

Global Climate Change Report

2026

Marketing Communication

SUMITOMO MITSUI TRUST GROUP

amova
Asset Management

Foreword



Recent years have reinforced how closely climate considerations, geopolitics and energy systems are intertwined. For long-term investors, this has sharpened the focus on resilience, not only in how economies transition, but in how portfolios are positioned to navigate uncertainty while continuing to support sustainable growth.

As a global asset manager, Amova considers it a core fiduciary responsibility to understand and manage climate-related risks and opportunities in a way that supports long-term, risk-adjusted outcomes for our clients. This requires an approach that is disciplined, investment led and grounded in real-world context, rather than driven by headline commitments alone.

The period covered by this report reflects a year of transition for the broader net zero landscape, including developments across industry initiatives such as the Net Zero Asset Managers initiative, as well as evolving market expectations. Throughout this period, we remained committed to our climate objectives and deliberately used the time to strengthen the foundations of our approach. We reviewed our governance, put effort in strengthening data quality and built internal capabilities to improve how climate considerations are assessed and integrated across portfolios, including developing proprietary AI-powered net zero assessment tool and enhanced emissions attribution framework. Our focus was on ensuring that climate considerations remain credible, decision useful and aligned with fiduciary duty.

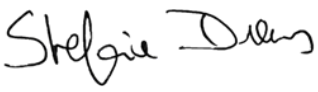
Looking ahead, execution and continuous improvement are firmly our priorities. Our interim 2030 target will be subject to formal review in 2027, a milestone we see as an important point of assessment. Preparatory work is already underway to ensure that our targets, methodologies and scope continue to reflect advances in data, market practice and our own investment capabilities.

Stewardship remains a central lever in delivering our climate objectives, particularly where capital allocation flexibility is constrained. A significant proportion of our assets, notably within Japanese equity strategies, is managed through passive approaches. In this context, engagement and proxy voting are essential tools to influence company behaviour and support real-world decarbonisation. During the year, our teams continued to engage with portfolio companies on climate governance, transition planning and disclosure, with voting used where appropriate to escalate concerns in line with our stewardship policies.

Alongside our portfolio activities, we continue to monitor and manage emissions arising from our own operations, recognising the importance of transparency and accountability in our corporate footprint.

This Global Climate Change Report sets out our approach and progress over the reporting period. It reflects a year of transition, a deliberate focus on strengthening execution, and our continued commitment to addressing climate-related risks and opportunities in a disciplined and pragmatic manner, grounded in our fiduciary responsibility to clients.

Stefanie Drews, Group President and CEO



Information for New Zealand readers:
Please note that Amova Asset Management New Zealand Limited (Amova AM NZ) is not currently included in the group targets set out in this report, and a separate climate report for Amova AM NZ was published in July 2025 and will be updated in 2026.

Contents

01 Governance

Overview of Amova AM group governance 06
Amova AM group sustainability governance 07

02 Strategy

Our commitments 09
Our approach 10
Progress and key milestones 10
Identifying climate risks and opportunities 11
Risks and opportunities summary 12
A comprehensive climate approach 14
Top-down approach 14
Bottom-up approach 23
Sustainable investing solutions 30

03 Risk Management

Overview 33
Risk identification, assessment and management 33
Climate change as a driver of group risk 35
Managing climate-related risks within our investments 36

04 Metrics & Targets

Overview 38
Scope and methodology 38
Reported metrics 39
Progress towards NZAM 42

Introduction — who we are

The Amova Asset Management Group (Amova AM) is a global high-conviction asset manager with a diverse range of investment teams that operate independently but share a common commitment to sustainable investment. Given the diversity of investment processes, each investment team is responsible for addressing, developing and implementing its own approach to sustainable investing.

Our global investment capabilities include active equity, fixed-income and multi-asset strategies. We also have a complementary range of passive strategies, including some of Asia's largest exchange-traded funds (ETFs). We have a long history in sustainable investing, beginning in 1999 when we launched Japan's first socially responsible investment fund. We were also early signatories to the Principles of Responsible Investment (PRI) in 2007.

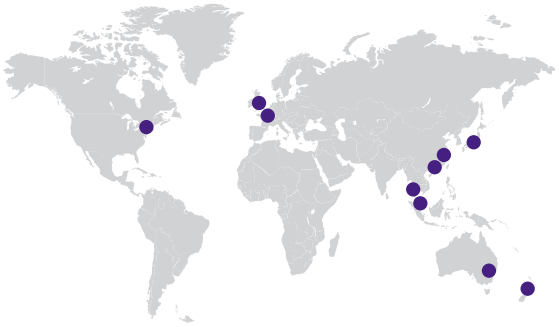
With a presence in 10 countries across four continents, we have a diverse workforce that includes 29 nationalities. Although most of our assets under management (AUM) and clients are based in Asia, our long-term business goal is to offer best-in-class investment solutions for clients worldwide.

Global Citizen with Asian DNA

10
Countries*

29
Nationalities**

USD
274.3bn*
Total AUM



Extensive Global Resources

- Japan
- New Zealand
- China
- Singapore
- United Kingdom
- Hong Kong
- Australia
- Americas
- Malaysia
- France

Our People

944
Employees** across all asset classes, located globally

216
Investment Professionals**

104
Portfolio Managers** with extensive and locally driven research

65+ Years in Asia

One of the largest distributor networks in the Asian region

First SRI Fund established in Japan*1
First investment-in-kind ETF established in Japan*1
First Robotics Equity fund established in Japan*1
First Asia ex-Japan REIT ETF established in Singapore*1

*1 Based on Amova Asset Management's research

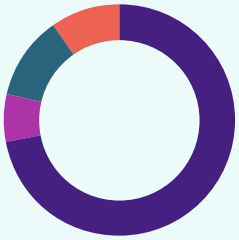
Carbon Footprint standard — Carbon Neutral Organisation

Amova AM works with the UK-based international organisation Carbon Footprint Ltd to offset carbon emissions for our business operations through offset programmes and has been certified as carbon neutral since 2018.

Our Global Capabilities

Qualitative insight through a broad range of global investment capabilities

Total Assets Under Management (USD 274.3bn*)



- Total equity **72.1%**
- Total Fixed Income **6.7%**
- Cash Equivalent **11.4%**
- Alternative/Others **9.7%**

Our Specialisations

Equities
Global, Asia Pacific ex-Japan, Japan, Australia, China, New Zealand

Fixed Income
Global Bonds, Green Bonds, Asian Local Currency, Asian Credit, Australia, New Zealand

Multi-Asset
Global, Emerging Markets

ETFs
Equities, Bonds, REITs

* Consolidated assets under management and sub-advisory of Amova Asset Management and its subsidiaries as of 31 December 2025.
** Including employees of Amova Asset Management and its subsidiaries as of 31 December 2025.



Governance

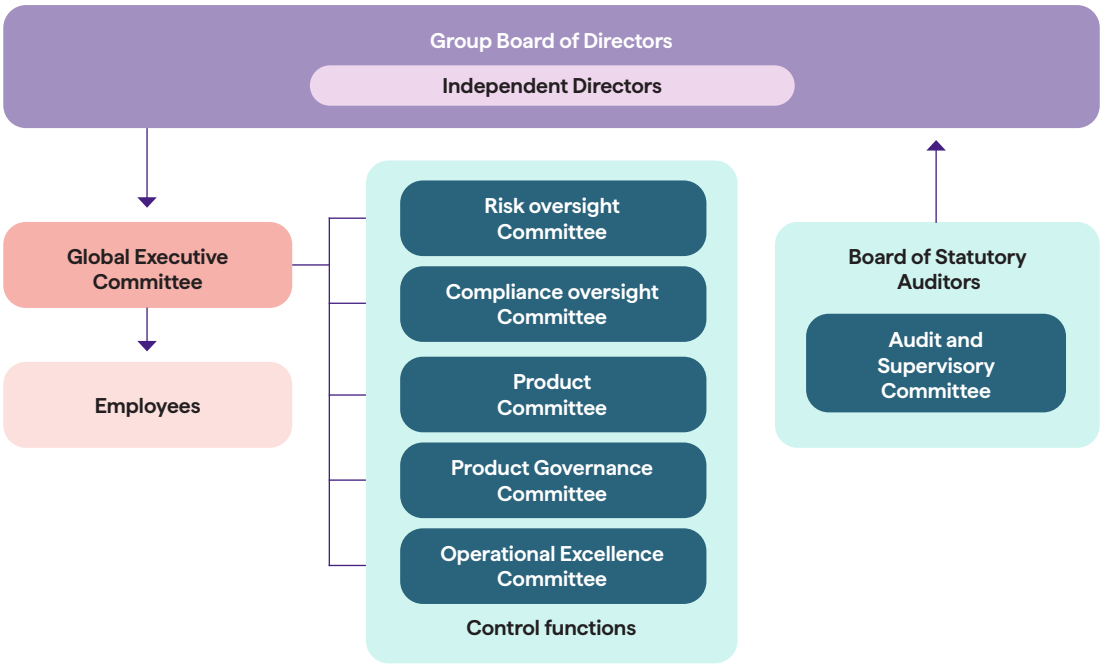
Overview of Amova AM group governance

We implement cross-border delegation arrangements whereby the locally contracted Amova AM group office manages business development, supported by local client-servicing teams. Portfolio management is delegated to the respective regional Amova AM entity where the relevant investment expertise is based.

The Amova AM Group Board delegates responsibility for day-to-day decision-making to our Global Executive Committee (GEC), comprising members of the senior management team, whose details can be found in the leadership section of our website.

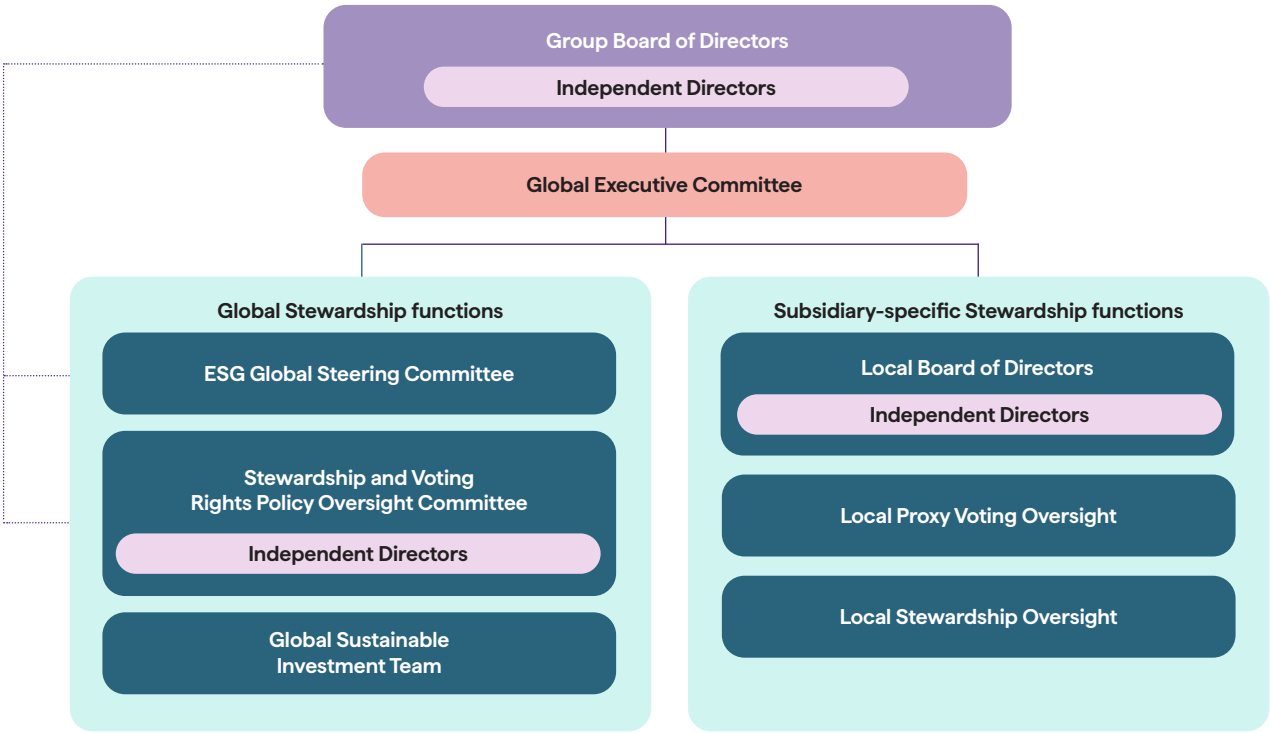
The charts below show a simplified representation of our group governance structure.

Amova AM governance



Amova AM group's supervisory and governance structure includes an audit and supervisory committee. The role of the committee is to strengthen oversight and enhance our corporate governance framework.

Stewardship governance structure





Amova AM group sustainability governance

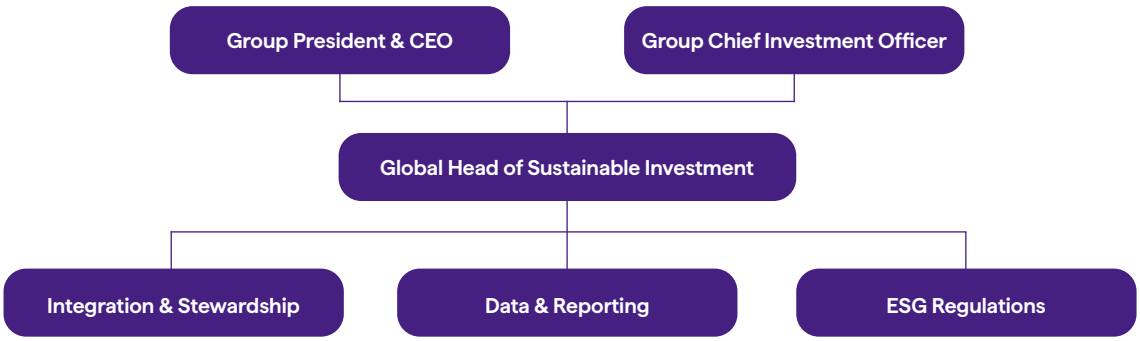
Our sustainable investment activities are governed at both the global and local subsidiary level. The oversight of our sustainable investment activities is the responsibility of the ESG Global Steering Committee. It oversees the integration of ESG within investment teams, sets policy, develops strategy, makes external disclosures and recommends ESG-related initiatives and participation in external bodies.

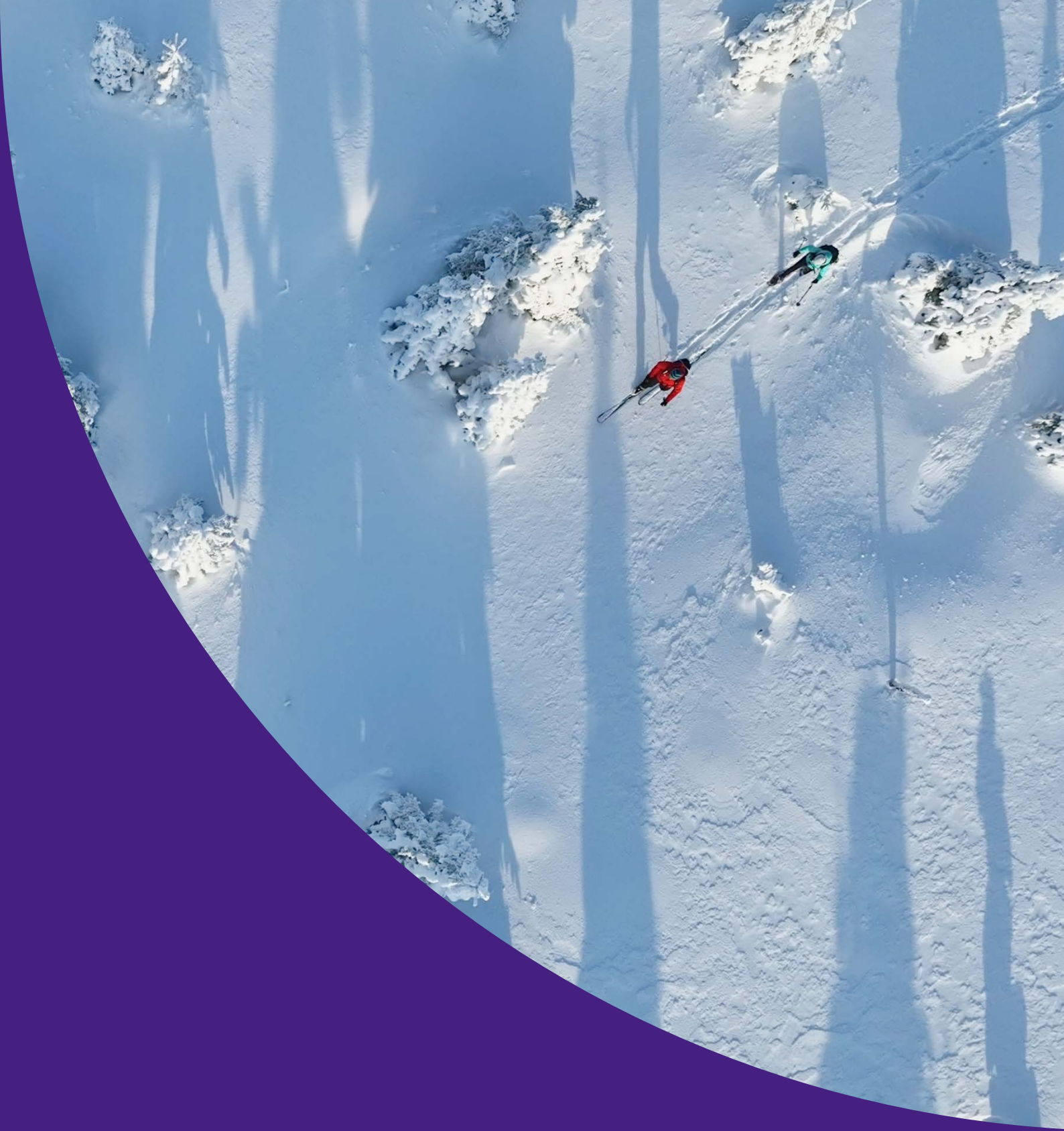
The ESG Global Steering Committee is governed by the GEC and, in addition, reports directly to the Group Board. It is chaired by the chief investment officer, and its voting members are the heads of our investment teams (including sustainable investment) worldwide, who are in charge of ESG integration and oversight in their individual investment processes (including company engagement and proxy voting, where applicable). Through these channels, the Group Board is kept informed of material climate-related risks and opportunities while day-to-day management is delegated to relevant committees and senior members of staff.

