day.

SBU's Annual Literacy Day is dedicated to enhancing reading skills and promoting literacy among community youth and addressing a shortage of accessible books in the area by providing students with an opportunity to engage and read with volunteers. The Americas Sustainability Group also expanded its engagement with SBU in 2024 by hosting students from their Workforce Development Program



Volunteering at a plant sale

for a mock-interview experience in our office. These students are on the cusp of beginning their college careers, and our volunteers are eager to provide support, guidance and a wholesome learning experience.

The group also continued its support and engagement with GrowNYC, a local non-profit organisation with a mission to improve New York City's quality of life through environmental programs that transform communities block by block and

empower all New Yorkers to secure a clean and healthy environment for future generations. At the Annual Spring Plant Sale, which has been on going since 1986, our colleagues supported GrowNYC through donations and volunteering by helping customers select and pick their greenery at the sale. The sale is a great way for community gardens, schools, block associations, churches and any other group greening project to purchase vegetable, herb and flowering plants grown by local Greenmarket farmers at wholesale prices.

Helping our communities

EMEA employees actively engaged in a diverse array of volunteering and donation initiatives. Their efforts supported causes including child welfare, cancer support, food assistance for underserved populations and a variety of environmental sustainability programs.


In February 2024, the EMEA Sustainability Group volunteered with the Children's Book Project, a UK charity that delivers books to children who have fewer opportunities to read. Via HandsOn London, a volunteering platform, employees were encouraged to drop off used children's books. Two members of the Amova Asset Management London office took all the collected books to the Children's Book Project hub and volunteered there for the day to sort books.

A donation was made to the charity to contribute to the maintenance of their delivery network, which helps with getting the collected books to children, and to fund some additional storage crates — a much-needed contribution to this charity.

Colleagues from the Edinburgh office volunteered their time over four days in March and April with Empty Kitchens Full Hearts, an Edinburgh-based charity that rescues surplus food and turns it into free, healthy meals for people in need. Our partnership with the organisation has been ongoing over a few years.

Supporting Maggie's, a charity that provides assistance to cancer



 Volunteers preparing surplus food to be cooked and distributed

patients and their families in the UK, the Netherlands and Japan, four Edinburgh employees volunteered to help assemble over 400 goodie bags and raffle tickets for the Maggie's Ladies' Love Lunch, an annual fundraising event in May.

Continued efforts to support Maggie's led to a joint walking event between our London and Edinburgh offices in September. In Edinburgh, colleagues went on a sponsored hike across

the Pentlands, and in London we participated in the sponsored annual Night Hike across the city. The company matched the funds raised for both efforts.

The EMEA Sustainability Group organised a volunteering day in August on which staff from three offices volunteered with a charity in each respective location.

In the Netherlands, colleagues volunteered at the new Maggie's Centre Groningen. The firm supported the launch of this Maggie's centre through a donation earlier in the year.

Staff from the Edinburgh office volunteered with Friends of the Pentlands, an environmental charity focused on the whole area covered by the Pentland Hills in Scotland.

London office employees volunteered with The Conservation Volunteers (TCV), a charity that brings people together to create, improve and care for green spaces in the UK.

In the spirit of collaboration and gathering new members, colleagues in the EMEA Sustainability Group held a Lunch & Learn session, covering the Sustainability, Women's and the Racial Equality groups. This session aims to gather participation for upcoming activities, shared information about the groups' activities and how employees can get involved with topics close to their hearts.

In November, colleagues rallied to support coat drives benefitting HandsOn London's Wrap Up London campaign and Space To Be in Edinburgh. HandsOn London organises initiatives for companies to make a positive impact on the



 Employees at a Night Hike

local community, and Space to Be is a local community space that connects people in the community. 26 coats were donated to help keep individuals warm in the winter.

