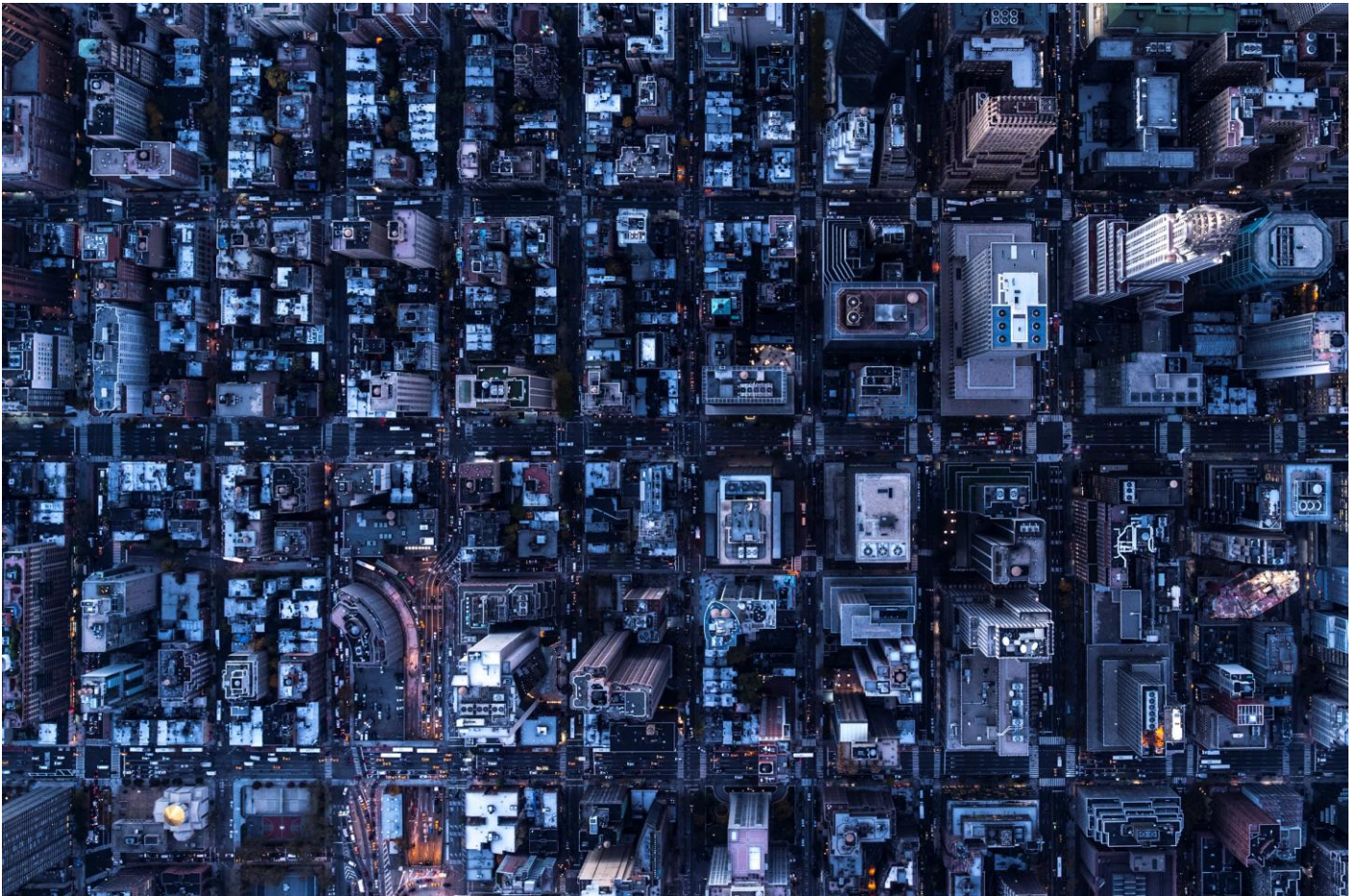


# Generation Investment Management Global Equity Quarterly Investor Letter

April 2026



*Dear fellow investors*

In this quarterly letter, we review a difficult period driven by AI-related market dislocation and reaffirm our conviction in high-quality companies as drivers of compounding, long-term returns.

