

**KEY DIFFERENTIATORS**

- Quality comes first, we seek growth that can endure
- Team-based approach, rather than star-manager fund, which we believe leads to greater consistency
- ESG integrated into the investment process leveraging proprietary ESG research
- Culture matters. Comgest's broad partnership structure incentivises long-term thinking, an ESG mindset, teamwork and low employee turnover

**INVESTMENT TEAM**

Chantana Ward, Richard Kaye, Makoto Egami  
Team may include advisors from affiliates within the Comgest Group.

**RISK PROFILE**

The indicator represents the risk profile presented in the PRIIPs Key Information Document. The indicator assumes you keep the product for 5 years otherwise the actual risk can vary significantly.

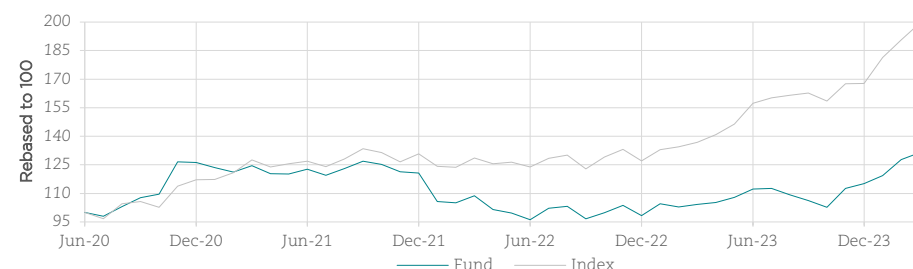
**INVESTMENT POLICY**

The objective of the Sub-Fund ("the Fund") is to increase the value of the Fund (capital appreciation) over the long term. The Fund intends to achieve this objective through investment in a portfolio of high-quality, long-term growth companies. The Fund will invest at least two-thirds of its assets in securities issued by companies listed or traded on regulated markets that have their headquarters in, or principally carry out their activities in Japan or in securities issued or guaranteed by the Japanese government.

This share class will use currency hedging with the aim of limiting the effect of changes in foreign exchange rates between the share class currency and the base currency of the Fund.

The Fund is actively managed. The index is provided for comparative purposes only.

The Fund is aimed at investors with a long-term investment horizon (typically 5 years or more).

**CUMULATIVE PAST PERFORMANCE (REBASED TO 100)****ROLLING PERFORMANCE (%)**

	Annualised							Since Incep.
	1 Month	QTD	YTD	1 Year	3 Years	5 Years	10 Years	
Fund	2.9	14.2	14.2	26.0	1.8	--	--	7.7
Index	4.6	18.9	18.9	45.6	16.1	--	--	20.7
Fund Volatility	--	--	--	16.4	18.3	--	--	18.0
Index Volatility	--	--	--	13.3	14.4	--	--	14.9

**CALENDAR YEAR PAST PERFORMANCE (%)**

	2021	2022	2023
Fund	-4.3	-18.6	17.1
Index	11.6	-2.7	32.0

**ANNUAL PERFORMANCE (%) AS AT QUARTER END**

	1Q21 -1Q22	1Q22 -1Q23	1Q23 -1Q24
Fund	-12.6	-4.2	26.1
Index	0.8	6.5	45.7

Performance data expressed in EUR. Returns may increase or decrease as a result of exchange rate fluctuations. Index: Topix Hedged to EUR - Net Return. The index is used for comparative purposes only and the Fund does not seek to replicate the index.

**Past performance does not predict future returns.**

Performance figures are calculated net of investment management fees, administrative fees and all other fees with the exception of sales charges. If taken into account, sales charges would have a negative impact on performance.

The cumulative graph and "Since Inception" data may refer to the last relaunch date of the share class which may differ from its actual inception date. Calendar year past performance is only shown for years for which a full calendar year of past performance is available.

**CARBON FOOTPRINT<sup>1</sup>**

Fund	0.2
Index	0.5

Source: MSCI as at 31/12/2023, tCO<sub>2</sub>e per JPY m invested.

**ENVIRONMENTAL FOOTPRINT<sup>1</sup>**

Fund	1.3%
Index	2.6%

Source: Trucost as at 31/12/2023, estimation of the environmental costs per JPY m invested.