The Amova AM group also has a dedicated Global Sustainable Investment Team that provides expertise and support on sustainable investment matters. As part of this structure, the global head of sustainable investment reports directly to the Group President and CEO and Group Chief Investment officer. This ensures that senior executives in the company have oversight of ESG matters. Our Group President and CEO has key performance indicators (KPIs) to strengthen the firm's ESG capabilities, which include climate-related risks and opportunities.

Our group-wide reports, including this Global Climate Change Report, are approved at the highest level, which includes the ESG Global Steering Committee and the board, among other key stakeholders.

Global Sustainable investment team structure





Strategy

Our commitments

We became a signatory of Net Zero Asset Managers initiative (NZAM) in 2021. In 2022, we completed our initial target disclosures, committing 43% of our assets (USD 115.68 billion[1]) to be managed in line with net zero. Our interim 2030 target is to reduce the carbon footprint of our committed assets by 50% relative to our 2019 baseline[2], covering Scope 1 and 2 emissions. Our net-zero target follows the methodology set out in the Net Zero Investment Framework (NZIF), which draws on the Intergovernmental Panel on Climate Change (IPCC) scenarios[3].

The initial scope of this commitment was focused on our equity strategies, principally our Japan Equities funds, for three reasons:

- they form the largest portion of our AUM;
- analysis methodologies are more established for equities than for other asset classes; and
- data coverage tends to be better for equities.

Since we set our original target, the landscape has evolved considerably and so has the initiative itself. Across 2025 the initiative undertook a comprehensive strategic review, including six months of stakeholder consultations. As an active member of the NZAM global advisory group since late 2024, we played a direct role in this process, participating in extensive consultations, advisory calls, roundtables and bilateral meetings to advise on the initiative's strategic direction.

In February 2026, NZAM officially relaunched with an updated commitment statement backed by more than 250 asset managers globally. The revised framework is pragmatic and globally inclusive, while reflecting diverse jurisdictional realities. Amova endorsed the revised commitment. As a firm, we remain committed to our decarbonisation plan and our NZAM membership.

Under NZAM's framework, signatories review their targets at least every five years. Our 2030 target is therefore scheduled for review in 2027, with internal discussions beginning in 2026. The existing target remains applicable throughout the review period.



1 AUM figures as of 31 December 2021
2 As of 31 December 2019
3 Net Zero Investment Framework (NZIF): **https://www.iigcc.org/resources/net-zero-investment-framework-implementation-guide/**

Our approach

We recognise that climate change presents a broad spectrum of risk and opportunities that may have an impact on the assets in which we invest. It is our fiduciary duty to identify and manage these, with the goal of enhancing long-term risk-adjusted returns. We are aware that climate change is a systemic problem requiring appropriate climate policy and actions from governments; with this in mind, we will follow through on our commitment in the expectation that governments will implement stronger policies to accelerate progress.

We assess and address climate-related impacts through two main channels:

Our investments

As a global asset manager, we serve a diverse client base, and it is not feasible for us to adopt a one-size-fits-all approach to climate change. We combine both top-down and bottom-up approaches to identify, assess and manage climate-related risks and opportunities across our investment activities, ensuring our strategy is informed by both systemic, macro-level climate dynamics and the granular realities of individual companies and portfolios.

From a top-down perspective, we use climate scenario analysis, implied temperature rise (ITR) metrics and climate-opportunity tools to provide a forward-looking view of transition pathways and systemic climate exposures. These tools help inform strategic direction, portfolio construction and long-term alignment with net-zero objectives. Several strategies also maintain explicit portfolio-level greenhouse gas (GHG) reduction targets. For instance, our Global Equity strategy commits to keeping its portfolio emissions at 20% below those of its benchmark. While these tools and targets provide valuable directional insights, their outputs remain subject to data availability and methodological limitations, so they do not form the sole basis of our decision-making.

Our primary focus is therefore a bottom-up assessment at the portfolio and issuer level. Each investment team is responsible for assessing climate-related risks and opportunities within its portfolios, working closely with the global sustainable investment team and using proprietary tools and data. This allows for a more granular and decision-useful evaluation grounded in regional, sectoral and company-specific materiality. At the issuer level, our teams assess transition readiness, physical exposure and opportunity potential as part of the investment process. Where we identify material risks or misalignment, we take targeted action, whether through direct engagement with management, or portfolio-level risk mitigation. Over time, this approach supports the progressive reallocation of capital toward companies and activities aligned with credible net-zero pathways.

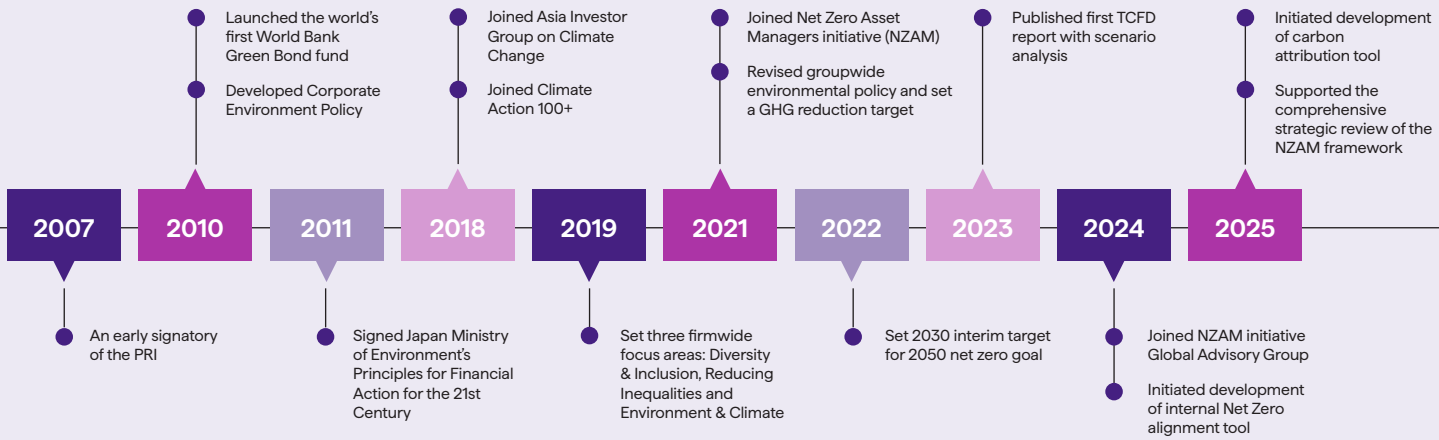
Our operations

With the help of a UK-based third-party consultant, Carbon Footprint Ltd, we measure GHG emissions from the Amova group's corporate operations, based on firm-wide energy-consumption and transportation data. The assessment covers our direct and indirect emissions in Scope 1 (fuel combustion) and Scope 2 (purchased electricity), as well as certain indirect emissions in Scope 3 (e.g. business travel and other activities requiring fuel and energy use).

Please find more information in our **Global Sustainability Report**.

Progress and key milestones

Since we became the first Asian-headquartered asset manager to support The Investor Agenda's four core areas (in 2018), our climate change journey has continued. The timeline below highlights our progress and key milestones.



Identifying climate risks and opportunities

As regulations, markets and clients continue to evolve towards a lower-carbon world, Amova AM intends to be in a position to support all of its clients to achieve their climate goals and support real-world decarbonisation. We aim to achieve this through research and data, investment solutions and active stewardship.

We broadly consider climate risks and opportunities over the following time horizons:

- **Short term:** Three to five years — generally in line with investment horizons
- **Medium term:** Five to ten years — in line with interim climate goals
- **Long term:** Up to 2050 — in line with net-zero targets

We are mindful that the consideration of climate-related risks and opportunities can take place over a longer period than investment time horizons.

Climate-related risks are commonly classified into two overarching categories: transition risks and physical risks.

- **Transition risk** refers to the financial impacts arising from the shift to a lower carbon economy, as policies, technologies, markets and behaviours change to address climate change.
- **Physical risk** refers to the financial impacts resulting from the direct physical effects of climate change on assets, operations and economic activity, as climate-related conditions and hazards disrupt the real economy.

Identifying and understanding the types and impact of these risks, and the time horizon over which these risks can manifest, are important to us as investors. This is because these risks could result in reduced valuations of our investments, thus potentially impacting our portfolios and revenue, as well as entailing reputational risks to the firm.

At the same time, we recognise that transition and physical risks can also give rise to opportunities, as companies that adapt early, invest in resilience, innovate, or provide solutions to support decarbonisation and climate adaptation may strengthen their competitive position over time. In this respect, climate-related risks and opportunities represent two closely linked dimensions of the same underlying economic transition, and understanding both is critical to informed investment decision-making.

The financial implications of climate change vary widely across geographies and sectors, as differences in policy environments, market structures, technological readiness and exposure to climate hazards shape how impacts materialise. Transition-related effects depend on how industries and regions adapt to the shift toward a lower-carbon economy, while physical effects are largely driven by the location and resilience of assets and operations. As a result, both climate-related risks and opportunities are highly context-specific, affecting companies and asset managers in different ways depending on regional and sectoral characteristics.

Navigating methane regulation and rising transition risk

The EU Methane Regulation (EU 2024/1787) is the first EU wide framework to curb methane emissions from the energy sector, supporting the European Green Deal. Methane — largely released from leaky fossil fuel infrastructure — is the second largest contributor to global warming after CO_2.

Europe relies on fossil fuel imports. Because methane's climate impacts are cross-border and many exporting countries lack regulation, the EU now requires importers of oil, gas and coal to report on the measurement, verification and mitigation actions taken by exporters and third-country producers.

The regulation will be phased in over five years starting from 2025, with EU operators reporting source level methane emissions and importers reporting exporters' measurement and mitigation practices. By 2030, EU operators and importers must comply with mandatory methane intensity thresholds, effectively restricting high emitting exporters from accessing the EU market.

The Global Sustainable Investment team regularly coordinates with affected investment teams to assess companies' exposure to this transition risk and guide related engagement efforts. It is in this context that we participated to a closed-door roundtable organised by Asia Investor Group on Climate Change (AIGCC) in Singapore in November 2025. This meeting focused on accelerating methane abatement across sectors in Asia.

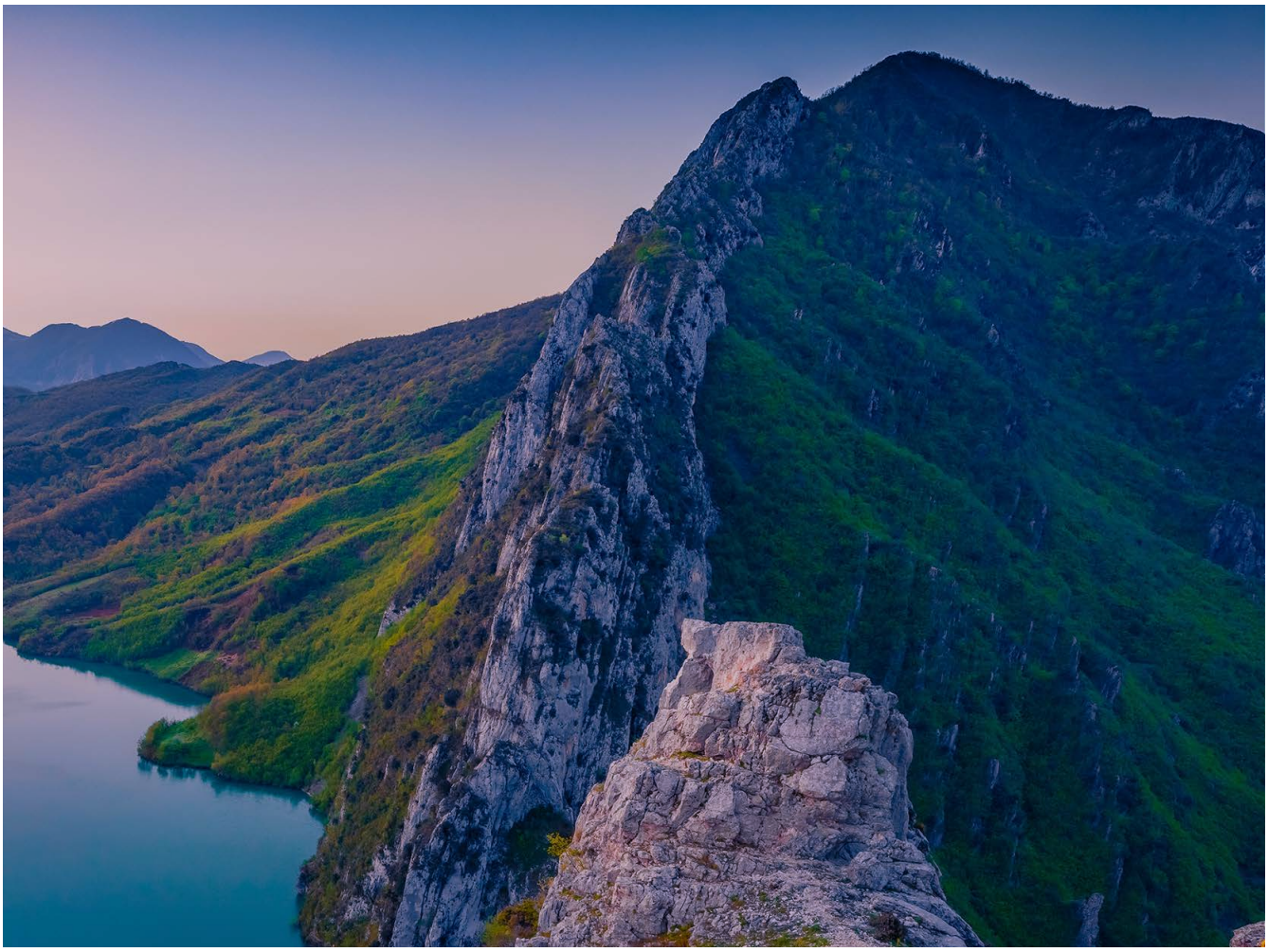
The following table outlines a non-exhaustive list of climate-related risks that our companies face, as well as the indicators an asset manager could follow to mitigate such risks. Alongside the risks that arise from a changing climate, the transition towards a lower-carbon economy presents climate opportunities that our companies can tap into.

As asset managers, we use our top-down and bottom-up approaches to identify and mitigate climate-related risks and encourage our companies to seek climate opportunities throughout their value chain in their products and services.

Risks and opportunities summary

Theme	Risk	Opportunity	Time Frame	Indicators
Transition				
Policy/regulation & legal change	**Regulatory & legal risk** from advancing climate regulation and litigation affecting operations/products and compliance burden.	**Energy policy:** opportunity from the transition to lower-carbon energy sources (often policy-driven), improving planning and reducing volatility under carbon-tax regimes.	Short to long	Carbon price exposure; % revenue in regulated vs low-carbon activities; share of capex aligned with transition pathways; litigation cases related to climate.
Technology shift & decarbonisation capex	**Technology risk** from needing to invest in innovations / replacement technologies; risk of write offs and competitiveness loss.	**Products & services:** opportunity to develop products/ services that enable or benefit from the low-carbon transition.	Short to medium	Low-carbon capex as % of total capex; technology readiness levels; emissions intensity improvement rate; alignment with sector decarbonisation pathways.
Market repricing & customer behaviour	**Market risk** from shifting consumer behaviour and demand, reducing revenue for misaligned products/ services.	**Markets:** opportunity from adapting to and capturing changing customer/client preferences.	Short to medium	Revenue share from low-carbon / sustainable products; customer churn rates; market-share evolution by product type.
Stakeholder expectations & perception	**Reputation risk** from public perception of climate response (incl. greenwashing concerns), affecting revenue and financing costs.	**Markets (client preference upside):** opportunity to attract flows by aligning offerings with investor sustainability preferences and stewardship expectations.	Short-to-long	External ratings; cost-of-capital differentials; proxy-voting outcomes; engagement escalation frequency; controversies
Resource efficiency & operating cost base	**Inefficiency / cost competitiveness risk:** failure to improve energy/resource efficiency increases cost base and weakens competitiveness under transition pressures.	**Resource efficiency:** opportunity from more efficient use of energy/resources.	Short	Energy intensity; water intensity; operating cost savings; year-on-year efficiency improvements.