Finally, leading up to the holiday season, the Edinburgh and London offices held toy drives to be delivered to charities working with disadvantaged families. In Edinburgh, a donation was made to Cash for Kids Mission Christmas Appeal and our colleagues volunteered with sorting and organising gifts in their warehouse. Cash for Kids is a UK charity that is dedicated to improving the lives of disadvantaged children. In London, staff donated to the Salvation Army Be A Star Appeal and volunteered to wrap gifts. The Salvation Army Be A Star Appeal aims to help isolated or homeless individuals and families during Christmas. [↗](#)

Celebrating differences

The New Zealand Sustainability Group is dedicated to supporting local communities through initiatives that assist children with illnesses and by fostering employee engagement in cultural programs, with a strong focus on promoting and integrating Māori values.

In June, October and November 2024, Amova Asset Management New Zealand had events in the office to support our sustainability groups.

The first was a Matariki shared lunch in the office. Matariki, the Māori New Year, is a time of celebration, reflection and new beginnings. It is a time to acknowledge the past, plan for the future and come together as a community. This shared lunch was an opportunity to share and celebrate cultures. A Diwali shared lunch was also held in October, celebrating the Hindu festival of lights, and an American-style Thanksgiving, celebrating the blessings of the past year, continued the new tradition of various cultural celebrations representing our diverse workforce.

From the end of November to early December, there was a series of Christmas parties organised by the Special Children's Christmas Parties. This invite-only event helps about 2000 special children in the region who suffer from either terminal or illnesses, have special needs or intellectual impairments, or come from an underprivileged background. Three colleagues



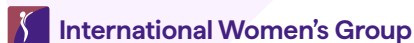
A training session in the New Zealand office.

attended the event as volunteers as we supported the event as Bronze sponsors.

December saw company-wide workshops on the foundations of the Māori world view, known as Te Ao Māori. The training was conducted by Mather Solutions, a specialist consultancy firm. The workshops covered key cultural concepts, values and principles. The New Zealand office has continued its Te Ao Māori journey into 2025 with further workshops.



Volunteers helping at a charity clothing sale



Advancing gender equality

The International Women’s Group (IWG) operates across four regions outside of our headquarters in Asia, EMEA, the Americas, and New Zealand — bringing together over 40 members from diverse professional levels and backgrounds. These ground-up groups reinforce the company’s commitment to gender equality and advancing social impact.

IWG drives strategic efforts to empower women in the workplace through knowledge-sharing, leadership development and inclusive programs. The group organises professional development events and community outreach initiatives that promote diversity, equity and inclusion. These efforts not only foster a supportive internal culture but also extend our impact to local communities by supporting programs for women and girls.

Global

Commemorating International Women’s Day (IWD) has been a hallmark of the IWG, and each group celebrates it differently.

At the global level, we featured a quote from Stefanie Drews, President and CEO, on our social media pages on our commitment to empower and support women in leadership with our #30by2030 goal.

We also galvanised our colleagues from the various regions to strike the 2024 IWD pose and featured the

hashtags #InspireInclusion on our social media.

IWD is an important observance that we conduct to reaffirm our dedication to fostering inclusivity and diversity across all levels of the organisation. We recognise the contributions of women within our industry and remain resolute in our efforts to cultivate a workplace culture that empowers all individuals to thrive, succeed, and realise their full potential.

Our efforts from the IWGs are designed to build an equitable and respectful workplace, empower our women and contribute to advance the girls and women in our communities.

Asia

In celebration of IWD, our Asia Women’s Group partnered with the local Recreation Club to host a meaningful fundraising initiative in support of women’s empowerment. The event featured two rounds of Charity BINGO, with all proceeds

benefiting Daughters of Tomorrow and SG Her Empowerment (SHE) — organisations dedicated to uplifting women and girls in Singapore and beyond. Employees participated by purchasing BINGO tickets at SGD 10 each, with a live draw held during lunch to announce the winners. The two winning ticket holders each selected a charity to receive a SGD 2,000 donation. In total, over SGD 6,000 was raised and matched by the firm, amplifying the impact of our collective efforts.