**31 March 2024**

## FUND COMMENTARY

On the broad market, the long-anticipated and ultimately microscopic change in Bank of Japan policy in March resulted in a fall in bank share prices, government bond yields and the yen, suggesting that a significantly more substantial change in policy had been anticipated. Towards the end of the quarter intervention warnings were stepped up as the yen slid to its weakest level since 1990.

Japan's shuntō wage negotiation data was taken by some as a confirmation of inflation – but real wage increase data surveyed by the Ministry of Health and Labour showed a much weaker increase than the intended figures in last year's shuntō. At the very least, we believe Japan's inflation story is ambiguous and not a tenet for a long-term thesis about bank earnings growth. We therefore steer clear of large macroeconomic themes and look for the many excellent growth opportunities which Japan's market offers, now mispriced after several quarters of distortion towards banks in our opinion.

We continue to invest in unique companies whose growth we feel we can anticipate with some confidence. During the quarter we met Fast Retailing at its Ariake distribution centre. The company confirmed its long-term plans to achieve 10 trillion yen annual revenue as it continues to grow in China, expand its young customer-oriented GU brand and optimise product development and inventory. The rise over the quarter in Fast Retailing's share price reflects the company's strong earnings. Earnings released in January for the September-November quarter showed 13% and 25% sales and operating profit growth respectively versus one year earlier. Sales have buoyed, with 2% growth at Uniqlo Japan on strong winter wear, 11% growth at GU and high teens growth we infer in China as the company's flagship Uniqlo brand continued to outpace the growth of Chinese consumption itself thanks to its aspirational appeal, quality, price and targeted marketing.

We met with Toyota Industries to discuss its recent engine recall. We were deeply impressed by the sincerity and thoroughness of the company's internal investigation. Toyota Industries was a strong performer during the quarter and similarly reflected strong earnings in its share price. The company's October-December quarter reported in February showed 17% and 46% sales and operating profit growth respectively versus one year earlier. The growth came primarily on electric vehicle air conditioner compressors for Toyota Motor and logistics equipment growth, supporting warehouse and airport automation projects worldwide.

In our conversations with Recruit we were again persuaded of the strength of its hiring optimisation software, as it works with the large global corporate and jobseeker population which it has cultivated especially through its Indeed website.

Semiconductor stocks experienced a slight set-back on a 'sell the news' reaction after Nvidia's earnings, we believe. Underperformance versus the reference index was also attributable to Mitsubishi Corporation and Toyota Motor, stocks not held in your portfolio. We have written previously that our reference index has arguably been distorted by a rush of new money into a few liquid stocks, and these two are among those. Mitsubishi Corporation benefitted from a large US investor's stake and large buyback announcements this quarter, while Toyota Motor has benefitted from the record cheap yen. These are not replicable growth drivers which can sustain share price performance, in our view.

The following themes are well represented in your portfolio. In technology, your portfolio holds many companies indispensable to the global semiconductor supply chain such as Shin-Etsu Chemical and Hoya. For the opportunities offered by the growing sophistication of both the Asian consumer and Asian industry, your portfolio holds Japanese names such as Fast Retailing and Keyence which are uniquely placed for that story. For changing Japan, we have governance improvement stories such as Hitachi and Toyota Industries and facilitators of business culture change like NTT Data.

We continue to add where share prices have corrected, especially in the smaller capitalisation segment of the portfolio.

On outlook, new foreign investor interest in Japan remains at an all-time high. Data shows that domestic retail investors have not yet quite begun to invest in their own market, with new tax-free 'NISA' accounts being used mostly to buy US equities. This could change radically if the yen normalises. We expect a change in market leadership now that the flimsily premised bank rally, which has dominated recent quarters, seems to be abating.

Foreign money returned to Japan this year and last, but with a focus which we believe seems distorted - on inflation, expectation of universal governance change and artificial intelligence. The MSCI Japan Growth index's largest constituents were stocks perceived as artificial intelligence beneficiaries and growth capital concentrated disproportionately on these in 2023. We had smaller weights than the index in these companies because we believe there are growth themes besides artificial intelligence. Examples include Asia's reopening, societal transformation in Japan, the diffusion of preventive medicine and generational shifts of management which are rejuvenating old companies.

We believe that the normalisation of this foreign incremental money and the steadily returning domestic Japanese investor, with a new focus on quality, engagement and capital discipline, should restore our performance.