Theme	Risk	Opportunity	Time Frame	Indicators
Physical				
Extreme weather shocks (event-driven)	**Acute physical risk** from more severe extreme weather events damaging assets and disrupting supply chains/operations.	**Resilience:** opportunity from improved ability to manage physical impacts and reduce losses/disruption.	Often long-term trend; events can occur at any time.	Asset exposure to high-risk geographies; insured vs uninsured losses; downtime days from climate events.
Long-run climatic shifts (structural)	**Chronic physical risk** from shifts in climate patterns impacting productivity, resources (e.g., water) and consumer behaviour over time.	**Resilience:** opportunity from adaptation and business model resilience to long-term shifts.	Long	Physical hazard exposure scores; adaptation capex; asset-level resilience scores; location-adjusted scenario impacts.



A comprehensive climate approach

We take a comprehensive approach to addressing climate-related risks and opportunities across our investment activities. Our strategy is anchored in five interconnected levers that work together to support informed decision-making, drive real-economy impact and deliver long-term value for our clients:

1. **Scenario analysis**
   Helps us understand how different climate futures could impact our portfolios by modelling potential risks and opportunities across a range of transition and physical risk pathways.
2. **Temperature alignment**
   Enables us to assess how our portfolios align with global climate goals, providing insights into the pace and direction of decarbonisation.
3. **Integration of climate considerations**
   Embeds climate-related risks and opportunities into our investment decisions to support robust, risk-adjusted decisions across asset classes.
4. **Stewardship**
   Focuses on active engagement with portfolio companies to encourage credible transition planning, improved climate disclosures and accountability for progress.
5. **Sustainable investment solutions**
   Offers clients dedicated climate-related solutions, including green bond strategies, proprietary climate alignment tools, and partnerships with specialist managers, to finance the transition to a low-carbon economy.

Together, these levers form the foundation of our climate strategy and underpin our ambition to contribute to real-world decarbonisation.

Top-down approach

Our top-down analysis looks at climate-scenario analysis and temperature alignment to better understand our portfolios' climate risks and opportunities.

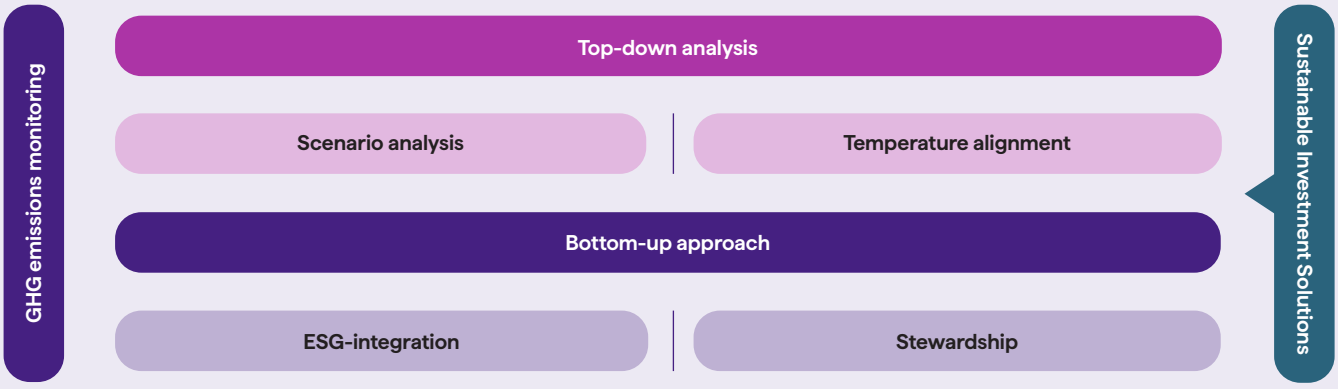
In accordance with the International Sustainability Standards Board (ISSB) IFRS S2 Climate-related Disclosures, and in response to increasing regulatory pressure to conduct climate-scenario analysis, we have assessed our portfolios for both transition and physical risk under multiple climate scenarios. In more recent years, there has been a growing interest in utilising forward-looking metrics, such as temperature-alignment tools, to understand company- and portfolio-level climate-related risks and opportunities. For both climate-scenario analysis and temperature alignment, we utilised industry-recognised third-party models to ensure transparency and interpretability.

We have drawn on MSCI Inc's suite of products, utilising its Climate- Value-at-Risk (CVaR) and Implied Temperature Rise (ITR) models to conduct our scenario analysis and temperature-alignment assessments, respectively. We have also adopted the terminology associated with these models.

Scope

Our analysis is conducted on our exposure to public listed equity and corporate bonds. Analyses of our in-scope portfolios cover 74.4% of the total AUM for our Japan Equity, Japan Fixed Income, Japan Investment Technology, Asia ex-Japan Equity, Asia Fixed Income, Global Equity, Global Fixed Income, New Zealand Equity and New Zealand Fixed Income investment teams as of 31 December 2025.

Our in-scope Japanese-domiciled holdings are aggregated and reported as "Amova JP" and our in-scope companies domiciled outside of Japan are aggregated and reported as "Amova ex-JP". For our fixed-income portfolios, we include corporate bonds and exclude sovereign, supranational, and agency issues. Although there are methodologies to model sovereign climate-scenario analysis, these tools are in their infancy, which may impact the accuracy of their output. We continue to monitor new developments in the models. The analysis takes into consideration both active and passive portfolios managed by the Amova AM group, of which 69.1% of our in-scope AUM is passive.





Scenario analysis

We believe climate-scenario analysis is an important tool that enables investors to gain a better understanding of climate-related risks and opportunities and their impact on portfolios. These scenarios are not predictors of the future; rather, they provide a range of possible future states under conditions of uncertainty.

Methodology

Climate change presents both material risks and opportunities for investment portfolios. To quantify these in a rigorous, forward-looking manner, we use MSCI's Climate Value-at-Risk (Climate VaR) model as the backbone of our scenario analysis. Climate VaR is a quantitative framework that estimates the present value of future climate-related costs and benefits under multiple potential climate scenarios, expressing the result as a percentage of current company valuation. This provides a measure of the potential maximum drawdown attributable to climate change — enabling comparison across holdings and assessment of portfolio-level climate risk.

The process utilised by MSCI provides a sound grounding for us to analyse transition and physical risks while acknowledging that there are limitations to the methodology.

To further assess the underlying risk, we use both top-down and bottom-up processes. This provides a more holistic analysis than relying solely on a third-party data source. Our bottom-up approach is presented later, and our commentary here is related to the top-down methodology. As we are conducting analysis on a broad range of securities, there will be cases where data is missing. To ensure our risk measurements are not skewed by the missing data, we have reweighted all metrics based on a data-coverage factor, which means the percentage covered within each metric is always 100%. We have chosen not to use any filling approaches given the idiosyncratic nature of the data.

Transition risk

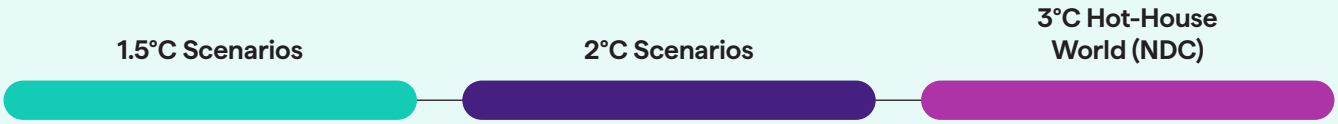
The transition to a low-carbon economy will place significant stress on specific industrial sectors, business models and companies across the global economy. We highlighted some of the risks and opportunities in our “Risks and opportunities summary” section. Direct costs from potential carbon taxation, required investment to lower emissions footprints, higher input prices, emerging technologies and shifting patterns of demand all of these have the potential to affect companies' profitability and valuations.

Transition Climate VaR captures two distinct dimensions. The first is policy risk, which quantifies the direct and indirect costs that climate regulation may impose on companies. This includes costs arising from a company's own emissions (Scope 1); increased electricity prices as utilities pass on decarbonisation costs (Scope 2); and broader value-chain impacts from both upstream input cost increases and downstream shifts in demand (Scope 3). The second dimension is technology opportunities, which estimates the additional profits companies may generate through the development and commercialisation of low-carbon technologies, based on current green revenues and patent portfolios. A dedicated section, “technological opportunities”, providing further detail on technology opportunities is available later in this report.

These factors do not provide a definitive view of all transition risks and opportunities for our portfolios but are a useful tool to strengthen our understanding. For example, IFRS S2 breaks down transition risks into four sub-categories: Policy and legal, Technology, Market and Reputation.

MSCI provides a sound grounding for us to analyse transition risk while acknowledging that there are limitations to the methodology.

The NGFS[4] scenarios provide a range of plausible climate futures differentiated by the ambition, timing and coordination of climate policy action. We assess our portfolios under five scenarios spanning three temperature outcomes:



1

Orderly (Net-Zero 2050)

Climate policies are introduced early and progressively tightened in a coordinated manner across jurisdictions, reaching net-zero CO_2 emissions by 2050. The gradual nature of the transition means that policy costs are spread over time, resulting in relatively moderate transition risk.

2

Disorderly (Divergent Net-Zero)

The same temperature ambition, but policies are delayed, divergent across sectors and regions, or implemented unevenly. This leads to a sharper, more abrupt adjustment with higher carbon pricing and greater dislocation — making it the most disruptive scenario for transition risk.

3

Orderly (Below 2°C)

A less ambitious but still coordinated policy pathway, with carbon prices and regulatory pressures rising more gradually than under 1.5°C scenarios. Transition risk is present but less severe.

4

Disorderly (Delayed Transition)

Policy action is delayed until after 2030, then compensated for with steeper, more aggressive measures to stay below 2°C. The late start creates a concentrated burst of transition risk in the latter half of the projection period.

5

Climate policies do not go beyond current Nationally Determined Contributions (NDCs) and are globally insufficient to halt warming, implying a temperature rise of approximately 3°C by 2100[5]. Transition risk is low, as the policy environment remains largely unchanged — however, this scenario carries the highest physical risk from the severe and chronic impacts of unchecked climate change.

Across our portfolios, transition risk represents the most material climate risk to our holdings. The 1.5°C Disorderly scenario poses the most severe impact, reflecting the financial cost of an abrupt, uncoordinated policy response — while the 3°C Hot-House World scenario highlights the long-term physical risk of policy inaction.

Under the 1.5°C Disorderly scenario, the model indicates a potential CVaR of 17.3% for our Amova JP assets, as seen in Figure 1, and 4.9% for our Amova ex-JP assets, as seen in Figure 2. Under a more orderly scenario (1.5°C Orderly), the potential risk diminishes, only slightly, to 17.0% for Amova JP and 4.8% for Amova ex-JP.

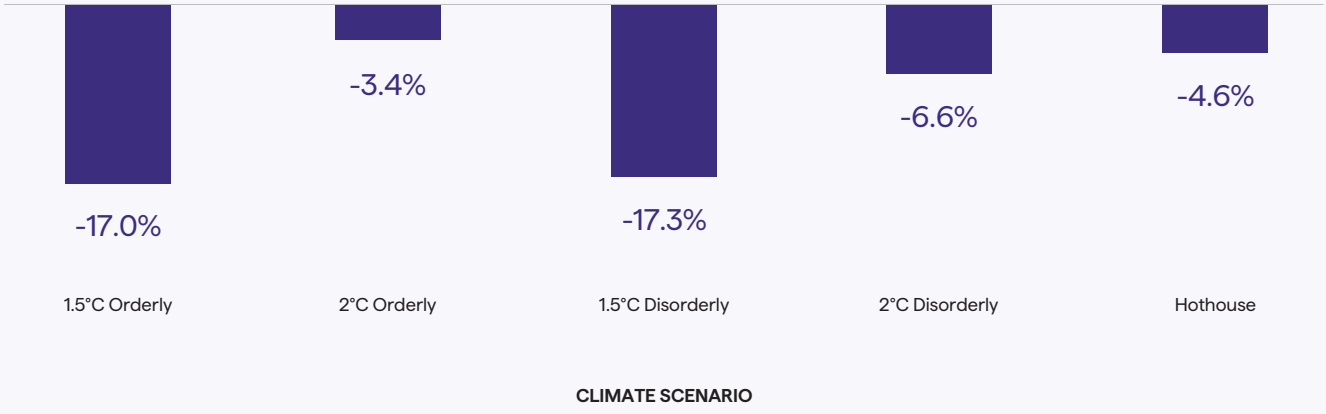
The smaller difference between 1.5°C Orderly and 1.5°C Disorderly scenarios versus prior years reflects changes in the underlying scenarios rather than our portfolios. This is explained by:

- **NGFS updates:** NGFS Phase 4 incorporated the effects of policy delays and the post Ukraine energy crisis directly into the "Orderly" pathway, while Phase 5 further embedded observed under delivery against climate commitments and persistently high emissions. As a result, Orderly is no longer a smooth immediate action scenario, but one that starts from an already deteriorated baseline and requires more abrupt adjustment, bringing its impact closer to Disorderly.
- **Smaller carbon budget:** the remaining 1.5°C carbon budget has shrunk materially as emissions have continued at high levels. With little capacity left, both Orderly and Disorderly pathways must now deliver nearly the same cumulative emissions reductions over a short timeframe. This limits the scope for different transition paths to produce materially different financial impacts and mechanically compresses the gap between the two scenarios.

[4] NGFS Climate Scenarios: **https://www.ngfs.net/ngfs-scenarios-portal/**
[5] UNFCCC: **https://sdg.iisd.org/news/unfccc-reports-warn-about-2-5c-warming-amid-glimmers-of-hope/#:~:text=The%20UNFCCC's%20second%20synthesis%20of,2.5%C2%B0C%20of%20warming**

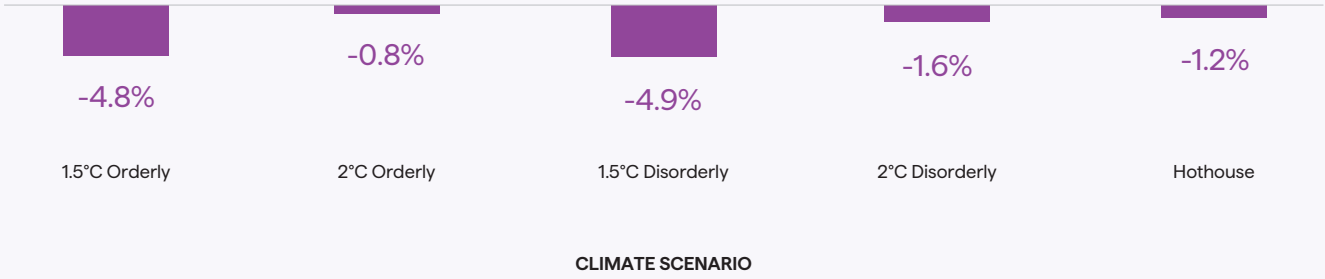
Diving deeper into the numbers, we are unsurprised to find that the bulk of our risk is attributable to carbon-intensive sectors, such as energy, materials and utilities. When jurisdictions start to increase carbon prices in a bid to bring down carbon emissions, the cost to companies in these sectors will increase should their emissions profile not come down.

