

GLOBAL  
EQUITY  
Quarterly ESG  
Review  
**Q1**  
2025

This is a marketing communication  
For Professional Investors Only



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### Purpose led Future Quality Companies:

- A focus on companies creating stakeholder value
- High and sustainable cash-flow returns delivered by management teams we trust
- We believe that those targeting solutions for today's problems are likely to be among the long-term winners

### Engagement:

- ESG ratings are imperfect – engagement helps us understand why
- ESG issues are aligned with our long-term investment horizon
- We can help companies address their apparent weaknesses

### ESG Characteristics Promoted:

- Carbon intensity of the portfolio which is substantially lower relative to benchmark
- Zero violations of the UN Global Compact
- Zero 'very severe' controversies on environment, human rights, customers, labour rights or governance (OECD guidelines)
- Zero controversial weapons
- Zero tobacco

### ESG Integration:

- ESG helps us find Future Quality companies
- We undertake ESG research directly and do not delegate ESG decisions to other teams
- ESG factors are analysed at every stage of our investment

### Commitments & Resource:

- We invest for the future low carbon world
- We avoid controversies and UN Global compact violations
- Nikko AM's ESG resource helps us attain best practice
- Where appropriate ensure investment policy meets European Supervisory Authority's Article 8 Sustainable Financial Disclosure Regulations

### Important Sources & Links:

- [ESG White Paper](#)
- [Future Quality White Paper](#)
- [Sustainability report 2025](#)
- [Submission to the UK Stewardship Code](#)
- Upon request: PRI; Article 8 SFDR; UN Global Compact

# PORTFOLIO ESG CHARACTERISTICS

Portfolio has a lower carbon footprint and is not exposed to destructive companies

## Lower GHG intensity

Fund has lower GHG intensity compared to the benchmark

45.89

Fund's GHG intensity  
(T CO2E/\$M Sales)

124.35

Benchmark's GHG intensity  
(T CO2E/\$M Sales)

## Social safeguard

Fund exposure to companies flagged for certain frequently used social safeguard screens



UN Global Compact violations

0.0%



NAM Research 'Very severe' controversies

0.0%



Tobacco

0.0%



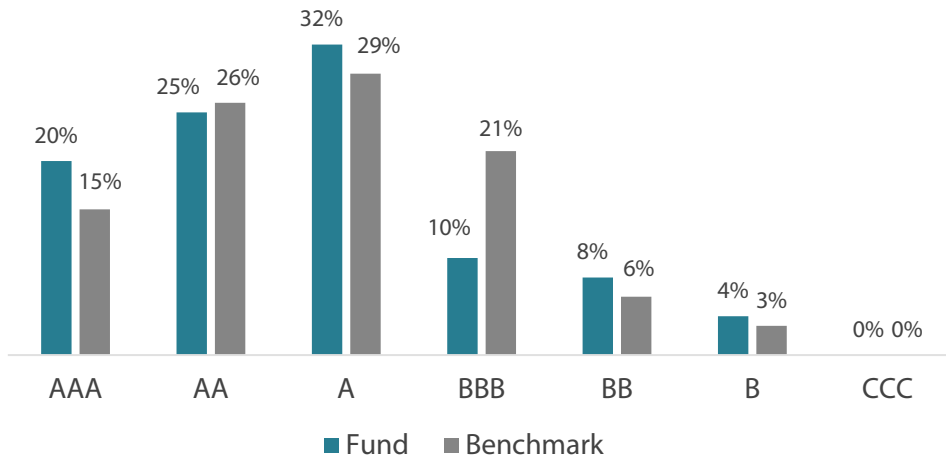
Controversial weapons

0.0%

Source: Source: MSCI ESG Research, NAM Research, March 2025.

Fund is a representative account of the Nikko AM Global Equity Strategy. Benchmark is the MSCI ACWI Net Total Return Index

# GLOBAL EQUITY PORTFOLIO



- ESG ratings only tell part of the story and are backward looking.
- Not every company is perfect and an improving ESG journey can create substantial value.
- We engage with the companies that have been flagged by our Future Quality assessment to help them on a journey of improvement

## Highest ESG Rated Stocks

Stock	Sector	Portfolio Weight (%)	ESG Rating
NVIDIA Corporation	Information Technology	4.37	AAA
Sony Group Corporation	Consumer Discretionary	3.25	AAA
Coca-Cola Europacific Partners	Consumer Staples	2.96	AAA
Kerry Group Plc	Consumer Staples	2.35	AAA
Taiwan Semiconductor Manufacturing Co., Ltd.	Information Technology	2.34	AAA
Elevance Health, Inc.	Health Care	2.25	AAA
Schneider Electric SE	Industrials	1.42	AAA
HOYA Coporation	Health Care	1.22	AAA
HDFC Bank Limited	Financials	2.98	AA
Intercontinental Exchange, Inc.	Financials	2.93	AA