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**The views expressed in this document are valid at the time of publication only, do not constitute independent investment research and should not be interpreted as investment advice. The reference to specific companies does not constitute a recommendation to invest directly in these securities. Allocation is subject to change without notice. Remember that past performance does not predict future returns.**

## RISKS

This Fund has the following core inherent risks (non-exhaustive list):

- Investing involves risk including possible loss of principal.
- The value of all investments and the income derived therefrom can decrease as well as increase.
- There is no assurance that the investment objective of the Fund will be achieved.
- To the extent that the Fund is invested in or denominated in a currency other than yours, the cost and return in your currency may increase or decrease due to exchange rate fluctuations.
- A more detailed description of the risk factors that apply to the Fund is set out in the Prospectus.

**Please see important information on following pages.**

Issued by Comgest Asset Management International Limited, 46 St. Stephen's Green, Dublin 2, Ireland - [info@comgest.com](mailto:info@comgest.com)

Source: CAMIL / FactSet financial data and analytics, unless otherwise stated. All information and performance data is as at 31/03/2024, unless otherwise indicated, and is unaudited.

31 March 2024

**PORTFOLIO CHARACTERISTICS**

Total Net Assets (all classes, m)	€1,464.6
Number of holdings	39
Average weighted market cap (bn)	€37.9
Weight of top 10 stocks	36.3%
Active share	74.5%
Holdings exclude cash and cash equivalents	

**SECTOR BREAKDOWN (%)**

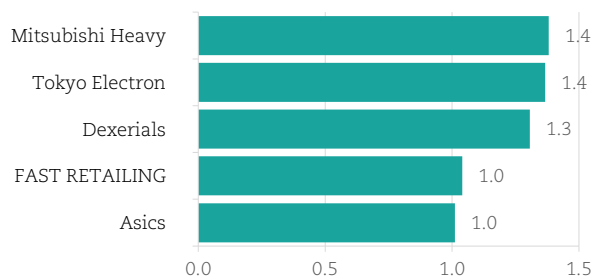
	Fund	Index
Information Technology	24.6	13.9
Consumer Discretionary	19.7	18.7
Industrials	19.5	24.3
Financials	9.3	12.8
Consumer Staples	7.2	6.1
Health Care	6.6	6.8
Materials	5.5	5.9
Communication Services	4.0	7.0
[Cash]	3.7	--
Real Estate	--	2.2
Utilities	--	1.4
Energy	--	0.9

Source: Comgest / GICS sector classification

**CURRENCY BREAKDOWN (%)**

	Fund	Index
JPY	100.0	100.0

Breakdown based on currencies in which holdings are priced.

**TOP 5 QTD CONTRIBUTORS (%)****TOP 5 HOLDINGS (%)**

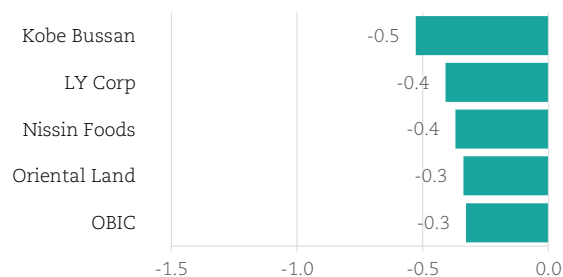
	Fund
FAST RETAILING	4.1
Tokyo Electron	3.8
Shin-Etsu Chemical	3.7
Hitachi	3.6
Lasertec	3.6

Above holdings are provided for information only, are subject to change and are not a recommendation to buy or sell

**COUNTRY BREAKDOWN (%)**

	Fund	Index
Japan	96.3	100.0
[Cash]	3.7	--

Source: Comgest / MSCI country classification

**BOTTOM 5 QTD CONTRIBUTORS (%)****Past performance does not predict future returns.** Data on holdings is provided for information purposes only and is not a recommendation to buy or sell the securities shown.

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31 March 2024

PLEASE NOTE THAT THE DATA SHOWN BELOW IS THE OUTCOME OF OUR INVESTMENT PHILOSOPHY AND STOCK SELECTION. THESE METRICS ARE NOT ALL SPECIFICALLY TARGETED BY COMGEST BUT MAY BE ADDRESSED AS PART OF OUR RESPONSIBLE INVESTMENT PROCESS.

## RESPONSIBLE INVESTMENT APPROACH

We believe a responsible approach to environmental, social and governance issues has a positive impact on a company's long-term sustainable growth. ESG is part of our fundamental analysis and we have developed and implemented a three-pronged responsible investment strategy: Integration / Active Ownership / Partnership.