---

**This letter comes after a difficult quarter. Global uncertainty is very high. War has spread. Politics are harder to read. Sustainability remains dear to us, but it has moved down the policy agenda as concerns over security have moved up. Short-term performance is also below our standards, but we strongly believe that we are in an excellent environment for capital allocation.**

In our view, the market is inappropriately pricing many of the very best companies, giving us opportunities to acquire quality names at a great price. We believe this is setting up the Global Equity strategy well for potential long-term excess returns.

First, however, let us examine what happened over the past quarter. This provides important context for why we are optimistic about the future.

A little over 30% of our investments are in information technology companies. In recent months many of these names have sold off. Microsoft, the fund's largest single holding, is down by around 20% this year, for instance. The average large software firm is down by a similar amount.

Software names have sold off largely because of recent developments in AI. Tools such as Claude Code and OpenAI Codex can now do a wide variety of complex tasks. They hallucinate much less than they used to. They 'get' what an analyst is trying to achieve with uncanny accuracy. We know how good these tools are because we use them daily in our research process. Some investors worry that in this brave new world, software companies will no longer be as profitable or grow as quickly.

There is, so far, little evidence that AI is denting the performance of software companies. Earnings growth remains strong. Margins are improving. Indeed, across the portfolio as a whole, cash flow return on investment is around twice that of the market.

When we point this out, a common response is: "investors are not pricing software companies based on performance today; they are pricing their terminal value." And yet we believe that many investors are pricing software companies in an indiscriminate manner, resulting in good buying opportunities for us.

Many investors will only buy software companies if those companies can 'prove' that they will be unaffected by AI. This is a very high bar for software firms to clear. It is hard to prove a negative, after all. Other investors have decided that, for now, investing in software is simply more trouble than it is worth. No one truly knows what impact AI will eventually have on the world, or what AI will do to technology profit pools. With AI uncertainty so high, some investors simply prefer to put their money in tried-and-tested businesses. Walmart, for instance, is now trading at over 40 times earnings. We do not cover the company, and while it is widely considered a high-quality business, the valuation appears excessive, making it difficult to see a compelling opportunity for excess returns.

In the past quarter something else happened. The 'guidance' companies give has become a battleground like never before. Guidance, including on revenues, earnings and capital spending, creates a useful focus point for investors with immediate proof – or what looks like proof. Business is good if the company 'beats' guidance and is bad if the companies meet or (heaven forbid) miss and downgrade it. Consider recent reports from Microsoft, SAP and Adayen. Guidance was not 'good enough' and investors punished these companies.

It is difficult to see the market treating great companies in this way. Yet on the plus side, we believe it provides fantastic opportunities for capital allocation. Across our 20-year history,

we have made some of our best investments during crisis periods. This was true, for instance, during the deeply troubling financial crisis of 2007-09 and the early days of the COVID-19 pandemic.

In many ways this crisis is different. Unlike in previous crises, investors have punished many of the very best companies the most. 'Quality' companies, as measured by institutions such as UBS and Goldman Sachs, have greatly underperformed in recent months. Instead, investors are bidding up the value of many lower quality 'momentum' names.

In this environment, we have intensified our research and portfolio management. We have identified firms which we believe have genuine potential in an AI world, assembling them into what we believe to be an extremely strong portfolio. According to our internal analysis, 70% of the companies in the portfolio receive the highest mark for Business Quality. These are companies which deliver superb products and services, at a fair price, with favourable economics over the long run and in our view are pushing the world in a sustainable direction.

We do not let share prices do the thinking for us. We never look at a company simply because it is cheap. Instead, we seek to add great companies to the strategy's Focus List and then wait until the price is right before moving in. Unlike the market, which treats 'software' as a single entity, we look at each software company on its merits. This involves distinguishing between 'vertical' and 'horizontal' software firms (i.e., firms supplying a particular industry or many different industries), as well as between those supplying enterprises or supplying consumers. And it involves identifying companies with strong moats and potential for AI to make their services even better. Within the past 12 months we have added several companies to our Focus List, including cybersecurity software firm CrowdStrike and business technology company SAP.

Our view is that AI can expand the possibilities for what software can do. We hear repeatedly that businesses looking to integrate AI will turn to Microsoft, a tried-and-tested name in enterprise IT. We recently published an [Insights piece](#) which goes into our investment thesis on software more deeply.