To further encourage engagement, the Recreation Club awarded participation points to winners and to “houses” with the highest attendance. These houses — aligned with our core values of Communication, Diversity, Focus, Innovation, Stability and Teamwork — are part of an internal initiative in our Singapore office to foster community and collaboration across the organisation.

This initiative reflects our ongoing commitment to diversity, inclusion

and social impact, and we are proud to support the vital work of Daughters of Tomorrow and SG Her Empowerment (SHE) in creating a more equitable future. Charity BINGO is an activity that transcends backgrounds and interests, encouraging connection and camaraderie across the workplace. This initiative not only raised funds for meaningful causes but also fostered a sense of unity and purpose among colleagues.

By supporting the empowerment of women and girls in our communities, we aim to create lasting impact both within and beyond our organisation. We remain dedicated to building a workplace where everyone feels valued and inspired. By championing women’s careers and leadership, and nurturing a culture of innovation and creativity, we believe we can drive positive change for our people and the broader community.



Colleagues commemorating IWD in the #InspireInclusion pose

International Women's Group

Americas

Amova AM Americas partnered with Sumitomo Mitsui Trust Bank (SMTB) to facilitate an interactive afternoon celebrating women and empowering women in their careers. We kicked off the event with an inspiring keynote welcome speech from Stefanie Drews, President and CEO, Amova AM. She highlighted just a few of Amova AM's many efforts to keep women at the forefront of our business and ensure that equality and diversity remain a top priority. She reviewed specific policies to reach the target of 30% of women in leadership by 2030, including the importance of mentoring programmes, the ability to work from home, as well as making sure there is significant female representation in our overall interviewing processes.

Throughout a networking lunch, employees from Amova AM Americas and SMTB could engage with each other as fellow trailblazers, mentors and advocates. Each table was given a suggested "table topic" to help jump start some networking conversations. Attendees were encouraged to forge new alliances, exchange ideas and celebrate the collective strength of women.

The main event included a panel discussion moderated by Kelly Will, Career Contessa Coach. Joining her was the Head of HR from the Americas office, and Mariko Oyabu, Head of Loan Operations at SMTB.



International Women's Day in Americas

Topics covered included; Driving resilience: effective ways to handle challenging work situations without taking them personally. The panel shared tips on recognising when a conversation is worth pursuing versus when to let go, and offered strategies to avoid unproductive cycles and protect your peace at work.

Eliminating imposter syndrome in daily work: strategies to balance long-term strategy with the importance of consistently delivering quick wins. As careers progress, big-picture thinking becomes second nature, but the panellists emphasised that being recognised for steady, short-term achievements is just as critical.

Eliminating "imposter syndrome level 100", owning your brand and leading negotiations: the panel encouraged tracking quick wins and long-term achievements in a living document.

They recommended reviewing key contributions quarterly to stay ready for promotion, performance and raise conversations, and shared tips on using that record to support negotiations.

Building Community, Networking and Hobbies: panellists also discussed that levelling up your life through community and hobbies can elevate your work. Engaging with like-minded people and exploring interests outside of work boosts creativity, confidence and overall impact.

The event ended with a networking session and festive IWD cupcakes were provided by a small women-owned business. The group will continue to organise opportunities for colleagues to learn about the pertinent issues and foster support for women's careers.

EMEA

The EMEA IWG had a myriad of activities in 2024. To help expand the pool of young females entering asset management, the group continued as a corporate member of Future Asset, a charity that educates young women across Scotland about investment management and aims to inspire them to consider careers in financial services.

Each year they hold a competition called Growing Future Assets, which gives female high school students



Clothes Drive in the EMEA office

the chance to pitch a company with investment potential. William Low, Head of Global Equities, mentored a team of brilliant, future female investors from Preston Lodge High School to victory in the competition. Iain Fulton was also part of the panel of over 30 judges who assessed the 110 entries from across Scotland. In addition, we helped sponsor Future Asset's new accreditation module that allows formal recognition for the investment skills the participants develop during the competition.