### MAIN EXCLUSIONS\*

**Coal Exit Policy:** Coal-exposed electricity producers & thermal coal mines

**Tobacco:** Producers & distributors

**Weapons:** Conventional & controversial

**UN Global Compact:** Severe violations without prospect for improvement

**Controversial Jurisdictions:** High-risk jurisdictions & sanctions regime



\* Further information on the exclusion policies and **applicable revenue thresholds** may be found in the Prospectus and the Investment Manager's Responsible Investment Policy on the Comgest website at [www.comgest.com/en/our-business/esg](http://www.comgest.com/en/our-business/esg)

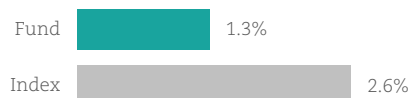
## ENVIRONMENTAL

### CARBON FOOTPRINT



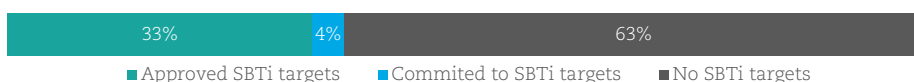
Source: MSCI as at 31/12/2023, tCO<sub>2</sub>e per JPY m invested.

### ENVIRONMENTAL FOOTPRINT



Source: Trucost as at 31/12/2023, estimation of the environmental costs per JPY m invested.

### SCIENCE-BASED TARGETS INITIATIVE (SBTi) PORTFOLIO COVERAGE



Source: SBTi as at 31/12/2023 and Comgest as at 31/12/2023

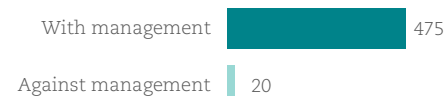
## ALIGNMENT WITH SUSTAINABILITY PREFERENCES

Sustainable investments (SFDR):  
 - Fund exposure: 50.8% of the NAV  
 - Minimum commitment: 25.0% of the NAV  
 Consideration of Principal Adverse Impact Indicators: Yes

Source: Comgest as at 31/03/2024

## VOTING & ENGAGEMENT

### VOTES



Source: ISS, for the 12 months to 31/12/2023

### ESG ENGAGEMENT STATISTICS



Source: Comgest, for the 12 months to 31/12/2023

### ESG ENGAGEMENT THEMES



Source: Comgest as at 31/12/2023

## SOCIAL & GOVERNANCE

### BOARD GENDER DIVERSITY



Source: MSCI Analytics as at 31/12/2023

### NON-VIOLATION OF UNGC PRINCIPLES



Source: MSCI Analytics as at 31/12/2023

### TAX RATE AVERAGE



Source: MSCI Analytics and The Tax Foundation as at 31/12/2023

Please see methodologies and glossary on following pages. The information above is based on available data and data may not be available for all portfolio holdings.

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31 March 2024

**FUND DETAILS****ISIN:** IE00BGK1Q515**Bloomberg:** CGJERHA ID**Domicile:** Ireland**Dividend Policy:** Accumulation**Fund Base Currency:** JPY**Share Class Currency:** EUR**Inception Date:** 29/07/2020**Index (used for comparative purposes only):**

Topix Hedged to EUR - Net Return

**Ongoing Charges:** 1.77% p.a of the NAV**Investment Manager's Fees (part of ongoing charges):** 1.70% p.a of the NAV**Maximum Sales Charge:** 2.00%**Exit Charge:** None**Minimum Initial Investment:** EUR 10**Minimum Holding:** None**Contact for Subscriptions and Redemptions:**CACEIS Investor Services Ireland Limited  
Dublin\_TA\_Customer\_Support@caceis.com  
Tel: +353 1 440 6555 / Fax: +353 1 613 0401**Dealing Frequency:** Any business day (D) when banks in Dublin and the primary trading exchanges in Japan are open for business**Cut Off:** 5:00 pm Irish time on day D-1  
An earlier deadline for receipt of application or redemption requests may apply if your request is sent through a third party. Please enquire with your local representative, distributor or other third party**NAV:** Calculated using closing prices of D**NAV Known:** D+1**Settlement:** D+3**Legal Structure:** Comgest Growth Japan, a sub-fund of Comgest Growth plc (an open-ended investment company with variable capital authorised by the Central Bank of Ireland), is an Undertaking for Collective Investment in Transferable Securities (UCITS)**Management Company:** None as Comgest Growth plc is self-managed**Investment Manager:** Comgest Asset Management International Limited (CAMIL) Regulated by the Central Bank of Ireland and registered as an investment adviser with the U.S. Securities and Exchange Commission SEC registration does not imply a certain level of skill or training**Sub-Investment Manager:** Comgest S.A. (CSA) Regulated by the Autorité des Marchés Financiers - GP 90023**IMPORTANT INFORMATION**