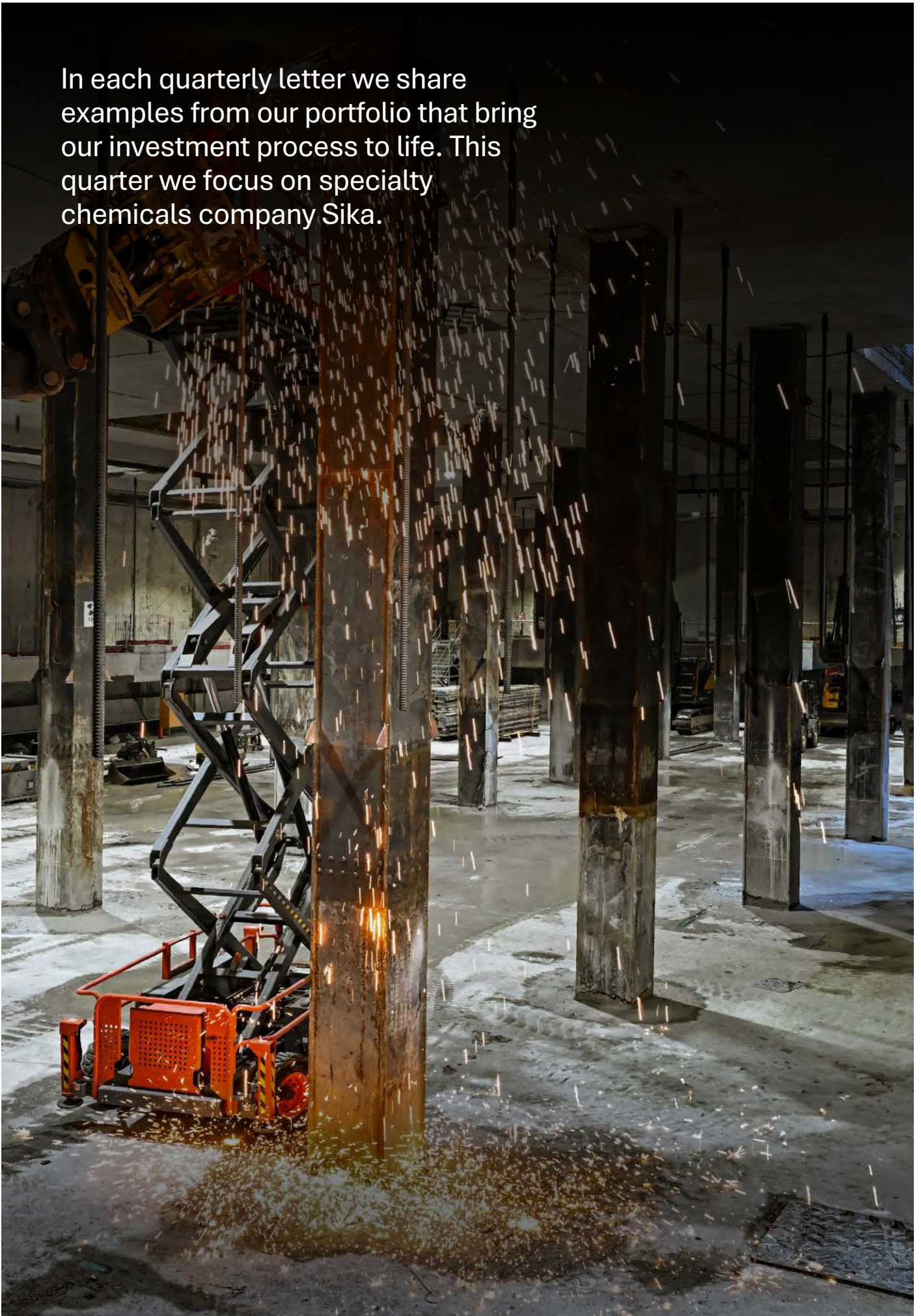
We as portfolio managers have chosen a selection of underpriced assets from the Focus List to build a highly concentrated portfolio. Our top 20 positions constitute around 80% of the fund – unusually concentrated, even for us. We are happy to hold on to investments over many years, while seeking to remain impervious to short-term market noise.

Already, there are examples where the market fell out of love with companies because of AI worries, only to change its mind. Where we thought it was in our clients' best interest, we tried to take advantage of these events. ASML is a good example. Last year it issued a notable softening of forward guidance. The market reacted sharply. We looked through that. The long-term strategic position of the business did not change, and the company continued to perform well.