Our initiatives continued with Future Asset at their "Alumni Career Insights Day", where we hosted four high school girls in the Edinburgh office

for an afternoon to learn about the investment management business. The agenda included inputs from the portfolio managers, analysts, institutional marketing and propositions and Sustainable Investment teams.

The EMEA IWG also ran a clothing collection for Smart Works, a UK wide charity that supports women in economic difficulty due to unemployment, by giving them coaching sessions and a wardrobe dressing session to give them confidence and professional attire for interviews. Bags of clothes, shoes and handbags were collected and delivered to

International Women's Group

Smart Works Islington and Smart Works Edinburgh for the charity to use as part of their wardrobe dressing service.

As part of our IWD celebrations, in Edinburgh we volunteered with Smart Works for the day to help sort through donations and organise their stock. In London, Stefanie Drews, President and CEO, and Joyce Koh, Joint Global Head of Marketing and Sustainability, joined in the clothes drive.

To commemorate International Day of the Girl Child on 11th October, we made donations to Smart Works London and Edinburgh that were doubled through the 'Big Give' Women and Girls matched fund. The fund pulled together philanthropists to match donations for charities that for that week were high-impact and female-focused in honour of "UN International Day of the Girl Child". The Edinburgh donations were specifically allocated to buying new desks for the charity. About GBP 1,000 was matched by the Big Give, doubling the amount the charity received.

A second clothing drive was held for Smart Works in November, and we participated in wardrobe volunteering sessions in both London and Edinburgh offices to assist the charity to organise donations and audit their stock levels.

In tandem with our efforts for disadvantaged women through Smart

Works, we wanted to support men's health, so the Edinburgh office held a 'suit drive' in November for Grassroots Clothing Edinburgh. Grassroots Clothing is a charity that provides quality interview clothes to disadvantaged men in need in hopes to give them confidence and practical tools required to succeed in an interview and transform his life.

To further our support in building a talent pipeline for the asset management industry, we became a corporate sponsor for Girls Are Investors (GAIN), a UK charity that provides educational outreach to young women and non-binary students who are exploring careers in investment management. The Group hosted a Lunch & Learn with GAIN CEO, Tanya Tracey who spoke about collaboration opportunities including internship, insight events and mentoring.

Katy Rose from the EMEA Performance team volunteered as a mentor to help a student through the GAIN summer internship programme, and in Summer 2025, we will host our own intern through GAIN in London on the Fixed Income team. Cameron Kuwahara from our Edinburgh office joined a panel organised by GAIN at the University of Strathclyde, in which he shared his experience and personal insights with students and aspiring professionals. Additionally, Elizabeth Marks from HR gave a presentation to about 40 students at Wanstead High

School on what it is like to work in investment and finance.

New Zealand

Amova AM New Zealand celebrated International Women's Day in style with a morning tea event featuring customised cupcakes, shining a light on our support for women. In 2024, we're proud to share that we've continued our support for charities Women's Refuge and Dress for Success, two organisations supporting women in need. Women's Refuge supports women and children seeking shelter from domestic and family violence, and Dress for Success empowers women's economic independence by helping women dress and prepare for interviews and the professional environment.

We made donations totalling NZD 10,000 to both charities. It is our way of saying thanks and showing our commitment to empowering women, not just on International Women's Day, but every day.

Additionally, four of our colleagues volunteered with Dress for Success in their annual Designer Sale. The sale attracted quite a crowd, keeping our volunteers busy with moving stock over the weekend and helping to raise awareness of the organisation within the community. ➤



Colleagues gathering for International Women's Day celebrations in New Zealand office



Improving racial equality across borders

The Global Racial Equality Group (GREG) is a model for sustainability groups across our firm. With a true cross-borders approach, the group incorporates members from each of Amova Asset Management’s offices. This group plans activities to help employees understand and make a positive impact on racial inequality in the workplace and our communities.