This is a marketing communication. Please refer to the fund prospectus and to the PRIIPS KID before making any final investment decisions. UK investors should refer to the UCITS KIID. Tax applicable to an investment depends on individual circumstances. Depending on where you live, the Fund may not be available to you for subscription. In particular this Fund cannot be offered or sold publicly in the United States. Consult your financial or professional adviser for more information on investing and taxation.

The Prospectus, the PRIIPS KID, the UCITS KIID (UK investors), the latest annual and interim reports and any country specific addendums can be obtained free of charge from the Investment Manager (at [www.comgest.com](http://www.comgest.com)) or the Administrator and from local representatives/paying agents listed below. For a full list of the local representatives/paying agents please contact Comgest at [info@camil.com](mailto:info@camil.com). Prospectus may be available in English, French or German and the PRIIPS KIDs in a language approved by the EU/EEA country of distribution.

- United Kingdom: BNP Paribas Trust Corporation UK Limited, Facilities Agency Services, c/o Company Secretarial Department, 10 Harewood Avenue, London, NW1 6AA. Investors in the United Kingdom WILL NOT have any protection under the UK Financial Services Compensation Scheme.
- Sweden: SEB Merchant Banking, Custody Services, Global Funds, RB6, Rissneleden 110, SE-106 40 Stockholm.
- Spain: Allfunds Bank S.A., c/Estafeta no. 6 (La Moraleja), Complejo Plaza de la Fuente, Edificio 3, 28109, Alcobendas, Madrid, Spain. The CNMV registration number of Comgest Growth plc is 1294.
- Switzerland: BNP Paribas, Paris, Zurich Branch, Selnaustrasse 16, 8002 Zürich.

Further information or reporting may be available from the Investment Manager upon request.

Complaints handling policies are available in English, French, German, Dutch and Italian on our website at [www.comgest.com](http://www.comgest.com) in the regulatory information section. Comgest Growth Plc may decide to terminate at any time the arrangements made for the marketing of its UCITS.

**Carbon Footprint:** estimates the apportioned Scope 1 and 2 greenhouse gases emissions of the portfolio holdings.

**Environmental Footprint:** estimates the apportioned ratio of annual costs linked to greenhouse gases, water abstraction, waste generation, air, land & water pollutants, and natural resource use associated with the portfolio holdings per JPY m invested.

Environmental Footprint Source: S&P Trucost Limited © Trucost 2024. All rights in the Trucost data and reports vest in Trucost and/or its licensors. Neither Trucost, nor its affiliates, nor its licensors accept any liability for any errors, omissions or interruptions in the Trucost data and/or reports. No further distribution of the Data and/or Reports is permitted without Trucost's express written consent.

**Science Based Targets Initiative Portfolio Coverage:** calculates the % of the Fund's AUM invested in companies with SBTi approved targets or which have committed to set SBTi targets.

**Board Gender Diversity:** this indicator represents the weighted average ratio of female board members to total board members in investee companies, expressed as a percentage of all board members.

**Non-Violation of UNGC Principles:** this indicator represents the percentage of investee companies that have not been involved in violations of the United Nations Global Compact (UNGC) principles.

**Effective Tax Rate:** an indicator of corporate responsibility and impact. Using MSCI data, Comgest calculates the average effective tax rate and average statutory tax rate of the portfolio's holdings.

**Index Source:** TOPIX. The TOPIX Index Value and the TOPIX Marks are subject to the proprietary rights owned by JPX Market Innovation & Research, Inc. or affiliates of JPX Market Innovation & Research, Inc. (hereinafter collectively referred to as "JPX") and JPX owns all rights and know-how relating to TOPIX such as calculation, publication and use of the TOPIX Index Value and relating to the TOPIX Marks.

**Active Share:** The percentage of fund holdings that is different from the reference index holdings. A fund that has no holdings in common with the reference index will have an active share of 100%, and a fund that has exactly the same holdings as the reference index considered will have an active share of 0%.