## Lowest ESG Rated Stocks

Stock	Sector	Portfolio Weight (%)	ESG Rating
Meta Platforms Inc	Communication Services	4.10	B
Netflix, Inc.	Communication Services	3.28	BB
First Citizens BancShares, Inc.	Financials	1.75	BB
Masimo Corporation	Health Care	1.43	BB
Interactive Brokers Group, Inc.	Financials	1.30	BB
Amazon.com, Inc.	Consumer Discretionary	4.50	BBB
Ryan Specialty Holdings, Inc.	Financials	2.19	BBB
Siemens Healthineers AG	Health Care	1.98	BBB
Amphenol Corporation	Information Technology	0.85	BBB
Microsoft Corporation	Information Technology	4.90	A

Source: MSCI ESG Research & Nikko AM, Mar 2025; Data is for a representative account of the Nikko AM Global Equity Strategy  
 Benchmark is the MSCI ACWI Total Return Net Index  
 Data supplied as per the MSCI definitions

# CLIMATE CHARACTERISTICS

## Portfolio Carbon Footprint

Top 5 Financed Emissions	Weight	Financed emissions (tCO <sub>2</sub> e)
Linde Plc	2.42%	3.928.7
Kerry Group Plc	2.35%	590.7
Amazon.Com, Inc.	4.50%	427.5
Schlumberger Nv	1.45%	387.6
Coca-Cola Europacific Partners Plc	2.96%	382.3

Top 5 Emitters (WACI)	Weight	Carbon Intensity (tCO <sub>2</sub> /USDm revenue)
Linde Plc	2.42%	1,134.8
Taiwan Semiconductor Manufacturing Co., Ltd.	2.34%	185.5
Hoya Corp	1.22%	90.9
Schlumberger Nv	1.45%	56.3
Kerry Group Plc	2.35%	53.0

	Portfolio	Benchmark	Description
Coverage (%)	100%	98.4%	% of the portfolio/bm that the data covers
Reported (%)	89.9%	78.3%	versus % estimated (i.e, the % of data taken from the companies themselves rather than estimated by MSCI, as a measure of accuracy)
Weighted Average Carbon Intensity (in tCO <sub>2</sub> /USDm revenue)	45.9	124.4	Weighted average of emissions/Revenues. Aligned with recommendations of the TCFD.
Carbon footprint (tCO <sub>2</sub> / EVIC)	8.5	41.7	Weighted average of emissions/market capitalization. EVIC is the enterprise value including cash

Source:: MSCI ESG Research & Nikko AM, March 2025

NOTES: "Weights are adjusted position weights.. For unlisted companies, the sum of total equity and debt is used instead of EVIC. Other definitions may also make sense, for example, dividing by portfolio value on the reference date or using bond par values instead of market value.

Data is for a representative account of the Nikko AM Global Equity Strategy

## Summary of main ESG Engagement objectives over the last 12 Months

Company	Topic	Objective	Summary	Status	Engagement date
Masimo	Management oversight, Board composition	Discuss M&A strategy and encourage greater independent representation on the board to improve management oversight	Dispute between activist and management. We encouraged increased board independence for better CEO oversight. Board composition has been improving but still room for improvement. Activist proposed new independent board members at July 2024 AGM, which was postponed to September 2024. We supported the new directors which were elected bringing needed independence on the Board. The CEO resigned following the AGM. Follow-up engagement have been held and are giving us confidence that the business is now back on track.	Monitor	26/05/2023
					22/06/2023
					15/11/2023
					28/02/2024
					15/05/2024
					25/11/2024
Hexagon	Board composition, Transparency	Encourage increased number of independent directors on board and committees. Increase transparency in reporting, in particular re. incentive targets.	Following short-seller attack in 2023, we encouraged the appointment of independent directors as well as stronger transparency around KPI and incentive targets. At the April 2024 AGM, two new independent directors were appointed bringing the board to a majority independence. Still, there is room for further improvements of 'audit and remuneration committees' composition. We voted against audit committee members at the AGM. We also voted against the Performance share plan due to lack of disclosure behind performance targets. In July 2024, we met the company to encourage continued improvements.	Monitor	14/03/2025
					30/08/2023
					01/09/2023
Hitachi	Human Rights	Ensure no ties to Forced labour in supply-chain	Hitachi was flagged for a potential breach of UNGC principles for having a subsidiary's supplier operating in the Uyghur region. Prior investing, we engaged with Hitachi to understand how they addressed the risk. Hitachi confirmed that it had performed various internal audits and had stopped working with the supplier. This decision to sever ties was a welcomed signal for us, as credible audits within the region are nearly impossible to conduct.	Monitor	31/07/2024
					23/08/2024
Coca-Cola	Biodiversity and plastic pollution	Encourage more ambitious plastic reduction programs	Letter sent to requesting comment on progress regarding reusable packaging targets and plastic pollution. We decided to escalate through collaboration. Meeting with investors held in February 2024 discussing consistency of Coca-Cola's strategy with that of its bottling company. In December 2024, Coca-Cola lowered the ambition of its targets. We reached out to get further insight. Following shareholder pressure ahead of AGM, Coca-Cola committed in March 2025 to disclosing its investments in reusable bottles and to track the outcome of these efforts.	Ongoing	12/09/2023
					28/02/2024
					09/12/2024