2024 saw GREG undertake events across the globe, deepening Amova AM employees’ understanding of issues in racial inequality that manifest themselves in different ways in each region.

The GREG speaker series is a series of educational seminars where we explore topics around racial equality in each region, deliver them to our global employees and learn about the commonalities. In 2024, the group focused on New Zealand and EMEA, following sessions in the US, Singapore and Japan. We invited a guest speaker, Moana Truwhare, who is a Māori lawyer and Senior Consultant at Mather Solutions to share with us about the history and contemporary context of Māori (the indigenous people of New Zealand) issues.

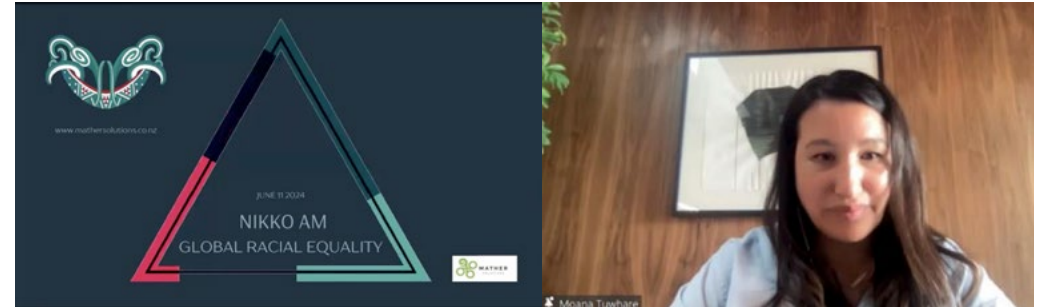
In recent years there has been an increased awareness of Te Ao Māori (the Māori world view) and the use of Te Reo (Māori language) across organisations and workplaces in New Zealand. Amova AM New Zealand has been working with Mather Solutions for staff training on these points.

Moana started the talk by explaining the contents of the 1835 Declaration of

Independence in which Māori chiefs proclaimed their sovereignty, and the 1840 Treaty of Waitangi which was intended to establish the Māori people’s rights after the British declared sovereignty over New Zealand. She pointed out the issues of translation that led to a different understanding and subsequent breaches of the Treaty.

Moana followed by introducing the contemporary context, in particular what drove the recognition of its constitutional status through the Waitangi Tribunal of 1975 and the treaty settlements thereafter. She touched on some recent changes that could unwind the years of progress. Moana concluded by stressing that creating an enduring, mutually beneficial partnership is paramount for an organisation to strengthen its relationships with Māori.

James Rogers, the COO of Amova AM New Zealand and the GREG member who coordinated the presentation, commented that “it has been a real privilege to work with Moana and Mather Solutions to help educate us and allow us to think about how we incorporate Māori values and the principles of the treaty into our business. Moana’s presentation sheds some light on what may be seen internationally as



Moana Truwhare speaking at a webinar on the 1840 Treaty of Waitangi

a progressive approach to indigenous people still having many of the same issues we see with racism in other countries across the world. She also highlights the detrimental impact that political changes can have on the progress that has been made. Hopefully through presentations like this we can also help increase awareness outside of New Zealand.”

From the UK, the group invited inspirational speaker Ije McDougall to this series, in which she talked about her experience as a person of African descent that migrated to the UK and her views on the value of DEI to humanity. Ije is a UK Magistrate, an HR/Employment Law Expert and the Founder of the Kairos Initiative, a program that supports vulnerable children in Northern Nigeria through education, training, healthcare and infrastructure. In this session, Ije utilised her storytelling technique to educate the audience on how we can look into ourselves and examine who we choose to be. As individuals, Ije challenged the audience to

reflect on how we can make our voices be heard to others. To carve out an identity for us as individuals, we need to face, know and grow ourselves. Ije encouraged everyone to accept the odds against them and make deliberate decisions about who they choose to be and how they choose to show up.