**ADR - American Depositary Receipt:** A negotiable security that represents securities of a foreign company and allows that company's shares to trade in the financial markets of the United States.

**Annualised:** A figure converted into an annual rate. Figures covering a period of more than one year are averaged to present a figure for a 12-month period.

**Bp(s) - Basis point(s):** One basis point is equal to one hundredth of 1% (i.e. 0.01%).

**BV - Book Value:** The value of the company assets minus its liabilities.

**CAGR - Compound Annual Growth Rate:** The rate of return that would be required for an investment to grow from its beginning balance to its ending balance, assuming the profits were reinvested at the end of each year of the investment's lifespan.

**CapEx - Capital Expenditure:** The money invested by a company to acquire or upgrade fixed, physical, non-consumable assets such as property, plants, buildings, technology, or equipment.

**Cash Flow:** The net amount of cash and cash equivalents being transferred in and out of a company. Cash received signifies inflows, and cash spent signifies outflows.

**CPI - Consumer Price Index:** An index that measures the overall change in consumer prices based on a representative basket of goods and services over time. It is the metric often used to measure inflation.

**DY - Dividend Yield:** A ratio that shows how much a company pays out in dividends each year relative to its share price.

**EBITDA - Earnings Before Interest, Taxes, Depreciation and Amortisation:** Used to measure a company's core profitability and is calculated by adding interest, tax, depreciation and amortisation expenses to net income.

**EBIT - Earnings Before Interest and Taxes:** Used to measure a company's core profitability and is calculated by adding interest and tax expenses to net income.

**EPS - Earnings Per Share:** The profits of a company attributed to each share, calculated by dividing profits after tax by the number of shares. EPS serves as an indicator of a company's profitability.

**FCF - Free Cash Flow:** The cash generated by a company from its normal business operations after subtracting any money spent on capital expenditures.

**GDP - Gross Domestic Product:** The total market value of all the finished goods and services produced within a country's border in a specific time period.

**GDR - Global Depositary Receipt:** A certificate issued by a bank that represents shares in a foreign stock on two or more global markets. A GDR is similar to an American depositary receipt (ADR), except an ADR only lists shares of a foreign country in the markets of the United States.

**LTM - Last 12 Months:** LTM multiples are backward-looking and are based on historical performance.

**Market Cap(italisation):** A measure of a company's size, calculated by multiplying the total number of shares in issue by the current share price. Companies are commonly grouped according to size, such as small cap, mid cap, large cap or all cap. There is no consensus on the definition of these groupings and they may vary from portfolio to portfolio depending on the country of investment.

**NAV - Net Asset Value:** The current market value of the portfolio's assets minus the portfolio's liabilities.

**NTM - Next 12 Months:** NTM multiples are forward-looking and are based on projected performance.

**Ongoing Charges:** A fund's operational costs over a year. Ongoing Charges are calculated as a percentage of the average fund size over the year and include, for example, investment manager's fees, administration fees and custody costs.

**Operating Margin:** Measures how much profit a company makes on a dollar (or relevant currency) of sales after paying for variable costs of production, such as wages and raw materials, but before paying interest or tax.

**Operating Profit:** A company's gross income less operating expenses and other business-related expenses, such as wages, cost of goods sold (COGS) and depreciation.

**Organic Growth:** Growth a company achieves by increasing output and enhancing sales through the business' own operations and internal processes. This does not include profits or growth attributable to mergers, acquisitions, divestitures and foreign exchange but rather an increase in sales and expansion through the company's own resources.

**Organic Sales:** Sales generated from within a company that are a direct result of the company's existing operations and internal processes. Organic sales do not include the impacts of mergers, acquisitions, divestitures and foreign exchange.

**P/B or P/BV - Price-to-Book Value Ratio:** Measures the market's valuation of a company relative to its book value. P/B or P/BV is calculated by dividing the company's stock price per share by its book value per share.

**P/E - Price-to-Earnings Ratio:** A ratio used to value a company's shares. It is calculated by dividing the current market price by the earnings per share.

**P/S - Price-to-Sales Ratio:** A valuation ratio that compares a company's stock price to its revenues. It is an indicator of the value that financial markets have placed on each dollar of a company's sales or revenues.