Figure 1. Transition risk — Amova JP (CVaR, %)



Source: MSCI

Figure 2. Transition risk — Amova ex-JP (CVaR, %)

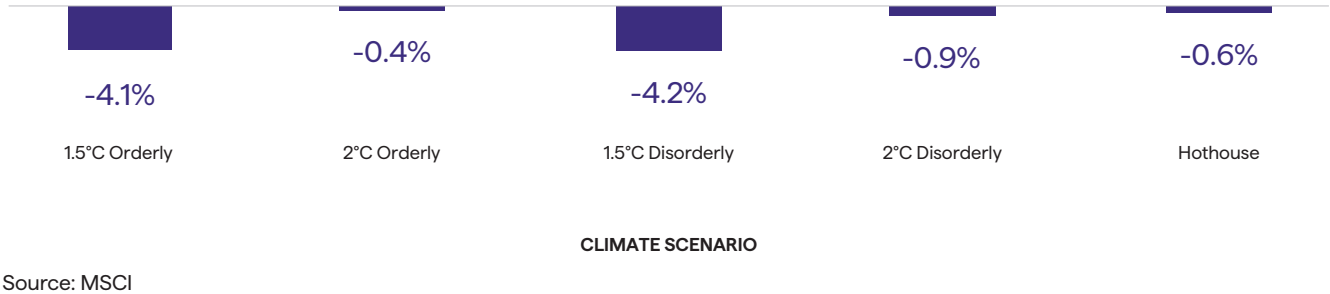


Source: MSCI

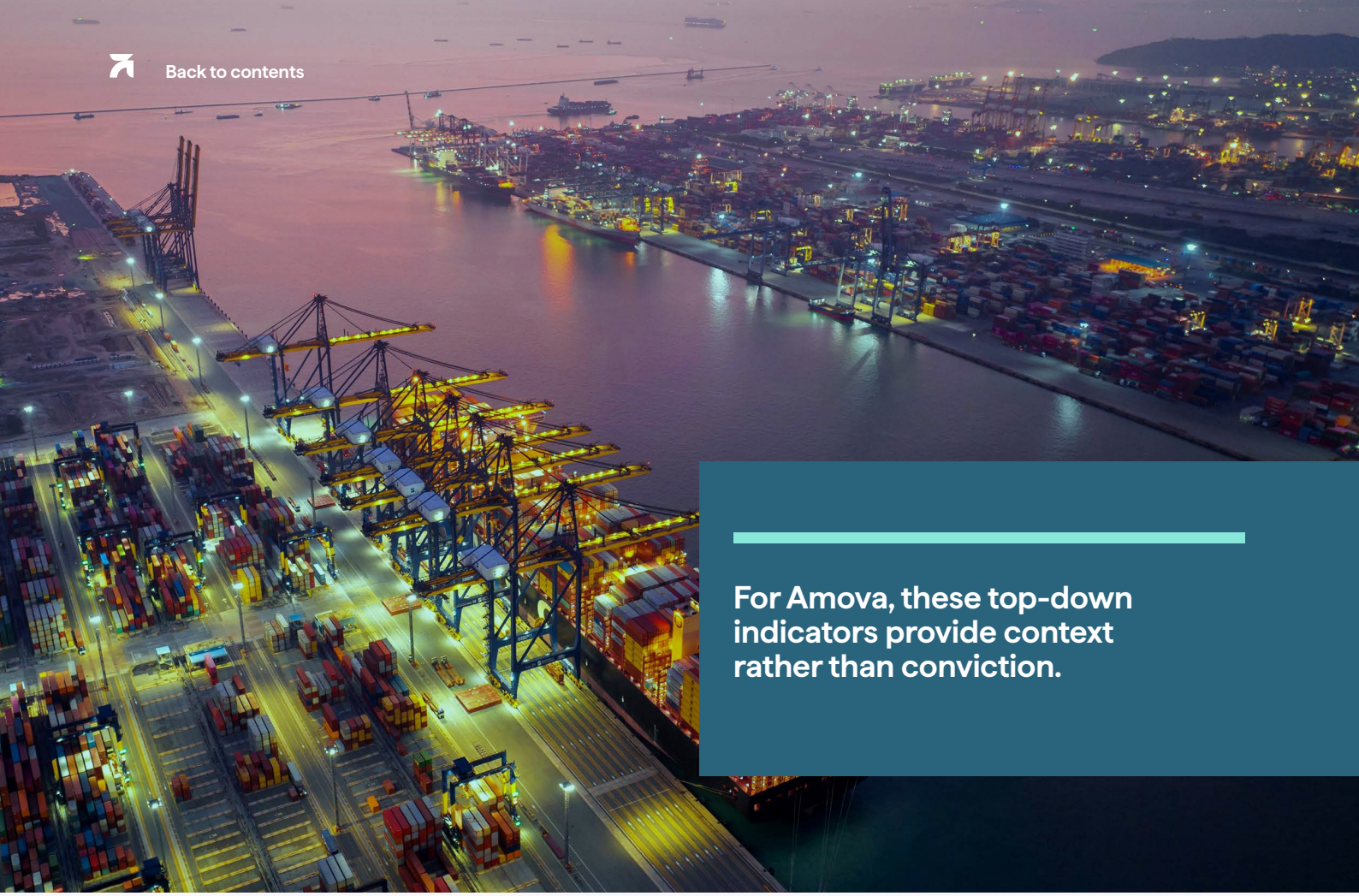
As a global asset manager with both active and passive strategies, we are likely to maintain some exposure to these sectors, but we will continue to monitor the risk and apply mitigation techniques as described later in the report. Of our Amova Japan and Amova ex-Japan assets, 76.8% and 11.6% are passively held (respectively). We have limited discretion over our passively held funds, and their transition risk largely mirrors that of the indices the funds track. To mitigate the transition risk faced by our passive assets, we take an active stewardship approach by engaging with our companies and actively voting on all of our equity holdings, as described further down.

In the below example (Figure 3), Global Equity UCITS fund, one of our actively managed funds, has a lower transition risk than its benchmark (the MSCI All Country World Index) as the fund has a commitment to keep its portfolio's relative carbon intensity more than 20% below the benchmark. So, given that the transition-risk scenarios here are driven by a company's carbon emissions, the portfolio carries significantly lower risk under all scenarios.

Figure 3. Transition risk — Global Equity (CVaR, %)



Source: MSCI



For Amova, these top-down indicators provide context rather than conviction.

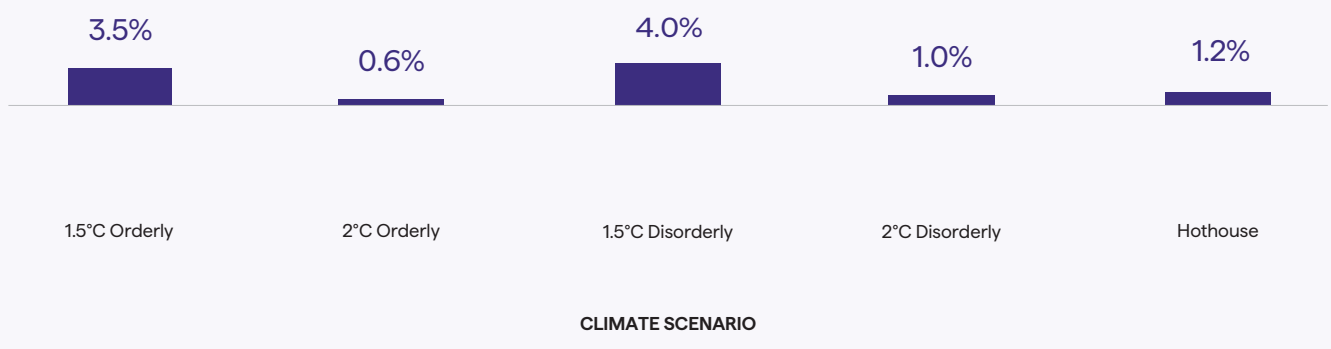
Technological opportunities and energy transition

Technological opportunities represent the potential for companies to partially offset transition costs through the development, adoption and commercialisation of low-carbon technologies. These opportunities are assessed alongside policy-driven costs as part of overall transition risk, rather than as a standalone source of return.

Figure 4 illustrates the contribution of technological opportunities to Transition Climate VaR for our Amova JP assets across selected climate scenarios. The analysis shows that the potential upside from technology is most pronounced under orderly transition pathways, where early, coordinated policy action creates clearer investment signals and supports capital deployment into low-carbon solutions. By contrast, under disorderly transition scenarios, and in a hot-house world, the contribution from technological opportunities is materially lower, reflecting delayed action, weaker incentives and reduced scalability of transition technologies.

For Amova, these top-down indicators provide context rather than conviction. They help us understand how the opportunity set may evolve under different transition pathways, but they do not constitute a standalone investment thesis. Given that passive strategies represent a significant share of our AUM, we use this structured, scenario-based assessment to monitor portfolio-level exposure to transition-related opportunities and to inform stewardship priorities where security-level discretion is limited. For actively managed strategies, technological opportunities are assessed through bottom-up company analysis, alongside policy, market and cost dynamics, to evaluate how individual issuers may navigate — or benefit from — the low-carbon transition over time.

Figure 4. Technological opportunities — Amova JP (CVaR, %)



Source: MSCI



Physical risk

In recent years, we have seen an increasing occurrence and severity of natural disasters such as wildfires and hurricanes, along with an increase in weather patterns such as prolonged and heavier rainfalls that lead to floods. With climate change leading to higher global temperatures, the frequency and severity of such events is only set to increase. These events have financial implications for organisations, not only through direct asset damage but also indirectly through operational disruptions that can stem from changes to productivity. Such risks can be event-driven (acute) or arise from longer-term shifts in climate patterns (chronic), which lead to changes in habitable landscapes. Whether it faces acute or chronic weather events, the economic system will have to adapt.

MSCI's physical-risk methodology models companies' CVaR based on a variety of potential physical-risk events over 15 years. The impact from these physical-risk events can be measured in two distinct ways: disruption to operations and direct damage caused by the events. As the type and impact of physical risk is location-specific, the methodology models the likelihood of these changing weather patterns and, subsequently, the potential impact on companies' individual assets at a local level. The CVaR associated with the company is the aggregated cost it is expected to pay because of revenue loss and disruption to operations over 15 years.

We acknowledge that there are challenges in modelling the impact of physical risk, as the expected change to weather patterns may deviate from the trends that have already been observed and used to create forecasts. This deviation can occur in either direction, which means that the actual outcome may be more or less severe than currently forecast and may occur more or less frequently.

This limits the ability of any model to accurately predict how physical-risk types will develop and, even more so, the extent of their potential financial impact. In 2025, our understanding of the model, assumptions and limitations remained unchanged.

We assessed our portfolios under the following scenarios:

- **Average scenario:** most likely impact of climate change over the modelled 15-year period — i.e. the expected value of the cost distribution.
- **Aggressive scenario:** the 95th percentile of the cost distribution and the severe downside risk within the distribution tail — i.e. the worst-case scenario.

The potential CVaR from physical risk in our funds is significantly lower than the transition risk in both the average and aggressive scenarios. Unlike transition risk, where CVaR is largely a function of the sector our portfolio companies are in, the geographic location of their assets is a key driver of physical risk.

Under the aggressive scenario, our Amova JP assets see a potential CVaR of about 8.4% (Figure 5) and 4.9% for our Amova ex-JP assets (Figure 6). Under the average scenario, the potential CVaR is significantly lower, about 2.9% for Amova JP (Figure 5) and about 1.0% for Amova ex-JP (Figure 6).

Given that Amova JP is fully invested in Japanese assets, its physical risk is concentrated in Japan, which has high physical risk because of its location, whereas the physical risk of Amova ex-JP assets is more diversified globally. Further analysis of the data shows that CVaR is more pronounced in geographical locations with high acute risk (i.e. event-driven). These events tend to occur suddenly, disallowing ample time for risk-adaptation or mitigation efforts. Additionally, the severity of these events cannot be predicted, which can result in the insufficiency of implemented risk-mitigation or adaptation efforts. Therefore, the geographical locations with the highest acute risks would result in the greatest asset damage and operational disruption.

For our passive funds, the physical risk largely mirrors that of the indices the funds track. To mitigate the physical risk faced by our passive assets, we take an active stewardship approach by engaging our companies and actively voting on all our Japanese equity holdings.

With our actively managed funds, where we have more flexibility in managing our portfolios, we can actively factor in physical-risk considerations when assessing our portfolio holdings. Physical risk still exists but is less than that of these funds' relative benchmarks.

While the physical impacts of climate change are increasingly visible across regions and sectors, their implications for future company valuations remain uncertain. Unlike transition risk, where companies can largely mitigate their risks from decarbonisation, physical risk largely relies on adaptation measures — not just from the company, but also the from authorities, the broader private sector and society at large.

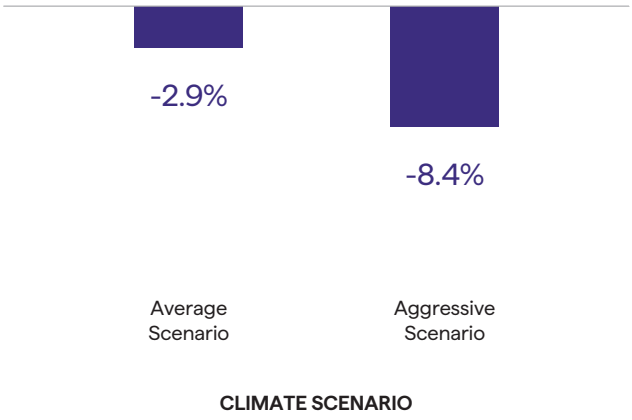
When assessing physical risk, we are also able to determine the physical risk events that might have the greatest impact on our portfolio holdings. This is largely driven by where our portfolio holdings' assets are located.

Comparing the exposures to physical risks of our Amova Japan (JP) and Amova ex-Japan (ex-JP) assets reveals interesting insights. The Amova JP portfolio is largely concentrated in Japan, a country particularly susceptible to climate- change risks. In contrast, Amova ex-JP assets

are globally diversified across regions including the US, Asia ex-Japan, Europe and New Zealand. Consequently, the asset concentration in Japan leads to a CVaR for Amova JP that is generally equal to or higher than Amova ex-JP across all physical risk types.

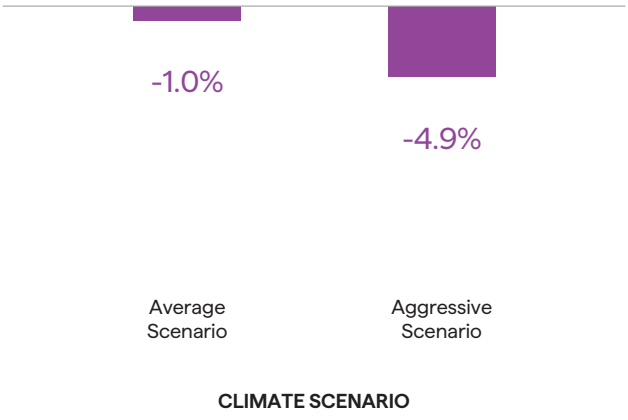
Under an average climate scenario, extreme heat poses the most significant risk for both Amova Japan and Amova ex-Japan, as shown in Figures 7 and 8, with CVaR metrics of about 1.5% and 0.6%, respectively, followed by coastal flooding at about 1.0% for Amova JP and 0.2% for Amova ex-JP. However, under an aggressive climate scenario, MSCI estimates a potentially significant exacerbation of these risks. For instance, the CVaR associated with coastal flooding for both Amova JP and Amova ex-JP is projected to increase drastically to 5.7% and 2.0%, respectively.

Figure 5. Physical risk — Amova JP (CVaR, %)



Source: MSCI

Figure 6. Physical risk — Amova ex-JP (CVaR, %)



Source: MSCI

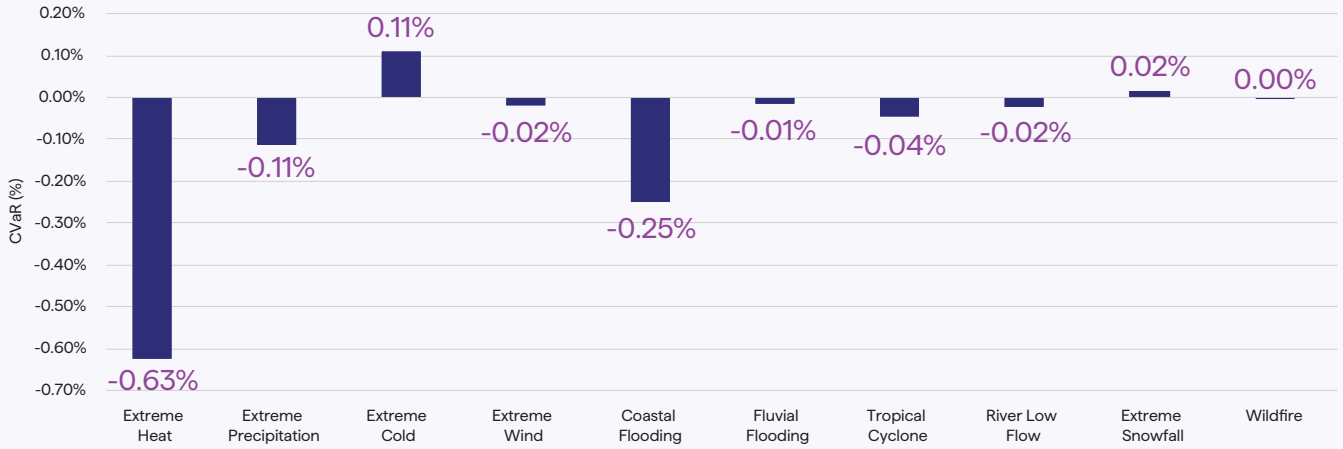
Figure 7. Physical risk (by type) — Amova JP



Source: MSCI



Figure 8. Physical risk (by type) — Amova ex-JP



Source: MSCI

Temperature alignment

The magnitude of the global temperature rise is one of the key factors that will determine the state of the world we live in. Accordingly, governments and organisations such as the IPCC have called for the global temperature rise to be limited to well below 2°C above pre- industrial levels and have pursued efforts to limit the temperature increase to 1.5°C above pre- industrial levels. The measurement of temperature alignment helps translate a company's carbon intensity into an intuitive temperature scale (°C) to communicate how companies are aligned with the Paris Agreement level of 1.5°C. This allows us to understand not only the exposure of our holdings to climate-related risk but also how our holdings are decarbonising (i.e. risk mitigation).

Methodology

We conducted the following assessments using the MSCI ITR model methodology. This model estimates the alignment of companies and investment portfolios with international climate goals, expressed in degrees Celsius. It is a forward- looking temperature alignment metric that considers a company's current emissions and its disclosed targets to project its future emissions. It utilises the NGFS REMIND Net Zero 2050 scenario to allocate carbon budgets based on sector-specific decarbonisation pathways and company revenue, projecting future emissions with consideration of historical data, disclosed targets and a credibility assessment. The model updates carbon budgets annually to reflect market-share changes and realised emissions, converting the relative carbon-budget overshoot or undershoot into an ITR expressed in degrees Celsius using the Transient Climate Response to Cumulative Emissions factor. Based on its ITR, the company is then categorised into one of the following groups: Strongly Misaligned, Misaligned, 2°C Aligned and 1.5°C Aligned.