On equality in the workplace, Ije touched on building a safe place where managers can coach, grow and develop the team. She pointed out that companies should purposefully create an environment of equal access — while diversity can be mandated, inclusion can only be embedded through a culture that we can uphold and live out.

Going forward, GREG will continue this talk series to introduce contexts unique to each region and inspire our colleagues to think about racial equality and DEI globally. 🌍



Looking Ahead

A message from Joyce Koh and Daisuke Kono, Joint Global Heads of Sustainability

Towards a brighter future

Into its sixth edition, the Sustainability Report has become a cornerstone of our firm’s external and internal communications on sustainability. Appropriately titled “Invested in Sustainability”, the report started as an effort to present our company through a sustainability lens to all our stakeholders. It not only highlights our sustainable investment initiatives but also encompasses our broader corporate sustainability activities in Diversity, Equity & Inclusion (DEI), Social Impact & Well-Being and Environment & Climate.

2025 is indeed a historic year for the firm as we rebrand ourselves to Amova Asset Management. With this bold move, we reviewed and revised our Mission statement for the first time in over 20 years. We also refreshed our Principles to guide our path

Having reached our goal of 15% participation of global employees in sustainability groups by 2025, we now aim to increase this to 20% in fiscal year 2027

towards our mission; “Client Focus”, “Authentic Partnership”, “Continuous Innovation” and “Purposeful Performance”. In particular, the fourth Principle encapsulates our corporate sustainability philosophy of making responsible decisions for the well-being of all our stakeholders while striving to pursue excellence.

These elements form the foundation of our organisational philosophy. Our Values are intentionally aligned to clearly articulate how employee behaviours contribute to and reinforce our Mission.

Our corporate sustainability journey has been enriched with the growth of employee-led resource groups called “sustainability groups” in all regions. These volunteers introduce innovative ideas and programmes that positively impact our company, communities and environment — driving our bottom-up sustainability culture.

Having reached our goal of 15% participation of global employees in sustainability groups by 2025, we now aim to increase this to 20% in fiscal year 2027. This ambitious target can only be achieved by having an empowering culture