**PEG - Price/Earnings-To-Growth Ratio:** A stock's price-to-earnings (P/E) ratio divided by the growth rate of its earnings for a specified time period. The PEG ratio is used to determine a stock's value while also factoring in the company's expected earnings growth.

**PMI - Purchasing Managers' Index:** An index of the prevailing direction of economic trends in the manufacturing and service sectors.

**Reference Index:** Index against which a fund's performance is compared.

**ROE - Return On Equity:** Measures financial performance and is calculated by dividing net income by shareholders' equity. ROE is a gauge of a company's profitability and how efficiently it generates those profits.

**ROIC - Return On Invested Capital:** Calculation used to assess a company's efficiency at allocating the capital under its control to profitable investments.

**SME - Small- Or Medium-Sized Enterprise:** A company, or companies considered as a group, that are neither very small nor very large and which employ fewer than a given number of employees. This number varies across countries.

**Volatility:** Measures the movements of an asset up and down over time. Volatility is generally considered to be a measure of risk.



**Engagement:** Proactive, targeted dialogue with companies or other industry stakeholders (e.g. policymakers, industry bodies) in order to make known areas of concern and to incite tangible, positive change to improve outcomes for stakeholders.

**Environmental Factors:** Issues related to pollution, climate change, energy efficiency, natural resource use, waste management, biodiversity and other environmental challenges and opportunities.

**ESG - Environmental, Social and Governance:** The three key factors when measuring the sustainability and ethical impact of an investment in a business or company.

**GHG - Greenhouse Gases:** Gases that trap heat in the atmosphere and warm the planet. The best known greenhouse gases are carbon dioxide, methane, nitrous oxide and fluorinated gases.

**Governance Factors:** Governance refers to a set of rules or principles defining rights, responsibilities and expectations between different stakeholders in the governance of corporations. Governance factors include a company's leadership, executive pay, audits, internal controls and shareholder rights.

**Net Zero:** Achieving a balance between emitting carbon and absorbing carbon from the atmosphere. This balance, or net zero, will be achieved when the amount of carbon added to the atmosphere is no more than the amount removed.

**PAI - Principal Adverse Impact:** A list of sustainability factors that firms need to take into account for their investment policies and decisions. These indicators relate to environmental and social topics.

**Proxy Voting:** A form of voting whereby a shareholder delegates their vote to another who votes on their behalf at company meetings. This allows the shareholder to exercise their right to vote without being physically present.

**RI - Responsible Investment:** The integration of environmental, social and governance factors (ESG) into the selection and management of investments.

**Scope 1 Emissions:** Emissions directly generated by a company, such as an airline emitting exhaust fumes.

**Scope 2 Emissions:** Emissions indirectly generated by a company, such as emissions from the electricity or energy used to heat and cool a company's office.

**Scope 3 Emissions:** All other indirect emissions that occur in the value chain of a company and are not already included within scope 2. These emissions are a consequence of the company's business activities but occur from sources the company does not own or control. For example, emissions from a company's employees commuting to work. Scope 3 emissions are often difficult to measure.

**SFDR Classification:** SFDR product classifications fall under three categories and aim to make the sustainability profiles of funds more comparable and easier to understand by investors.

**SFDR - EU Sustainable Finance Disclosure Regulation:** An EU regulation which aims to make the sustainability profile of funds more comparable and better understood by end-investors. The regulation requires firms to advise whether principal adverse impacts on sustainability factors are considered in their investment decision making process.

**Social Factors:** Factors that examine how a company communicates with employees, suppliers, customers, governments, regulators and the communities where it operates.

**tCO<sub>2</sub>e:** Tonnes (t) of carbon dioxide (CO<sub>2</sub>) equivalent. Carbon dioxide equivalent is a standard unit for counting greenhouse gas emissions regardless of whether they are from carbon dioxide or another gas, such as methane.

**UNGC - UN Global Compact:** A voluntary pact of the United Nations (UN) to encourage businesses and firms worldwide to adopt sustainable and socially responsible policies, and to report on their implementation.

**UN Global Compact (UNGC) Principles:** Ten principles defined as part of the UNGC framework to promote responsible investment. Companies, investors and other participants are called upon to align their strategies and operations with the principles in the areas of human rights, labor, the environment and anti-corruption.

**Voting:** A mechanism for active owners to influence companies, usually done with the aim of influencing a company's governance or operations. Public equity investors typically have the right to vote on company and shareholder resolutions at annual and extraordinary general meetings (AGMs and EGMs).