The translation of companies' commitments and targets into temperature alignment allows us to gauge the ambitiousness of these targets.

Assessment

We understand that the relationship between emissions and temperature is not straightforward and that the ability of companies to reduce their emissions is highly dependent on the context of their operations. Some examples include the regulatory landscape in which they operate, the availability of resources, and their supply-chain dependencies. We also recognise that methodological limitations and assumptions are inherent in all models; with ITR, we believe that the model can currently gauge only the extent to which the companies and their targets are in line or misaligned with the Paris Agreement.

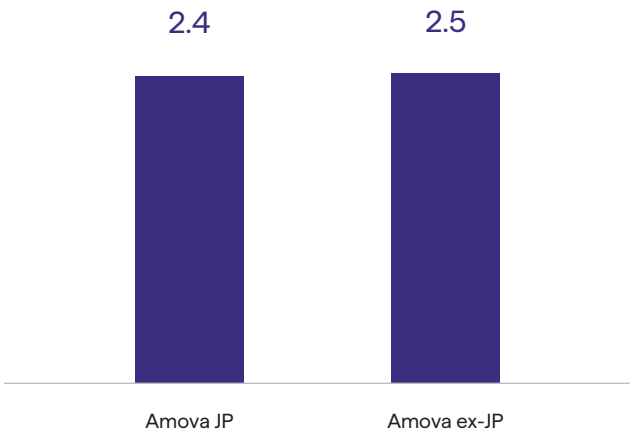
The translation of companies' commitments and targets into temperature alignment allows us to gauge the ambitiousness of these targets, which can drive further due diligence and engagements with our companies, in addition to our bottom-up research.

The following ITR calculations use MSCI's ITR methodology. We have calculated our Amova JP and Amova ex-JP assets under the MSCI updated methodology. The ITR is about 2.4°C for our Amova JP assets and about 2.5°C for our Amova ex-JP assets (Figure 9).

Most of our passive assets are held in our Amova JP portfolios, with a minor portion held in our Amova Asia (Asia ex-Japan Equity and Asia Fixed Income) portfolios. We have limited discretion over our passively held funds, so the ITR closely mirrors those of the indices the funds track (for context, the TOPIX has an ITR of 2.4°C). Regardless, we seek to mitigate our portfolio holdings' impact on climate change through active ownership — via engagement and proxy voting, as described previously.

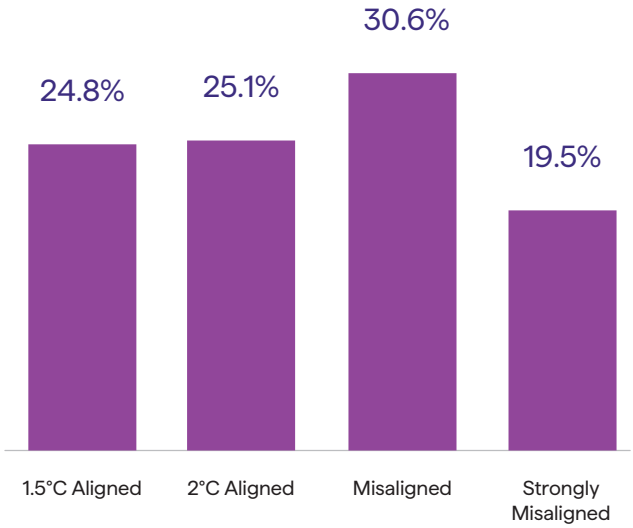
To further enhance our risk assessment and inform our analysis, we assess the temperature-alignment bands of our portfolio and underlying holdings. Temperature-alignment bands are categorised as 1.5°C Aligned, 2°C Aligned, Misaligned, or Strongly Misaligned. Based on our analysis in Figure 10, we find that about 49.9% of the Amova AM group's investments in scope for this report are 1.5°C and 2°C aligned. These insights, alongside our bottom-up research, can be helpful in our stewardship activities to understand which companies have the highest priority and gaps in addressing climate-related risks.

Figure 9. Amova JP and ex-JP ITR (°C)

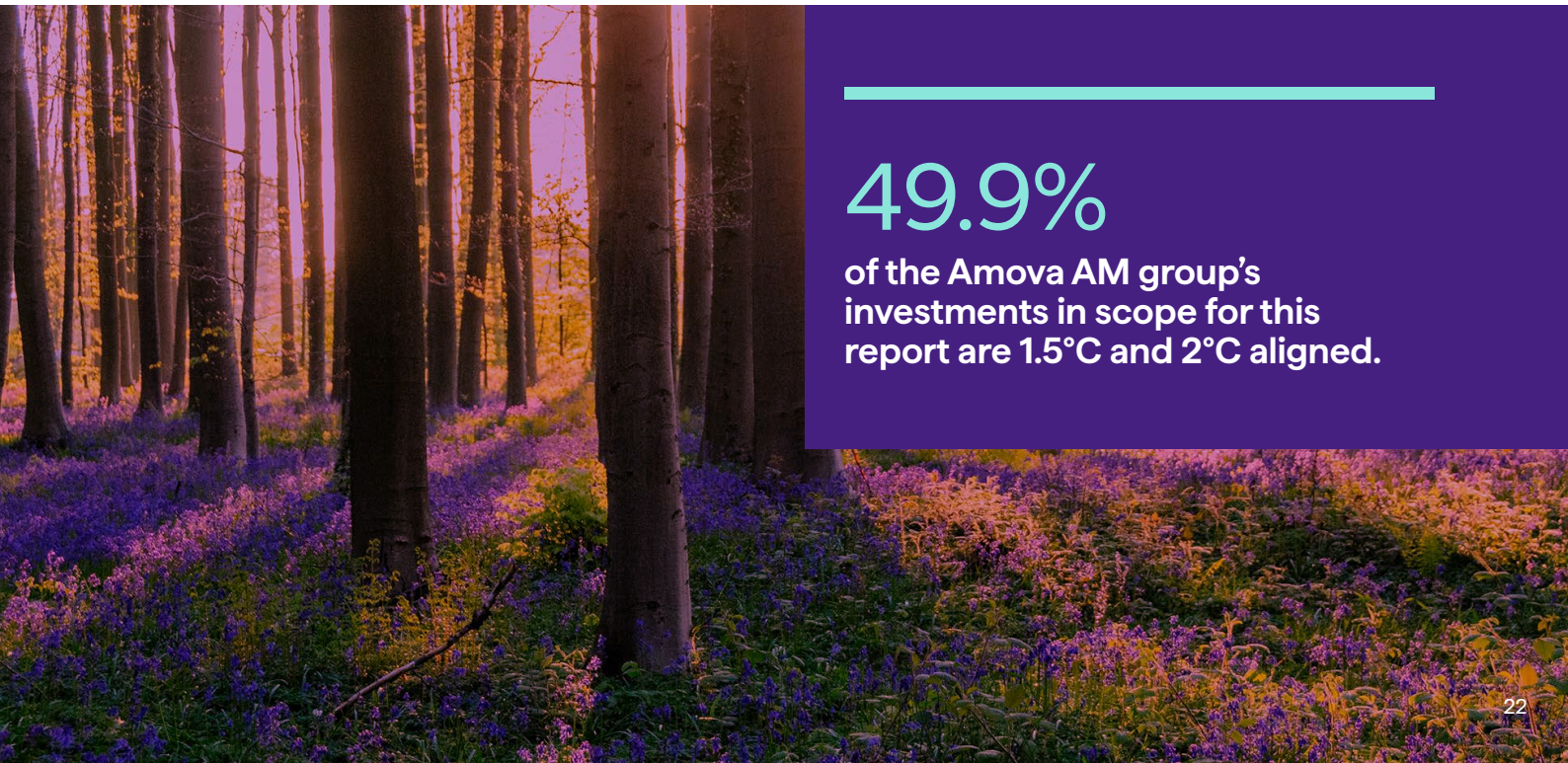


Source: MSCI

Figure 10. Amova Group ITR Bands (% Weight)



Source: MSCI



49.9%

of the Amova AM group's investments in scope for this report are 1.5°C and 2°C aligned.

Bottom-up approach

Integration of climate considerations and active stewardship are the two main approaches that we use to make more informed investment decisions and meet our fiduciary duties to our clients.

We believe that thorough research and vigorous debate within our teams are still the best ways to evaluate ESG factors and judge their impact on investment outcomes; we combine these approaches with direct company engagement to get a first-hand appreciation of the issues. We also recognise that climate-related impacts are complex and can entail a lot of uncertainty, so we need to keep abreast of scientific findings and information, and how regulators and stakeholders are responding to them.

Integration in investment decisions

In our actively managed strategies, our investment teams identify attractive companies through in-depth bottom-up research, based on their own philosophy and approach. We integrate ESG factors and the risks and opportunities they present for each company into this process, providing additional considerations for investment decisions. As a large proportion of the companies held in our active funds are simultaneously held in passive funds, many of the constituents of our passively held portfolios have also been actively researched, including on ESG factors.

We do not adopt a one-size-fits-all approach to ESG integration. The main responsibility for implementing our fiduciary duties falls on our investment teams. They are given a remit to act in the best interests of our clients within the global and local governance frameworks provided by the group. This means that our ESG integration and engagement processes are bespoke to each investment team, ensuring that each chooses the methods most appropriate and effective for them.

We consider ESG factors, including climate change, as part of our investment policies and processes rather than as a separate exercise. While ESG issues are rarely the sole consideration in investment decisions, an understanding of these factors informs our analysis and gives investment teams a more rounded view of companies and their long-term prospects.

ESG risk analysis is integrated into each investment team's research function. Each team is responsible for ESG-related risks that may affect the long-term sustainability of portfolio holdings.

Different asset classes, geographies and client requirements bring varied dynamics. Each investment team may therefore tailor its approach to ESG implementation in line with its investment philosophy and process, while adhering to firm-wide ESG policies.

The investment teams across the various regions are supported by the Global Sustainable Investment Team, which is made up of three functions: integration and stewardship; data and reporting; and ESG regulations — as outlined under Amova AM Group Sustainability Governance from page 5 onwards. The Global Sustainable Investment Team takes the lead in areas such as firmwide ESG policies, frameworks, initiatives, regulatory matters, organising ESG resources for investment and risk personnel, and enhancing our firm's understanding of important emerging global ESG developments.

The ESG specialists support the investment teams as part of our aim of having all investment professionals integrate ESG into their investment processes. They also build relationships with ESG-focused organisations and regularly share information with investment teams on developments such as ESG-related legal changes in countries around the world. The establishment of a centralised ESG data team allows for consistency, accuracy and improvements in the coverage of our ESG data, as well as the expansion of our analytics capabilities.

More details on how Amova AM's investment teams integrate ESG and conduct stewardship activities can be found in our annual Global Stewardship Report and our Sustainability Report.



Active stewardship

Amova AM recognises stewardship as an important part of our fiduciary duty. Active engagement with our companies is built into our investment processes and plays an integral role in fulfilling our duty as a good steward of the capital our clients have entrusted us with.

Globally, our Engagement and Stewardship Strategy defines our approach to corporate engagement. We became a signatory to the UK Stewardship Code (UKSC) in 2022, and we have maintained our signatory status since. We responded to the UKSC as a group, so the global stewardship activities of our investment team are represented in our response. We have recently published our latest Global Stewardship Report, covering the reporting period 1 January to 31 December 2025. We see stewardship as the core action that we can take to address climate-related risks in our own portfolios and in the wider economic system. By tracking and holding companies to account and engaging with material carbon emitters, we believe that we can better mitigate climate-related risks and benefit from climate-related opportunities.

Our stewardship activities are not limited to only our actively managed holdings. As previously mentioned, a significant proportion of our AUM is passively held — particularly our Japanese equity AUM. This limits our influence since we do not have the ability to reduce or divest these holdings. However, our Japan Sustainable Investment Department has been actively working to influence positive change at target companies on key ESG themes even where these companies are held only in passive portfolios. This is an ongoing, multi-year project with a strong focus on climate change, among other pertinent ESG topics.

Engagement activity

As highlighted in the section Bottom-up analysis: Proprietary ESG-integrated approach, ESG is integrated into our investment process, with investment teams engaging with our companies on relevant ESG issues both before and during the period of investment.

In 2025, across all regions, 20% of our ESG-related engagements focused on the environmental pillar, on topics such as climate change.

Our engagement methods vary according to the needs of the situation. They include the following:

- one-to-one company dialogues, including on-site visits
- management calls and roadshows
- written communications
- collaborative engagements

Where we engage with companies to shape corporate behaviour and influence positive change, we may escalate the discussions. The escalation methods vary across asset classes and regions. We describe them in more detail in our Amova Asset Management Group Engagement and Stewardship Strategy. Escalation case studies are shared in our latest Global Stewardship Report.



Active engagement with our companies is built into our investment processes and plays an integral role in fulfilling our duty as a good steward of the capital our clients have entrusted us with.

Case study:

Aligning climate targets with the scale of the challenge (Global Equity)

Linde PLC* is a global industrial gases and engineering company whose technologies are central to the energy transition – for example, clean hydrogen and carbon-capture systems. However, its operations give it the largest Scope 1 and 2 footprint in our flagship Global Equity fund, accounting for around 50% of fund emissions as of December 2025.

Issue:

We identified Linde as a priority stewardship focus because of the need for credible decarbonisation planning and climate governance. Areas for improvement included the adoption and validation of science-based emissions targets (SBTi), expansion of targets to include Scope 3 emissions, more comprehensive EU Taxonomy reporting and integration of climate metrics into executive remuneration.

Activity:

In 2022, we initiated engagement with Linde as part of a portfolio-wide outreach on climate strategy. Since 2023, we have maintained regular dialogues through written correspondence and meetings with Investor Relations and management, focusing on achieving SBTi validation of emissions-reduction targets, encouraging the development of Scope 3 targets, reviewing the company's EU Taxonomy reporting approach and advocating for climate-linked KPIs in remuneration, particularly in long-term incentive plans. Engagement in 2025 concentrated on governance implementation and data quality, including Scope 3 methodologies, board-level oversight and the structure of climate-related incentives.

Outcome:

Since 2022, we have observed meaningful progress. Linde's emissions-reduction targets received SBTi validation in 2022. From 2023, climate-related KPIs have been integrated into executive remuneration. The company has committed to advancing Scope 3 target-setting and improving EU Taxonomy disclosures. Approximately 47% of R&D expenditure now supports transition-related initiatives, and Linde has committed USD 3 billion to internal decarbonisation by 2035. We are comfortable with the direction of travel but will continue to engage to secure comprehensive Scope 3 targets, full Taxonomy alignment and robust governance, ensuring that the company's climate strategy reflects the scale of its emissions profile.





Reference to individual stocks is for illustration purpose only and does not guarantee their continued inclusion in any portfolio, nor constitute a recommendation to buy or sell.

Collaboration

Climate change is a systemic risk that affects every region and sector, directly or indirectly. Collective action is essential, not just from corporations and governments, but also from the financial sector through both private and public financing vehicles to direct funding towards sustainable solutions. Accordingly, we participate in and support various initiatives that aim to drive real-world impact to mitigate climate risks and seek climate opportunities.

Industry collaboration

We actively participate in various industry collaborations to address climate change. These collaborations include the following:

- **Climate Action 100+ (CA100+):** We engage with companies to drive significant improvements in climate-related disclosures and actions.
- **Asia Investor Group on Climate Change (AIGCC):** We collaborate with regional investors to promote sustainable investment practices.
- **Net Zero Asset Managers Initiative (NZAM):** We commit to aligning our investments with net- zero emissions by 2050 and are members of the Global Advisory Group to NZAM
- **Nature Action 100 (NA100):** We engage with companies in high impact sectors to address nature and biodiversity related risks.
- **Carbon Disclosure Project (CDP):** We support global transparency on environmental risks by encouraging companies to disclose climate, water and deforestation related data.

We also contribute to industry-wide standard setting through promoting standards such as the Taskforce on Nature-related Financial Disclosures (TNFD) and the Science Based Targets initiative (SBTi), helping to promote consistent and credible sustainability practices across sectors.

Collaborative engagements

In instances where one-on-one company engagements deliver insufficient progress, we believe that collaborative engagements with like-minded investors can increase shareholders' influence on companies' corporate behaviour and ESG performance.[6] Our regional investment offices select the most suitable and effective engagement methods for their portfolios, considering regional nuances and cultural appropriateness. In Asia, one-on-one engagements are often viewed as more constructive and culturally appropriate to build trust. Mindful of these important regional nuances and our commitment to constructive, positive and pragmatic engagements, we carefully select our engagement methods while remaining committed to supporting collaborative engagements.

In 2025, we continued to participate in AIGCC's Asian Utilities Engagement Program (AUEP), engaging several large Japanese electric utilities. For one strategically important fossil-fuel power generator, we conducted separate meetings because of its central role in Japan's energy transition. More detail can be found about this collaborative engagement in the case study below.

More information on all our collaboration efforts can be found in the **2026 Global Stewardship Report**.

[6] Coordinated Engagements: **https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3209072**

Case study:
Rebalancing the energy mix at a major Japanese utility (Japan Equity)

In 2025, we continued to participate in AIGCC's Asian Utilities Engagement Program (AUEP), engaging several large Japanese electric utilities. For one strategically important fossil-fuel power generator, we conducted separate meetings because of its central role in Japan's energy transition.