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## ESG ENGAGEMENT SUMMARY (2/2)

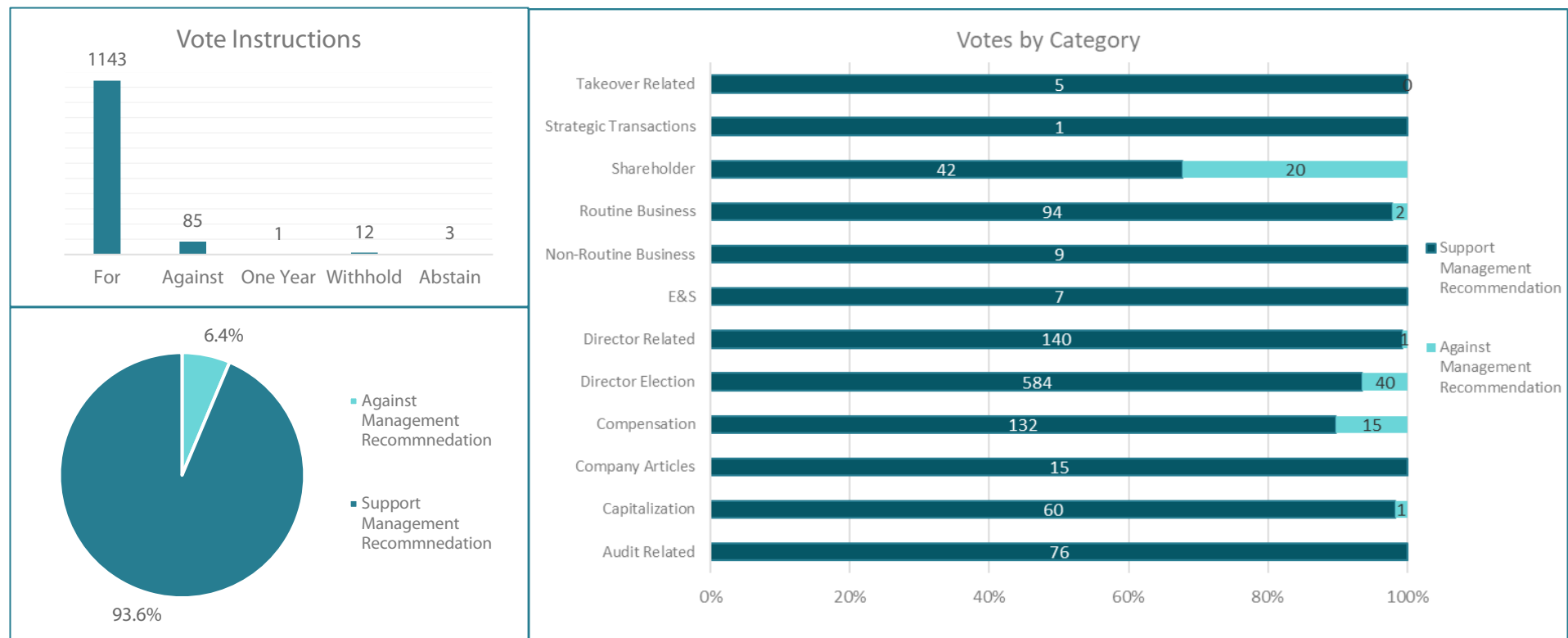
### Summary of main ESG Engagement objectives over the last 12 Months