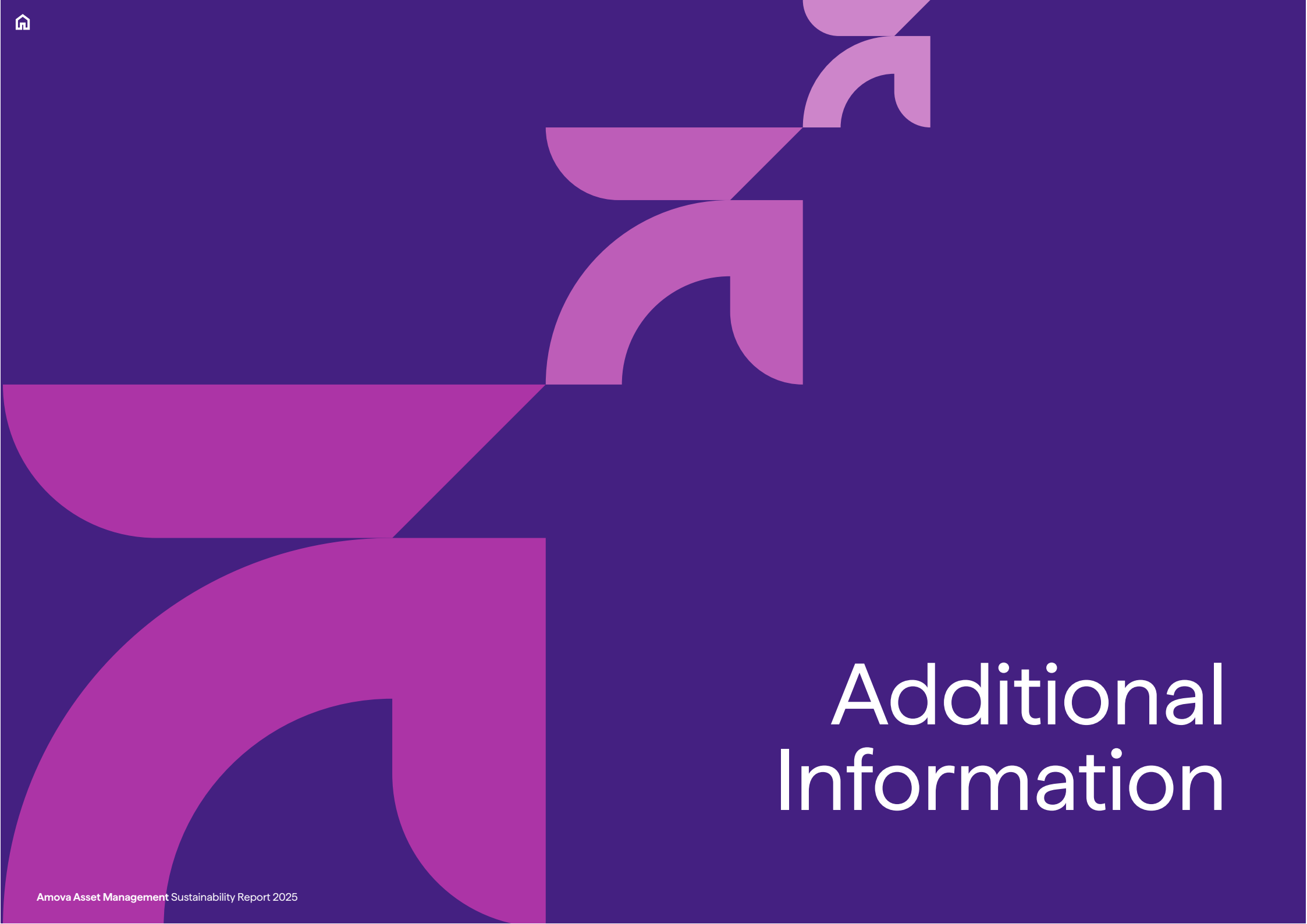
and strong support from senior management. To celebrate this milestone achievement, we have redesigned various sustainability group logos which identify the causes that our colleagues stand for.

In the area of DEI, our firm has always been committed to fostering an inclusive workplace and promoting the inclusion of people with disabilities in society. With increasing enthusiasm and interest from our employees, we are forming an International Abilities Group, expanding on the concept originated by our Japan Abilities Group. This is testament to our work in building our awareness towards inclusion and seeding passion to support marginalised communities.

A prime example of this commitment is our decade-long support for wheelchair rugby through our athlete employee programme in Japan, which has produced three national team players so far. Additionally, we are proud to sponsor the 2025 Summer Deaflympics, to be held in Tokyo this November. Athletes inspire all of us with their grit and determination. Through our support of parasports, we aim to promote inclusion in our communities.

With our strategic foundations firmly in place, Amova AM reaffirms its position as a global asset manager, born in Japan, shaped in Asia and powered by global insight. We remain dedicated to delivering progressive investment solutions to our clients and building a brighter future with all our stakeholders.

