Issue:

Asian utilities operate many young coal-fired plants with decades of remaining life, heavily influencing national climate pathways. Our stewardship focus included the credibility of the company's 2050 net-zero roadmap, its shift toward a generation mix based on liquefied natural gas (LNG) to deliver emissions intensity reductions, the profitability and domestic demand outlook for renewables and governance and capital-policy transparency during an expected restructuring and potential listing. We wanted to understand whether the company's strategy could deliver a credible transition while maintaining financial resilience.

Activity:

As a contributing AUEP investor, our 2025 engagement centred on understanding decarbonisation plans and the planned closure of five inefficient coal plants by 2030; reviewing investment plans of ¥1–2 trillion (FY2024–FY2035) across LNG, renewables and hydrogen/ammonia projects; and assessing how capital allocation, dividend policy and retained earnings would be managed relative to the two parent entities. We also discussed potential equity-financing options, including a possible initial public offering (IPO), and the need for a clear equity story anchored in renewable profitability. Throughout, we emphasised investor expectations for a credible transition trajectory, robust governance and transparent communication around capital policy and climate strategy.

Outcome:

Ahead of our next planned engagement in early 2026, we have defined key priorities for evaluating progress: clarification of capital-allocation and dividend policies; updates on 2026 power-purchase agreements; more detail on planned IPO or capital-raising activities to support decarbonisation; a clearer position on CCS/CCUS and its role in long-term strategy; and greater transparency on methane-emissions management along the LNG value chain. We will track progress against the 2050 net-zero roadmap, coal-phaseout commitments, renewable-energy expansion and climate-governance quality to assess alignment with long-term value creation.







6,649

shareholder meetings analysed in 2025 with 67,395 resolutions voted on

Voting activity

Proxy voting is one of the major elements of our stewardship activity in our equity portfolios, and we take great care to ensure that our voting serves the interests of both companies and clients. Where we invest through passive strategies, we strive to incorporate stewardship through the voting of proxies and the engagement process, where appropriate.

The Amova AM Group Proxy Voting Policy establishes our company-wide approach to proxy-voting decisions. This policy establishes the principles we use for determining the exercise of voting rights at the group level.

Implementation of the group-wide policy is undertaken by our local businesses, with the freedom to interpret the rules to suit local conditions. This gives our regional investment teams the ability to tailor their approach to stewardship according to the attributes of the local market. As a result, there are some variations in how stewardship activities, including voting, are implemented across the group. For example, our UK entity and Japan Equities Team have supplemental proxy-voting policies (Proxy Voting Policy UK Addendum; Standards for Exercising Voting Rights on Japanese Stocks) that address environmental and social principles, such as climate change.

In 2025, we analysed 6,649 shareholder meetings and voted on 67,395 resolutions. We cast votes on all shares where there were no legal, client or technical constraints.

Over the past few years, we have noticed a rise in shareholder resolutions filed against companies that are critical for climate change. Although climate resolutions are not new in Japan, we find that they are increasingly relevant and an important escalation tool when appropriate.

Alongside our commitment to decarbonising our portfolios — which has seen us join the NZAM and set a 2030 GHG emissions-reduction target — our increased support for climate resolutions in Japan further underlines our commitment in this area.

Our votes are carefully considered. They generally come after discussions with the company in question and the proposer of the resolution, as well as healthy internal debate. In 2025, our positioning on climate-related shareholder resolutions in Japan remained unchanged. We continued to support selected resolutions on a case-by-case basis and remained among a small number of domestic investors taking a supportive stance. Further detail and recent updates to our policy on voting on climate-related shareholder resolutions covering Japanese equities is published on our website. Example is to be found in the case study “Clearing the climate fog: strengthening disclosure through engagement (Japan Equity)” below.

Case study:

Clearing the climate fog: strengthening disclosure through engagement (Japan Equity)

This large Japanese trading group operates across electronics, finance, heavy engineering and energy, with significant LNG and coking-coal activities. These exposures create substantial transition, regulatory and reputational risks in the context of global decarbonisation.

Issue:

Despite conducting internal climate-scenario analysis since 2019, the company had not disclosed the results, citing concerns about misinterpretation. It continued to invest in high-carbon assets without clearly explaining how such spending aligned with the Paris Agreement or a 2050 net-zero pathway. In 2023, we supported a shareholder proposal calling for Paris-aligned climate disclosure. Although the company later accepted the need for a stronger reporting framework, progress remained slow and investors still lacked quantified, decision-useful information on both transition and physical climate risks.

Activity:

In 2024, we deepened engagement by meeting outside directors, who confirmed that CO_2 considerations were incorporated into investment decisions and that scenario analysis was underway but not yet published. Ahead of the June 2025 annual general meeting, we evaluated shareholder proposals requesting disclosure of audit-related financial risks and reporting of expected financial impacts if the company fails to meet Paris goals. In 2025, we highlighted to Investor Relations and the company' s sustainability division that investors expected quantified climate-risk disclosures. We also referenced peer examples already providing such figures and noted upcoming Sustainability Standards Board of Japan (SSBJ) requirements likely to mandate enhanced disclosure. The company indicated it was preparing to align with SSBJ but remained cautious about releasing numbers prematurely. Given the materiality of climate-related financial impacts, we supported the shareholder proposal pushing for stronger reporting.

Outcome:

Sustained engagement contributed to a shift toward more proactive climate transparency. Management acknowledged the need to strengthen climate-risk disclosure, and the company began preparing to release scenario-based financial information to meet regulatory and investor expectations. Although full quantitative scenario outcomes have not yet been published, the commitment to align with SSBJ requirements marks progress from earlier reluctance. We view this as an encouraging step toward more robust and decision-useful climate reporting and will continue engaging to ensure timely, comprehensive disclosure of climate-related financial impacts and clearer insight into transition strategy.





Sustainable investing solutions

Helping our clients to achieve their climate goals and to contribute to real-world decarbonisation provides an opportunity for sustainable investing. This is a strategic focus for us as we continue to explore and expand our offerings of climate-related investment solutions.

Internal solutions

Launched in 2010 following a partnership with the World Bank, Amova's Global Green Bond Fund provides a unique offering for clients looking to finance impactful green projects. It initially invested only in green bonds issued by the World Bank. During 2023, we relaunched the Green Bond Fund, expanding its capabilities beyond sovereign, supranational and agency bonds while maintaining its SFDR Article 9 label. We believe that green bonds continue to have a vital role to play in mitigating the severity of the global environmental crisis by supporting positive climate change solutions. The fund aims to address the challenges of climate change, promote nature and the protection of ecosystems, and prevent further biodiversity loss. By balancing fundamental and quantitative analysis, we provide a more comprehensive and sophisticated approach to investing in green bonds, ensuring that portfolios are both sustainable and profitable.

The Hydrogen Fund, managed by our Global Equity team, enables our clients to participate in the financing of the hydrogen economy and the transition away from fossil fuels.

In December 2022, our Japan Investment Technology Department launched a Japanese Equity Climate Change Solution Strategy. The portfolio aims to achieve a 50% reduction in GHG emissions versus the TOPIX while minimising tracking error against the index. Details on the conceptualisation of the strategy can be found in our whitepaper Climate change solutions in Japan, recently published by Masayuki Teraguchi, Head of Japan Investment Technology Department.

In 2025, we continued developing our proprietary Net-Zero Alignment tool to assess the alignment to Net zero of the companies we invest in, following the recommendations of the Net Zero Investment Framework developed by the Institutional Investors Group on Climate Change. The tool will provide a consistent, forward-looking assessment of companies' net-zero alignment based on emissions performance, decarbonisation plans and disclosure quality, and directly supporting both portfolio monitoring and investment decision-making. Please refer to the case study below.

Strategic partnerships

In 2023 and 2024, we developed two strategic partnerships with Osmosis Limited and Tikehau Capital, respectively. Both firms are signatories to the PRI and share similar ambition to develop lower-carbon investment products to support clients' climate objectives.

In June 2024, Amova Asset Management and Tikehau Capital announced a strategic partnership, including a distribution agreement and the creation of a joint venture in Singapore to develop innovative investment strategies to address the growing demand for private assets in Asia. At first, the joint venture is focused on launching an investment strategy dedicated to decarbonisation in Asia, drawing on Tikehau Capital's expertise and strong track record in Europe.

- **Osmosis**, founded in 2009 and headquartered in London, is a research-based, quantitative investment manager focused on delivering better risk-adjusted investment returns with better environmental outcomes. Its investment philosophy is based on the view that companies that are more resource efficient are more likely to outperform their peers over the long term. The Osmosis portfolios overweight resource-efficient companies and underweight, or short, inefficient companies as identified by the Osmosis Model of Resource Efficiency.

  The approach targets excess returns through the identification of resource efficiency in listed companies. Osmosis defines resource efficiency as the carbon emitted, waste generated and water consumed, relative to value creation. Resource-efficient companies are, therefore, those that most efficiently use limited resources to create economic value.

- **Tikehau Capital** is a global alternative asset management group, founded in 2004 and headquartered in Paris, with a strong emphasis on sustainable and impact-driven investing.

  Its sustainable investment philosophy is grounded in the belief that long-term value creation is intrinsically linked to environmental and social responsibility. Tikehau integrates ESG factors across all asset classes and leverages its private market expertise to actively engage with portfolio companies on sustainability performance. The firm has developed proprietary ESG assessment frameworks and impact measurement tools to align investments with the UN Sustainable Development Goals. Through strategies in private equity, private debt, real assets and capital markets, Tikehau aims to finance the transition to a low-carbon, inclusive economy while delivering strong financial returns. Tikehau Capital set itself a target to manage at least €5 billion in assets dedicated to climate and biodiversity. According to its latest annual results, the firm exceeded this objective, reaching €5.8 billion in such AUM following a strong period of fundraising. This represents a 42% increase from the previously reported €4.1 billion.

Case study:
Net Zero AI tool

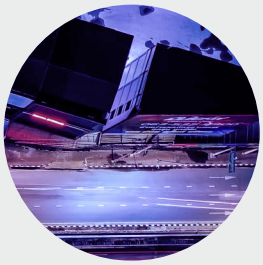
Achieving the Paris Agreement's 1.5°C pathway requires institutional investors to assess thousands of companies against rapidly evolving climate commitments and disclosures. For investment decisions that must anticipate transition risk in real time, The Global Sustainable Investment team built a Net Zero AI tool to close this gap.

This tool synthesises three streams of intelligence — corporate disclosures, engagement history and web-sourced information — to assess the degree of alignment of a company's climate strategy and targets with Net zero ambitions and provide focus areas for engagement and more in-depth research. Assessments are anchored in the NZIF, applying a four-tier classification — (i) Committed to Aligning, (ii) Aligning, (iii) Aligned and (iv) Achieving Net Zero — across six criteria: Ambition, Targets, Emissions Performance, Decarbonisation Plan, Disclosure and Capital Allocation. Companies achieve the highest tier for which all required criteria are met, ensuring assessments are rigorous, comparable and replicable. NZIF assessment is analytically demanding — each criterion requires multi-year emissions trend analysis, target-pathway comparison and integration of forward-looking indicators. Our tool's purpose is not to save analyst time but to scale this depth of analysis across the companies we hold and their peers.

The tool is being extensively tested and increasingly utilised as part of our climate change analysis. In a recent example, a Chinese chemicals manufacturer was identified as the largest emitter in one of our portfolios, exceeding the portfolio's emissions threshold. We utilised our new tool to assess the company's Chinese-language disclosures, including emissions reduction targets, decarbonisation measures across Scope 1 and 2, and coal revenue exposure. The outcomes were further reviewed by our ESG Specialist and respective investment team, with the tool's assessment outcome considered robust, fast and overall encouraging. More broadly, end-to-end assessment time per company has reduced with analyst effort redirecting from initial investigation toward higher-value engagement strategy.

With multilingual capability increasingly validated in practice, a scaled, internal rollout of the platform is planned for 2026.







Risk Management

Overview

The Amova AM Group Board has ultimate responsibility for the management, direction and performance of the group.

The Amova AM Group Board delegates responsibility for day-to-day decision-making to our Global Executive Committee (GEC). Further delegation then occurs to relevant departments across the business.

The Group Risk Management Department oversees the risk management of the group apart from compliance risk (which is overseen by our Legal & Compliance Department). The Risk Management Department reports on risk to the GEC via the Risk Oversight Committee and, periodically, to the Group Board.

Each of our group entities manages risk in line with our Group Risk Management Policy. As part of this, each entity has its own risk department and committees, which report into the central Risk Oversight Committee. Through this governance, we enable regional flexibility while retaining central oversight and reporting.

Within each region, quarterly risk reports are typically prepared by the executive owner of each risk. These quarterly assessments detail an overall summary position of the risk, highlighting key issues, key events and potential future exposures. These are presented to the relevant regional risk committee and then up through our group structure.

Risk identification, assessment and management

Risk appetite

For the group, the willingness to take on risk is determined at a local level by the respective boards, with oversight from the GEC in Tokyo.

Risk appetite defines the nature and level of risks considered acceptable to the group as part of our day-to- day operations. It forms the basis against which risks are monitored and reported.

Our risk appetite is developed and agreed by the board. It is inextricably linked with global and local strategy, business plans, and shareholder and client expectations; it is a fundamental component of the risk-management framework.

Climate-related risk is viewed as a “risk driver” — a potential internal or external event that creates or influences existing risks. For example, heightened physical or transition risk in our portfolios leads to greater investment risk — the risk that our portfolios underperform against objectives, targets or benchmarks.



Climate-related risk is viewed as a “risk driver” — a potential internal or external event that creates or influences existing risks.

"Three lines of defence" model

The Amova AM group operates a "three lines of defence" model to assign risk-management responsibilities. This model is based on the principle that, to be effective, risk-management capability must be embedded in front-line teams with independent oversight and assurance.

- **First line of defence**

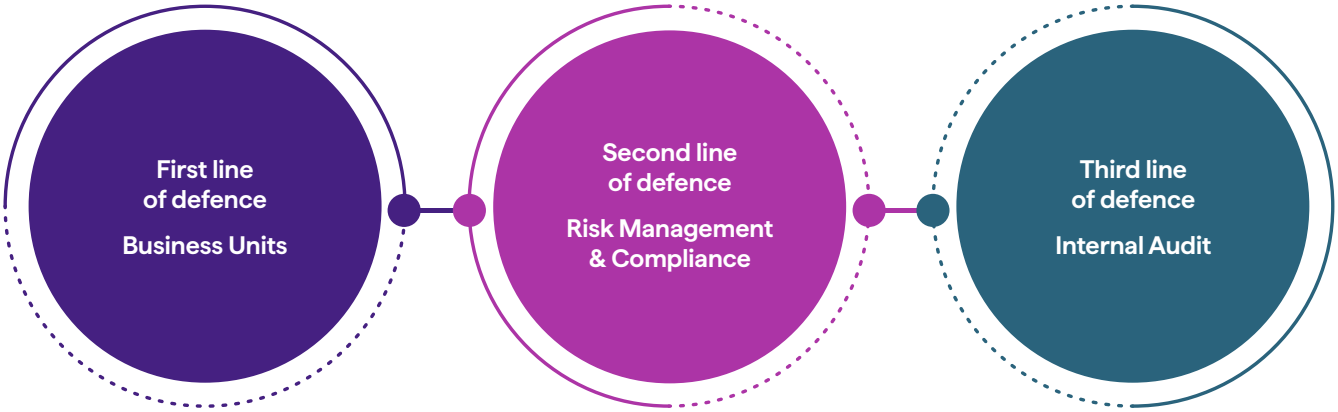
  The first line of defence is the departments themselves (and their relevant heads/leads). These functions are directly involved in each business and operation of the group and so are responsible for risk identification (including climate-related risks), assessment and control (in line with the group-defined risk appetite). An annual risk and controls self-assessment process is conducted to ensure that functional risks and controls are periodically reviewed and updated.

- **Second line of defence**

  Oversight departments such as risk, compliance and legal form the second line of defence. These departments are independent from the first line and conduct ongoing monitoring to ensure the effective application of our risk-management framework. Monitoring of climate-related risk within our investments is a good example of this in action. Our investment teams use relevant tools and analysis to make investment decisions. This includes climate-related risks, opportunities and supporting metrics. Our second-line investment-risk team performs independent monitoring of our portfolios. Where appropriate, it will challenge our investment teams on levels of climate-related risk, with any conclusions and actions documented. We are continuing to refine and support this process with additional data capabilities.

- **Third line of defence**

  The Internal Audit Department undertakes internal audits of Amova AM group companies and evaluates the design, implementation, and effectiveness of internal controls over processes within the group, including governance, risk management and compliance with laws and regulations. Audit engagements are performed based on an annual audit plan approved by the Group Board and audit results and the status of follow-up on the implementation of corrective action plans is reported directly to the Group Board.



Operation and monitoring	Verification	Oversight and independent assurance
Identify and manage risks that occur in their business function that could threaten the achievement of the business unit objectives. Responsible for complying with the Risk Management Methodology, including the completion of risk assessments.	Provides independent oversight of the first line of defence. Assess and oversee risk at the firm level employing a risk-based approach focusing on the key risks. Responsible for the development of the risk-management policies, systems and frameworks.	Provide independent challenge and objective assurance regarding the design and effectiveness of the internal controls framework. Responsible for providing assurance to Amova AM Senior Management and Audit Committee on all aspects of risk management and control arrangements.