Company	Topic	Objective	Summary	Status	Engagement date
Linde	Climate change	Consider challenging climate targets linked to remuneration	Letter sent and meeting held to discuss expectations around GHG emissions targets linked to annual bonus, Scope 3 emissions and EU taxonomy reporting. Following AGM and Sustainability report, we welcomed new remuneration targets and the re-inclusion of taxonomy information in disclosure.	Monitor	31/10/2023
					07/12/2023
Schlumberger	Climate change	Encourage adoption of Science-based targets	SLB confirmed engagement with SBTi. It cannot get accreditation as certification is not currently available for sector. We will monitor developments. We are monitoring integration of ChampionX into the SLB sustainability commitments. Acquisition is planned for early 2025 so we plan to re-engage then.	Monitor	09/11/2023
					28/11/2023
Amazon	Safety, Labour management	Monitor Amazon's approach to workers' safety and labour management	On the back of controversies related to labour management, At the 2024 AGM, we supported a shareholder resolution to Commission a Third-Party Audit on Working Conditions. We then engaged with Amazon to better understand their approach to worker safety and management of labour standards. With publication of improvements in its safety figures in March 2025, we will conduct a full review of our position mid-April once notice of meeting and AGM agenda are disclosed.	Ongoing	05/06/2024
					18/07/2024
Uber	User Safety, Labour relations	Monitor Uber's management of user safety and labour relations with drivers.	Uber has been facing various controversies in relation to user safety and labour status of its drivers. While we consider the issues are actively addressed by Uber, we consider these material. As part of our due diligence process, we aim to engage on an ongoing basis to monitor progress and efforts of Uber.	Monitor	07/08/2024
					23/12/2024

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### Global Equity Strategy - Breakdown of Voting

Period	Number of Meetings	Number of Items Voted	Votes Against Management Recommendations		Votes For Management Recommendations	
			Number	Percentage	Number	Percentage
Q2 2024	60	944	67	7.1%	877	92.9%
Q3 2024	7	89	3	3.4%	86	96.6%
Q4 2024	5	54	5	9.3%	49	90.7%
Q1 2025	11	157	4	2.5%	153	97.5%
Rolling 12 Months	83	1244	79	6.4%	1165	93.6%



## ESG Resources

Group President

Group Chief Investment Officer

Global Head of Sustainable Investment

Regional ESG Specialists

ESG Research and Integration

Stewardship

ESG Data & Reporting

ESG Regulation

Global Sustainable Investment department comprising a total of 14 specialists, as of March 2025, and further expanding.

## Commitments

- Task Force on Climate-related Financial Disclosures (TCFD)
- Net Zero Asset Managers initiative (NZAMi)
- The UK Stewardship Code (UKSC)
- Japan Stewardship Code
- GFANZ Japan Chapter
- Climate Action 100+ (CA100+)
- Nature Action 100 (NA100)
- CDP
- UN Principles for Responsible Investment
- Asia Investor Group on Climate Change
- International Corporate Governance Network
- 30% Club Investor Work Group (Japan)
- Women's Empowerment Principles

2019

2020

2021

2022

2023

- Inaugural Task Force on Climate-related Financial Disclosures (TCFD) Report
- Achieved firmwide carbon neutral certification

- Published inaugural annual Sustainability Report for 2019
- Launched first global working group – the Global Racial Equality Group

- Joined Net Zero Asset Managers initiative
- Established global Diversity & Inclusion policy

- Established global Sustainable Investment department
- Became signatory to the UK Stewardship Code (UKSC)
- Set 2030 interim target for 2050 net zero goal

- Expanded the Global Sustainable Investment department
- Introduced climate scenario analysis in TCFD report
- Supported NA100 principles

Synthetic Risk and Reward Indicator (SRRI)							Summary Risk Indicator (SRI)						
Lower risk				Higher risk			Lower risk				Higher risk		
Potentially lower reward				Potentially higher reward			Potentially lower reward				Potentially higher reward		
1	2	3	4	5	6	7	1	2	3	4	5	6	7

**Besides the risks included in the risk indicator, other risks may affect the fund performance.**

**Operational Risk** - due to issues such as natural disasters, technical problems and fraud.

**Lower Liquidity Risk** - Lower liquidity means there are insufficient buyers and sellers in the market to facilitate the Fund to buy or sell investments readily, this could be due to market events as well as large redemptions, causing investments to be sold at a discount, or liquidated at a lower price.

**Deposits default risk** - deposits and money market instruments are exposed to the risk that their issuer may not be able to meet its interest payment or principal reimbursement obligations.

**Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect risk** - investments in China "A" shares via the Shanghai-Hong Kong Stock Connect and Shenzhen Hong Kong Stock Connect may entail additional clearing and settlement, regulatory, operational and counterparty risks.

**Emerging markets risk** - Emerging markets may be exposed to political, fiscal and institutional instability that creates risks associated dealing, settlement, accounting, ownership, custody as well as liquidity (including the risk of internal or external embargos on the sale or acquisition of currencies and securities).

**Currency risk** - In some circumstances, you may receive payments in a different currency, so the final return you will get may depend on the exchange rate between the two currencies.

If you intend to invest in the UCITS Fund, please refer to the Fund Prospectus in order to identify whether the Sub-Fund will manage sustainability factors within the meaning of the SFD Regulation (EU) 2019/2088: an article 6 (limited to analysing sustainability risk as part of its risk management process), an article 8 (which also promotes certain environmental and social characteristics) or article 9 (which has sustainable investment as its primary objective).

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