Additional Information

External commitments

Our participation in external initiatives

	<p>Asia Investor Group on Climate Change (AIGCC)</p>		<p>Japan Association of Value Creating ERM (Amova Asset Management Co., Ltd.)</p>
	<p>CDP</p>		<p>Principles for Financial Action for the 21st Century (Amova Asset Management Co., Ltd.)</p>
	<p>Climate Action 100+</p>		<p>30% Club Investor Group (Amova Asset Management Co., Ltd.)</p>
	<p>International Corporate Governance Network (ICGN)</p>		<p>TCFD Consortium (Amova Asset Management Co., Ltd.)</p>
	<p>United Nations-supported Principles for Responsible Investment (PRI)</p>		<p>Stewardship Codes</p> <ul style="list-style-type: none"> - UK Stewardship Code (Amova Asset Management Co. Ltd.) - Japan Stewardship Code (Amova Asset Management Co., Ltd.) - Singapore Stewardship Principles (Amova Asset Management Asia Limited)
	<p>The Investor Agenda</p>		<p>Global Investor Statement to Governments on Climate Crisis</p>
	<p>Nature Action 100</p>		<p>Women's Empowerment Principles</p>
	<p>The Net Zero Asset Managers initiative</p>		<p>LGBT Great</p>



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GRI Content Index

GRI (Global Reporting Initiative) is an independent, international organisation that provides the GRI Standards, which represent global best practice for reporting publicly on a range of economic, environmental, and social impacts.

STATEMENT OF USE	Amova Asset Management has reported the information cited in this GRI content index for the period 1 January 2024 to 31 December 2024 with reference to the GRI Standards.
GRI 1 USED	GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-1 Organisational details	About Us - Corporate Governance / Additional Information - Contact Information
	2-2 Entities included in the organisation's sustainability reporting	About Us - Corporate Governance / Additional Information - Contact Information
	2-3 Reporting period, frequency and contact point	Table of Contents / Additional Information - Contact Information
	2-4 Restatements of information	—
	2-5 External assurance	About Us - Corporate Governance
	2-6 Activities, value chain and other business relationships	About Us - Affiliates
	2-7 Employees	About Us - Corporate Governance
	2-8 Workers who are not employees	—
	2-9 Governance structure and composition	About Us - Corporate Governance
	2-10 Nomination and selection of the highest governance body	About Us - Corporate Governance
	2-11 Chair of the highest governance body	About Us - Corporate Governance
	2-12 Role of the highest governance body in overseeing the management of impacts	Investment Management - ESG approach, philosophy, and governance
	2-13 Delegation of responsibility for managing impacts	Investment Management - ESG approach, philosophy, and governance
	2-14 Role of the highest governance body in sustainability reporting	Investment Management - ESG approach, philosophy, and governance
	2-15 Conflicts of interest	Investment Management - Japan Sustainable Investment Team
	2-16 Communication of critical concerns	—
	2-17 Collective knowledge of the highest governance body	—
	2-18 Evaluation of the performance of the highest governance body	—
	2-19 Remuneration policies	About Us - Corporate Governance
	2-20 Process to determine remuneration	About Us - Corporate Governance
	2-21 Annual total compensation ratio	—
	2-22 Statement on sustainable development strategy	—
	2-23 Policy commitments	About Us - Corporate Governance / Investment Management - ESG approach, philosophy, and governance
	2-24 Embedding policy commitments	About Us - Corporate Governance / Investment Management - ESG approach, philosophy, and governance
	2-25 Processes to remediate negative impacts	—
	2-26 Mechanisms for seeking advice and raising concerns	—
	2-27 Compliance with laws and regulations	About Us - Corporate Governance
	2-28 Membership associations	Additional Information - External Commitments
	2-29 Approach to stakeholder engagement	About Us - Corporate Governance
	2-30 Collective bargaining agreements	—
GRI 3: Material Topics 2021	3-1 Process to determine material topics	—
	3-2 List of material topics	—
	3-3 Management of material topics	—
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Corporate Sustainability - Environment
	305-2 Energy indirect (Scope 2) GHG emissions	Corporate Sustainability - Environment
	305-3 Other indirect (Scope 3) GHG emissions	Corporate Sustainability - Environment
	305-4 GHG emissions intensity	Corporate Sustainability - Environment
	305-5 Reduction of GHG emissions	Corporate Sustainability - Environment
	305-6 Emissions of ozone-depleting substances (ODS)	—
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	—



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