As an example, the UK subsidiary (Amova Asset Management Europe Ltd) Investment Risk Department and the Enterprise Risk Department are part of the second line of defence applied by the firm. Ongoing monitoring of risks, including climate-related ones, is conducted to ensure the effective application of our risk-management framework. Our second-line investment-risk team performs independent monitoring of our portfolios.

Climate-scenario and carbon-intensity analysis is performed and compared over time and with the respective funds' benchmarks.

Particular attention is also paid to high-impact sectors, including energy.

The results of this analysis are presented to the investment teams on a monthly basis, and quarterly risk reports are prepared by the executive owner of investment risk, presented to the ESG & Stewardship Oversight Committee and then passed up through our group structure. These quarterly assessments detail an overall summary position of the risk, highlighting key issues, key events and potential future exposures.

Risk lifecycle

- The process of identifying, assessing and managing risk is broadly applicable to both the investments we manage and our own operations
- In the identification of risk, each business unit adopts an approach to ensure that all known risks are clearly identified and the estimated exposure to this risk is reported and escalated through the company. Risks can be identified and described in terms of their potential impacts and the likelihood of those impacts
- With climate-related risks, we primarily monitor their impacts on our investments

Our approach to the management of climate-related risk is described in the sections below.

Climate change as a driver of group risk

We recognise climate change as one of the greatest challenges the global community faces. It is a prime example of a market-wide, systemic risk; we believe it is our fiduciary duty to address this risk in managing our clients' assets.

Our climate scenario analysis indicates that climate-related risks are not evenly distributed across the Group's assets, with Japanese exposures showing relatively higher vulnerability to both transition and physical risk channels. In response to this identified risk concentration, Amova has adopted a two pronged approach.

First, we actively manage and diversify our climate risk profile through the development of investment solutions designed to mitigate climate-related risks, as well as through strategic product evolution and acquisitions aimed at broadening asset class and regional exposure.

Second, in alignment with our NZAM commitment, we have set decarbonisation targets covering 43% of AUM with the current scope focused on Japanese assets where our scenario analysis identifies the most material climate risk exposure. Given that a significant portion of these Japanese assets is managed through passive strategies, stewardship plays a central role in our response, with engagement and voting used as key levers to influence issuer level transition outcomes, as detailed in this report.

Risk type	Description	Comments
Investment	Risk that Amova AM portfolios underperform against benchmarks, objectives or competition	We view the potential impact of climate change on our investments as one of the drivers of group risk. Exposure of our companies to heightened physical and transition risks exposes our portfolios to potential loss. Please refer to our climate-risk table in the Strategy section. This may have negative impacts on our ability to maintain or grow AUM.
Compliance	Risk that the group may fail to meet its regulatory obligations. This includes the failure to meet new requirements as they are established	Climate change has driven various national commitments and regulatory frameworks worldwide. Policy risk impacts the group through an increasing number of climate- or ESG-related regulatory requirements with which we must comply. Failure to meet these requirements may result in regulatory sanctions/ fines and/or litigation
Operational	Risk of loss or other business impacts resulting from inadequate or failed internal processes, people, systems or external events	Climate change can lead to some potential negative impacts on our business operations. Within our European entity, as described later in this report, climate and other ESG risks are being integrated across the risk-management framework. These risks can lead to business costs resulting from supplier disruption, systems failure and other related operational events.

Managing climate-related risks within our investments

This includes surfacing relevant information through governance structures across our investment, risk, sustainable investment and corporate sustainability functions.

As highlighted earlier in this report, our investment teams identify attractive companies through in-depth bottom-up research based on their own philosophy and approach.

This already includes understanding how ESG risks and opportunities may impact value. The section Bottom-up approach: Integration in investment decision highlights how our investment teams integrate ESG factors, including climate, into their decision-making process.

Additionally, to monitor risks on an ongoing basis, we conduct frequent investment-risk monitoring on portfolios and benchmarks. We incorporate two levels of assessment: a global baseline, which focuses on GHG emissions; and a regional "top-up" approach, which allows for additional monitoring of further climate-related risks. Many of Amova AM's regional offices already have frameworks in place to monitor GHG emissions, but work is underway to further advance these processes across regions and asset classes.

We will continue reporting on the progress in future reports.

To conduct our analysis, we utilise data from a third-party vendor, as outlined earlier in this report.

To ensure the accuracy of our metrics, we will utilise a two-stage process:

1

As a first stage, funds are monitored by our Risk Department, taking into consideration applicable exclusions. Our process uses existing frameworks and processes to ensure a high-level overview of risk across all portfolios. All data will be provided by our primary data provider, but calculations will run "in house" to allow customisation for our needs.

2

As a second, independent stage, our Global ESG data team works with front-office departments to develop independent analysis.

While the data is provided by the same data provider, all calculations are run independently, with further customisation to meet end-user needs.

Through this two-stage process, we are seeking to ensure accuracy and ensure that the analysis is usable for all parties. The independent processes help us to achieve two lines of defence and ensure a robust data-quality process with appropriate checks and accountability.



Metrics and Targets

Overview

In working towards our goal of aligning our portfolios to net zero by 2050, we use a range of metrics to track and monitor our progress but also to mitigate climate-related risks and capture opportunities.

As a signatory to the NZAM, we completed our initial target disclosures in 2022, committing to 43% of our assets (or USD 115.68 billion) to be managed in line with net zero. Our interim 2030 target is a 50% reduction of our portfolios, relative to our 2019 baseline (84.7 tCO_2e/ USD million invested).

Scope and methodology

The metrics below capture our carbon emissions for years ending 31 December 2023, 31 December 2024 and 31 December 2025. The in-scope portfolios were Japan Equity, Japan Fixed Income, Japan Investment Technology, Asia ex-Japan Equity, Asia Fixed Income, Global Equity, Global Fixed Income, New Zealand Equity and New Zealand Fixed Income investment teams as of 31 December 2025.

We have aligned with the Partnership for Carbon Accounting Financials (PCAF)[7] to calculate our absolute carbon emissions and carbon footprint (equivalent to economic emissions intensity under PCAF) and with IFRS Sustainability Disclosure Standards (ISSB), which build on the former Task Force on Climate-related Financial Disclosures (TCFD) framework, for weighted average carbon intensity (WACI).

The emissions metrics disclosed in this report are calculated using the most recent available data, with reporting periods ending on 31 March 2026, 31 March 2025 and 31 March 2024, respectively, in alignment with PCAF methodology. While PCAF uses "enterprise value including cash" (EVIC) as the denominator, the former TCFD guidance used a revenue- based denominator. We internally monitor and report on all three metrics to obtain a more holistic view for decision-making.

Metric	Definition	Calculation	Uses	Limitations
Absolute carbon emissions	Total GHG emissions of a portfolio.	$tCO2e = \sum \frac{Current\ value\ of\ investment}{Issuer\ EVIC} x\ (Issuer\ Scope\ 1+2)$ Emissions are allocated based on equity-ownership approach where the company's emissions apportioned to the portfolio are based on ownership share of the company based on EVIC.	Track changes in GHG emissions of a portfolio on an absolute basis.	Data is not normalised, so suboptimal to compare portfolios or against benchmark.
Carbon footprint	Total GHG emissions of a portfolio, normalised by the EVIC of the portfolio.	$tCO2e/\$m\ invested = \frac{\sum \frac{Current\ value\ of\ investment}{Issuer\ EVIC} x\ (Issuer\ Scope\ 1+2)}{Current\ portfolio\ value}$	To compare portfolios regardless of their AUM.	Sensitive to changes in issuer's EVIC and portfolio weights.
WACI	Portfolio's exposure to carbon-intensive companies.	$tCO2e/\$m\ revenue = \sum \frac{Current\ value\ of\ investment}{Current\ portfolio\ value} x \frac{Issuer\ Scope\ 1+2}{Issuer\ revenue})$ Emissions are allocated based on portfolio weights (current value of investment relative to current portfolio value) rather than an equity-ownership approach.	To compare portfolio and benchmark.	Revenue base results in a bias towards companies with higher pricing levels. Sensitive to changes in issuer's revenue and portfolio weights.

Calculations were computed in April 2026, using the most recent data available for GHG emissions (i.e., Scope 1 and 2) and financial data (i.e., EVIC and revenue). This is in line with the latest Global GHG Accounting and Reporting Standard for the Financial Industry suggested by PCAF.

[7] Partnership for Carbon Accounting Financials (PCAF) Methodology (page 63): **https://carbonaccountingfinancials.com/files/downloads/PCAF-Global-GHG-Standard.pdf**



Reported metrics

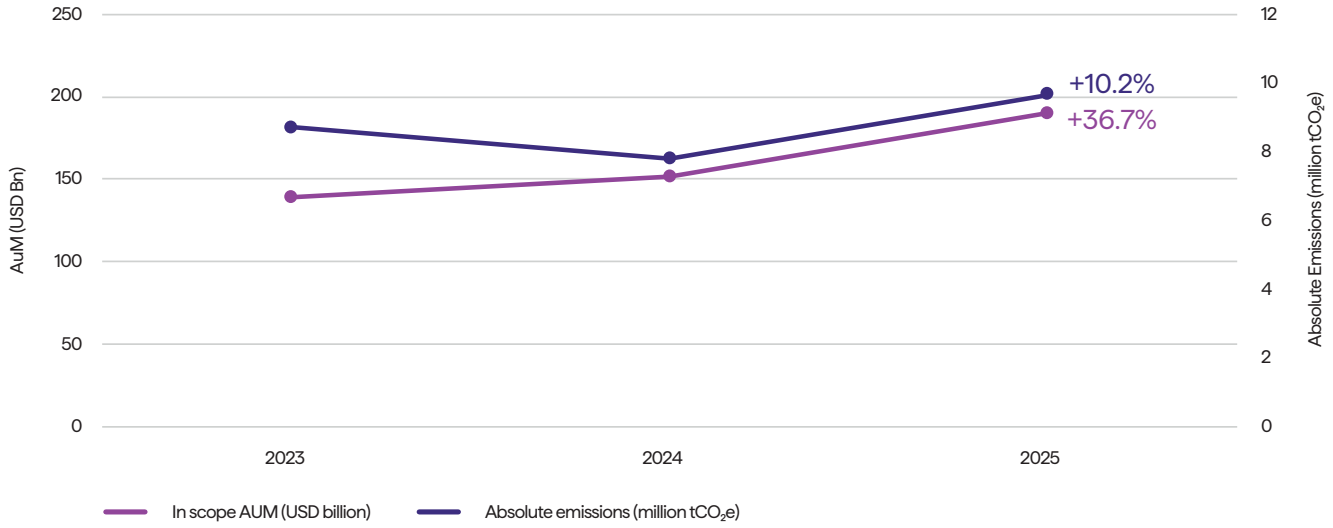
	Asset class	AUM (USD billion)			Absolute emissions (million tCO_2e)			Carbon footprint (tCO_2e/USD million invested)			WACI (tCO_2e/USD million revenue)		
		2025	2024	Change	2025	2024	Change	2025	2024	Change	2025	2024	Change
NAM JP	Equity	160.0	129.0	24.0%	8.59	6.76	27.1%	54.3	52.4	3.6%	66.9	69.0	-3.0%
	Fixed income	0.8	1.1	-27.3%	0.16	0.34	-52.9%	196.8	296.2	-33.6%	242.3	370.7	-34.6%
NAM ex-JP	Equity	23.9	16.8	42.3%	0.72	0.53	35.8%	31.2	31.6	-1.3%	88.3	98.9	-10.7%
	Fixed income	5.8	4.7	23.4%	0.16	0.16	0%	28.8	35.0	-17.7%	71.7	87.2	-17.8%
Total (as of 31 Dec 2025)		190.5	151.6	25.7%	9.63	7.79	23.6%	51.3	51.3	0%	70.4	75.2	- 6.4%

Note: Total coverage for the figures reported above represents 98.82% (2024: 99.94%) of the total AUM in scope. Absolute emissions figures are shown with two decimal places. This provides clearer data and more precise year-on-year comparisons.

Carbon Performance Over Time

Over the last 3 years, our AUM has grown quite steadily, which has been a major driver for the increase in our Absolute emissions across our investments. Since 2023, our AUM grew by 36.7% while our absolute emissions grew comparatively significantly less, by only 10.2%.

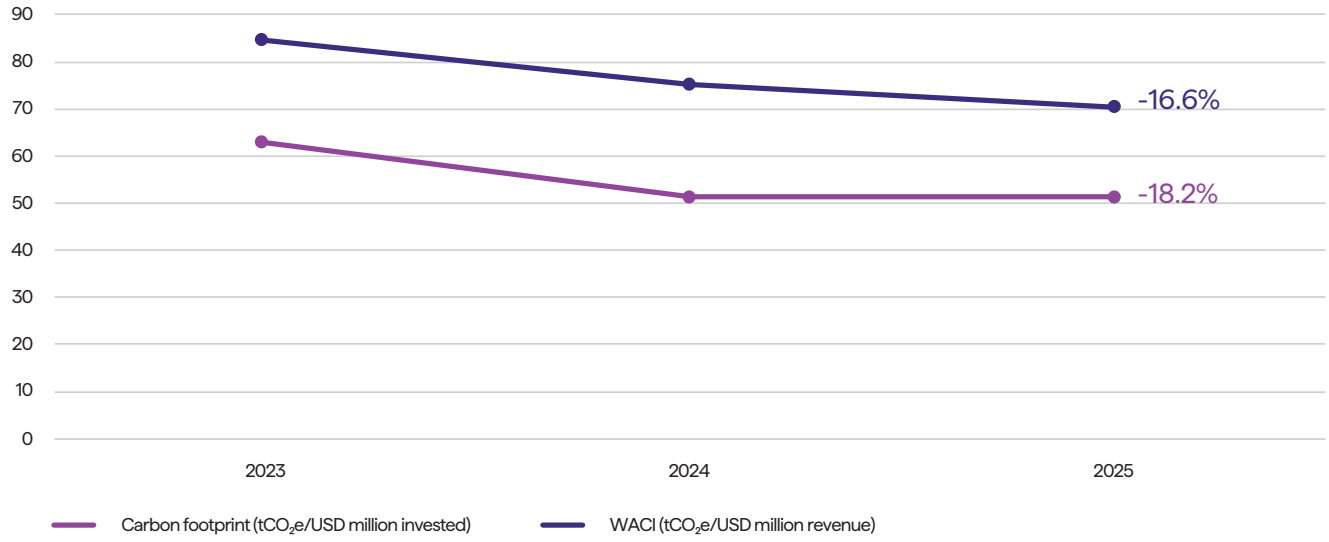
Figure 11. Amova Group AUM growth compared to absolute carbon emissions (million tCO_2e)



Source: MSCI

Both WACI and Carbon Footprint metrics show meaningful improvement over the 2023–2025 period, reflecting enhanced carbon efficiency across portfolios. Carbon Footprint declined by 18.2%, from 62.7 to 51.3 tCO_2e per million USD invested. WACI fell by 16.6%, from 84.4 to 70.4, demonstrating that the revenue-weighted carbon exposure of investee companies has improved.

Figure 12. Amova Group WACI vs Carbon Footprint



Source: MSCI

Carbon footprint reporting typically focuses on annual metrics, glidepaths and targets. While these indicators are useful for assessing climate-related risks and opportunities and tracking progress towards net-zero, they are insufficient on their own to explain the underlying drivers of change in a portfolios' carbon footprint.

In particular, changes in reported carbon metrics can be significantly influenced by factors unrelated to real-world decarbonisation. Financial effects, such as fluctuations in company revenue or EVIC, can have a greater impact on portfolio carbon intensity than changes in company emissions profile.

This reflects the inherently multi-dimensional nature of portfolio carbon metrics. Observed changes are rarely attributable to a single driver, but instead result from a combination of factors, including portfolio positioning, variations in company emissions, changes in financial metrics, shifts in data coverage, and foreign exchange movements. As a result, relying solely on headline indicators can obscure the true sources of emissions trends and lead to misinterpretation of progress.

To overcome these limitations, a more granular analytical approach is required. We have therefore developed a carbon attribution framework aligned with PCAF guidance and based on the methodology outlined in *A Framework for Attributing Changes in Portfolio Carbon Footprint* (Nagy, Giese and Wang, 2023).

This approach decomposes changes in portfolio emissions across a range of financial and non-financial effects, providing a clearer and more transparent view of the drivers of observed outcomes. In turn, it enables more informed decision-making and supports more targeted and effective engagement between portfolio managers and investee companies on decarbonisation.

Case study:
Global Equity carbon attribution analysis

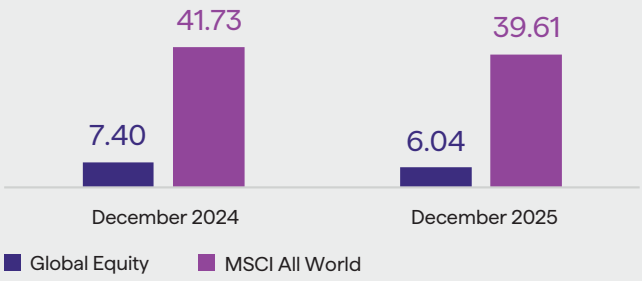
This case study provides the results of the carbon attribution analysis we conducted for our Global Equity strategy and corresponding benchmark. The Global Equity team has been a long-standing focus area for our climate analysis, reflecting its proactive approach to monitoring carbon exposure, engaging on climate topics and monitoring net zero alignment across its portfolio. Our intention is to scale our analysis to other regions by next year, building on the experience gained through this initial application.

Our Global Equity fund has a commitment to maintaining a relatively lower carbon footprint compared to benchmark. The year-end carbon footprint for the Amova Global Equity fund was 7.40 tCO_2e/USD M in December 2024, and 6.04 tCO_2e/USD M in December 2025.

The attribution analysis has shown that the nearly 20% year-on-year drop has primarily been driven by two factors: entering new positions in lower-intensity firms; and the low-intensity enterprise value growth among positions held over the year.

By excluding the impact of new and exited positions, as well as changes in market weights, we can isolate the effect of holdings that remained in the portfolio throughout the year. On this basis, the portfolio's carbon footprint decreased slightly from 7.40 to 7.06 tCO_2e per USD million invested (–4.5%). This reduction was driven mainly by growth in company valuations (EVIC), which occurred at a higher rate than the growth in emissions, effectively diluting the overall portfolio footprint. In other words, financial factors—rather than underlying emissions reductions—were the primary driver of the improvement.

Carbon Footprint: Global Equity vs MSCI All World (tCO_2e per USD million invested)

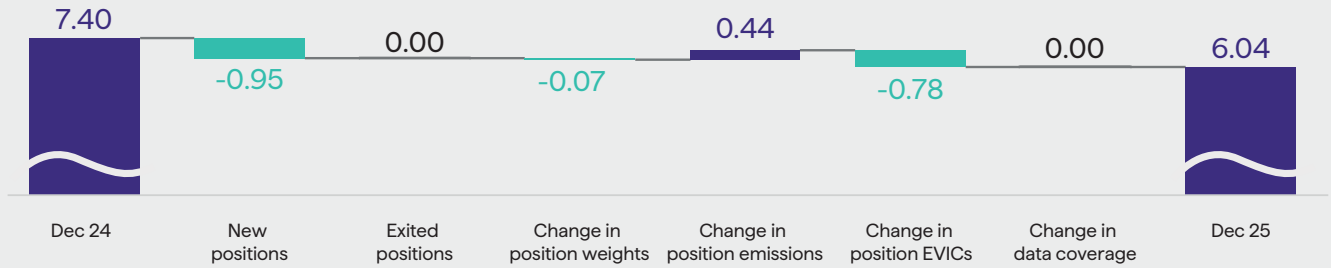


Source: MSCI

A similar dynamic is observed for the benchmark. Its footprint fell from 41.73 to 39.61 tCO_2e per USD million invested (–5.1%), largely due to EVIC growth in existing constituents. Changes in index composition had a limited net effect, while reductions in absolute emissions and data updates contributed only modestly.

Overall, these results suggest modest improvements in carbon intensity. However, a large part of the improvement reflects financial effects rather than real-world decarbonisation. This underscores the importance of going beyond headline metrics, particularly for portfolios that are already positioned at relatively low carbon intensity levels. While there are signs of efficiency gains, the data indicates that changes in company emissions remain limited. Nevertheless, the analysis confirms that carbon intensity is declining alongside continued corporate growth.

Global Equity Carbon Footprint Bridge (Scope 1+2 2024-2025, tCO_2e / USD M)



Source: MSCI

MSCI All World Country Index (Net USD) Carbon Footprint Bridge (Scope 1+2 2024-2025, tCO_2e / USD M)



Source: MSCI

Progress towards NZAMi

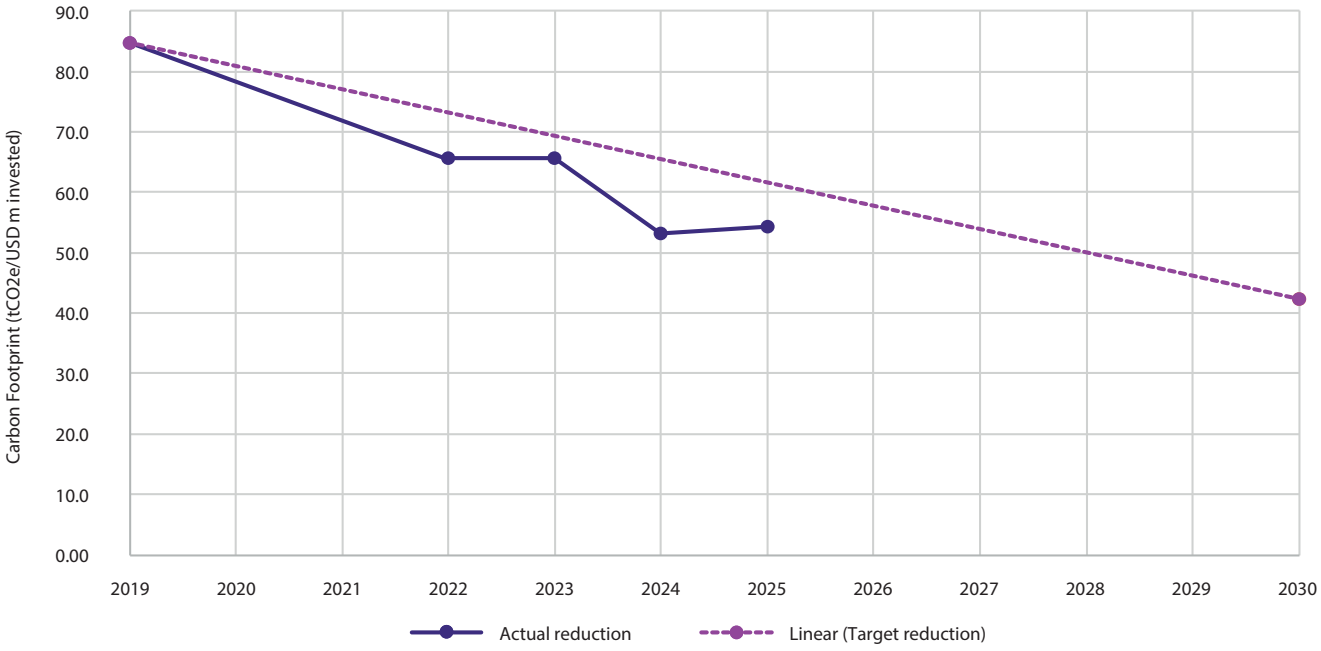
For our assets in scope of NZAM, we have made progress towards our commitment since our initial target disclosures in October 2022. Figure 12 shows that the carbon footprint of our committed portfolios was 54.31 tCO_2e/USD million invested as of 31 December 2025. This represents an important decrease of 36% from our 2019 baseline carbon footprint of 84.7 tCO_2e/USD million invested.

It is important to note that we have standardised our carbon accounting methodology across all regions to ensure consistent and comparable climate metrics. This global alignment enhances the quality and reliability of our financed emissions reporting. We are in the process of reviewing the impact of this adjustment on historical figures disclosed in this report and past reports.

Our Japan Sustainable Investment Department has put together a climate-focused engagement list consisting of 70 companies, narrowed down, from approximately 1,700. Of these companies, 60 account for 72% of the overall GHG emissions (Scope 1+2) across Japan equity[8], which makes up the largest portion of our AUM. The remaining 10 were chosen because they are important companies with regard to their Scope 3 footprint.

As part of the engagement plan, the team evaluates the companies' corporate initiatives against NZAM's recommended framework.

Figure 13. Progress towards our NZAM commitment



The linear "reduction pathway" (dashed line) is meant to illustrate how much we have to decarbonise between our baseline year of 2019, to meet our 2030 interim target. It does not constitute a commitment to decarbonise in a linear, year-on-year fashion.

[8] As of 31 December 2019

Important Information

This document is prepared by Amova Asset Management Co., Ltd. and/or its affiliates hereinafter referred to as" the Group") and is for distribution only under such circumstances as may be permitted by applicable laws.

This document is prepared by Amova Asset Management Co., Ltd. and/or its affiliates hereinafter referred to as" the Group") and is for distribution only under such circumstances as may be permitted by applicable laws.

This document does not constitute personal investment advice or a personal recommendation and it does not consider in any way the objectives, financial situation or needs of any recipients. All recipients are recommended to consult with their independent tax, financial and legal advisers prior to any investment.

This document is for information purposes only and is not intended to be an offer, or a solicitation of an offer, to buy or sell any investments or participate in any trading strategy. Moreover, the information in this document will not affect the Group's investment strategy in any way. The information and opinions in this document have been derived from or reached from sources believed in good faith to be reliable but have not been independently verified. The Group makes no guarantee, representation or warranty, express or implied, and accepts no responsibility or liability for the accuracy or completeness of this document. No reliance should be placed on any assumptions, forecasts, projections, estimates or prospects contained within this document. This document should not be regarded by recipients as a substitute for the exercise of their own judgment. Opinions stated in this document may change without notice.

In any investment, past performance is neither an indication nor guarantee of future performance and a loss of capital may occur. Estimates of future performance are based on assumptions that may not be realised. Investors should be able to withstand the loss of any principal investment. The mention of individual securities, sectors, regions or countries within this document does not imply a recommendation to buy or sell.

The Group accepts no liability whatsoever for any loss or damage of any kind arising out of the use of all or any part of this document, provided that nothing herein excludes or restricts any liability of the Group under applicable regulatory rules or requirements.

All information contained in this document is solely for the attention and use of the intended recipients. Any use beyond that intended by the Group is strictly prohibited.

Japan: The information contained in this document pertaining specifically to the investment products is not directed at persons in Japan nor is it intended for distribution to persons in Japan. Registration Number: Director of the Kanto Local Finance Bureau (Financial Instruments firms) No. 368 Member Associations: The Investment Management Association of Japan, Type II Financial Instruments Firms Association.

United Kingdom: This document is communicated by Amova Asset Management UK Limited, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority (the FCA) (FRN 122084). This document constitutes a financial promotion for the purposes of the Financial Services and Markets Act 2000 (as amended) (FSMA) and the rules of the FCA in the United Kingdom, and is directed at professional clients as defined in the FCA Handbook of Rules and Guidance.

Ireland: This document is communicated by Amova Asset Management Ireland Limited, which is authorised under the European Union (Markets in Financial Instruments) Regulations 2017 (S.I. 375 of 2017) (as amended) and regulated in Ireland by the Central Bank of Ireland (C565118) and includes branches in Germany and the Netherlands. This document is for information purposes only and does not constitute an offer, invitation, or solicitation to invest in any fund or investment product, or recommendation to sell any financial instrument, nor does it constitute investment advice. This document is not intended for distribution to, or use by, any person in any jurisdiction where such distribution would be contrary to local law or regulation.

United States: This document may not be duplicated, quoted, discussed or otherwise shared without prior consent. An offering of any investments, securities or investment advisory services with respect to securities may only be made by receipt of relevant and complete offering documentation and agreements, as applicable. Any offering or distribution of a Fund in the United States may only be conducted via a licensed and registered broker-dealer or a duly qualified entity. Amova Asset Management Americas, Inc. is a United States Registered Investment Adviser.

Singapore: Amova Asset Management Asia Limited (Co. Reg. No. 198202562H) is regulated by the Monetary Authority of Singapore.

Hong Kong: This document is for information to professional investors as defined in the Securities and Futures Ordinance, and intermediaries only. The contents of this document have not been reviewed by the Securities and Futures Commission or any regulatory authority in Hong Kong. Amova Asset Management Hong Kong Limited is a licensed corporation in Hong Kong.

New Zealand: This document is issued in New Zealand by Amova Asset Management New Zealand Limited (Company No. 606057, FSP22562). It is for the use of wholesale clients, researchers, licensed financial advisers and their authorised representatives only.

Kingdom of Bahrain: The document has not been approved by the Central Bank of Bahrain which takes no responsibility for its contents. No offer to the public to purchase the Strategy will be made in the Kingdom of Bahrain and this document is intended to be read by the addressee only and must not be passed to, issued to, or shown to the public generally.

Kuwait: This document is not for general circulation to the public in Kuwait. The Strategy has not been licensed for offering in Kuwait by the Kuwaiti Capital Markets Authority or any other relevant Kuwaiti government agency. The offering of the Strategy in Kuwait on the basis a private placement or public offering is, therefore, restricted in accordance with Decree Law No. 7 of 2010 and the bylaws thereto (as amended). No private or public offering of the Strategy is being made in Kuwait, and no agreement relating to the sale of the Strategy will be concluded in Kuwait. No marketing or solicitation or inducement activities are being used to offer or market the Strategy in Kuwait.

Kingdom of Saudi Arabia: This document is communicated by Amova Asset Management UK Limited, which is authorised and regulated by the Financial Services and Markets Act 2000 (as amended) (FSMA) and the rules of the Financial Conduct Authority (the FCA) in the United Kingdom (the FCA Rules). This document should not be reproduced, redistributed, or sent directly or indirectly to any other party or published in full or in part for any purpose whatsoever without a prior written permission from Amova Asset Management UK Limited.

This document does not constitute investment advice or a personal recommendation and does not consider in any way the suitability or appropriateness of the subject matter for the individual circumstances of any recipient. In providing a person with this document, Amova Asset Management UK Limited is not treating that person as a client for the purposes of the FCA Rules other than those relating to financial promotion and that person will not therefore benefit from any protections that would be available to such clients.

Amova Asset Management UK Limited and its associates and/or its or their officers, directors or employees may have or have had positions or material interests, may at any time make purchases and/or sales as principal or agent, may provide or have provided corporate finance services to issuers or may provide or have provided significant advice or investment services in any investments referred to in this document or in related investments. Relevant confidential information, if any, known within any company in the group or Sumitomo Mitsui Trust group and not available to Amova Asset Management UK Limited because of regulations or internal procedure is not reflected in this document. The investments mentioned in this document may not be eligible for sale in some states or countries, and they may not be suitable for all types of investors.

Oman: The information contained in this document nether constitutes a public offer of securities in the Sultanate of Oman as contemplated by the Commercial companies law of Oman (Royal decree 4/74) or the Capital Markets Law of Oman (Royal Decree80/98, nor does it constitute an offer to sell, or the solicitation of any offer to buy non-Omani securities in the Sultanate of Oman as contemplated by Article 139 of the Executive Regulations to the Capital Market law (issued by Decision No. 1/2009).

This document is not intended to lead to the conclusion of any contract of whatsoever nature within the territory of the Sultanate of Oman.

Qatar (excluding QFC): The Strategies are only being offered to a limited number of investors who are willing and able to conduct an independent investigation of the risks involved in an investment in such Strategies.

The document does not constitute an offer to the public and should not be reproduced, redistributed, or sent directly or indirectly to any other party or published in full or in part for any purpose whatsoever without a prior written permission from Amova Asset Management UK Limited. No transaction will be concluded in your jurisdiction and any inquiries regarding the Strategies should be made to Amova Asset Management UK Limited.

United Arab Emirates (excluding DIFC): This document and the information contained herein, do not constitute, and is not intended to constitute, a public offer of securities in the United Arab Emirates and accordingly should not be construed as such. The Strategy is only being offered to a limited number of investors in the UAE who are (a) willing and able to conduct an independent investigation of the risks involved in an investment in such Strategy, and (b) upon their specific request.

The Strategy has not been approved by or licensed or registered with the UAE Central Bank, the Securities and Commodities Authority or any other relevant licensing authorities or governmental agencies in the UAE. This document is for the use of the named addressee only and should not be given or shown to any other person (other than employees, agents or consultants in connection with the addressee's consideration thereof).

No transaction will be concluded in the UAE and any inquiries regarding the Strategy should be made to Amova Asset Management UK Limited.

Republic of Korea: This document is being provided for general information purposes only, and shall not, and under no circumstances is, to be construed as, an offering of financial investment products or services. The Company is not making any representation with respect to the eligibility of any person to acquire any financial investment product or service. The offering and sale of any financial investment product is subject to the applicable regulations of the Republic of Korea. Any interests in a fund or collective investment scheme shall be sold after such fund is registered under the private placement registration regime in accordance with the applicable regulations of the Republic of Korea, and the offering of such registered fund shall be conducted only through a locally licensed distributor.

Canada: The information provided herein does not constitute any form of financial opinion or investment advice on the part of the Company and it should not be relied on as such. It does not constitute a prospectus, offering memorandum or private placement memorandum in Canada, and may not be used in making any investment decision. It should not be considered a solicitation to buy or an offer to sell a security in Canada. This information is provided for informational and educational use only.

MSCI: This disclosure was developed using information from MSCI Solutions LLC or its affiliates or information providers. Although Amova Asset Management Co., Ltd.'s information providers, including without limitation, MSCI Solutions LLC and its affiliates (the "ESG Parties"), obtain information (the "Information") from sources they consider reliable, none of the ESG Parties warrants or guarantees the originality, accuracy, and/or completeness, of any data herein and expressly disclaim all express or implied warranties, including those of merchantability and fitness for a particular purpose. The information may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used as a basis for, or a component of, any financial instruments or products or indices. Further, none of the Information can in and of itself be used to determine which securities to buy or sell or when to buy or sell them. None of the ESG Parties shall have any liability for any errors or omissions in connection with any data herein, or any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages. See more details at **Notice and Disclaimer for Reporting Licenses | MSCI**.