Fundamentally, we believe in ourselves because we trust our research process. That process has generated substantial outperformance over a long period. Since inception, the fund has compounded at 11% per annum on a net of fees basis, versus 9% for the benchmark. That record spans very different macro environments and several crises. The discipline that produced it is the same discipline we demand of each other now.

The total assets under management for the Global Equity strategy as at 31 March 2026 are \$16.0 billion.

In each quarterly letter we share examples from our portfolio that bring our investment process to life. This quarter we focus on specialty chemicals company Sika.



# Company example



Sika is a Swiss specialty chemicals company. It makes concrete additives, mortars, sealants and adhesives, among other chemicals, largely for the construction industry. Sika's products typically account for less than 1% of a construction project's total cost.<sup>1</sup>

At first glance, Sika may not seem like the type of company that can drive excellent investment returns or create positive environmental change. In fact, we believe that on both counts the company can make a huge difference.

## OUR INVESTMENT THESIS

Let us first consider the investment case. We like Sika in part because its products are mission-critical. Sika's products are cheap relative to the total cost of a building, but they matter enormously to the final result. They help concrete to set and to last longer. They keep water out. They improve fire safety. They reduce labour time on site. A small investment in the right chemicals can produce huge cost savings over the life of a building.

We also think that the company is organised in a highly efficient manner. Sika has built a decentralised model with local factories, technical centres and sales teams close to the customer. That matters because Sika's products have to work with local materials, local weather and local building rules. Sika sees local customers as genuine partners. In a construction project, it is often the builders themselves that buy products to get the job done. Many contractors show remarkable loyalty to Sika's products. In turn the company repays their customers through extensive training programmes, as well as by offering a steady stream of new innovations.

Sika's size adds to its competitive edge. It operates in 102 countries with a broad product range. It is more than twice the size of its nearest competitor. It has compounded its advantages through multiple small acquisitions of local brands. Last year, for instance, it acquired a Singaporean supplier of urban greening systems and a Danish mortar manufacturer. Its size brings the company significant economies of scale. It can provide a consistent service to large, multinational builders, porting product success from one region to another.

We really like how Sika's management team demonstrates long-term thinking. Its CEO Thomas Hasler has been with the company for close to 40 years. Staff turnover is low. We are impressed by the high level of technical knowledge at the firm. The company also invests for the future, with the hope of making its products and services even more useful than they are today. More than 5% of Sika's workforce is in

R&D, making it nearly three times as R&D-intensive as the average Swiss company.<sup>2,3</sup>

## SUSTAINABILITY

The sustainability case for Sika is also compelling. In a way that is hard to convey unless you meet management in person, Sika embeds sustainability in everything it does. Its main sustainability contribution comes through the effects of its products. They help buildings use less energy. Its roofing systems reduce wasted heat, while its roof products can improve insulation.

Sika also operates in a sustainable way. It consistently finds ways of reducing resource use and emissions. Scope 1 and 2 emissions have fallen by close to 10% after peaking in 2022. In 2025 waste disposed per tonne sold dropped by 5.7%. The Science Based Targets initiative has validated Sika's near- and long-term emissions reduction targets, aiming for net-zero emissions by 2050. The company's definition of sustainability is expansive, encompassing not just carbon but also social issues like worker safety.

## OUTLOOK

We think that Sika's long-term prospects are bright. Around 40% of its sales are tied to infrastructure (including bridges, tunnels and roads), where ageing assets need repair and new assets must be built to higher environmental standards. This is a secular growth story that runs for decades. So is the growing recognition that buildings are a huge part of the sustainability story. By some estimates, buildings account for one third of total global greenhouse-gas emissions.<sup>4</sup> In a world of high and volatile energy prices, a growing number of building owners are realising that building improvements can be a win-win investment.

In 2025 sales growth was on the weaker side, while ongoing conflict in the Middle East may further trim demand for new construction. On the plus side, however, we believe margins are likely to remain strong. And crucially, we see no signs that Sika is turning away from its long-term orientation. It leaves us excited about the future.

<sup>1</sup> Source: [Sika](#)

<sup>2</sup> Source: [Sika](#)

<sup>3</sup> Source: Generation internal analysis

<sup>4</sup> Source: [International Energy Agency](#)

# Stewardship and engagement

This quarter, we provide an update on how we are progressing towards net zero and where we are contributing to important debates on carbon accounting.

## GENERATION'S COMMITMENT TO NET ZERO

Generation's goal remains clear: to align the investment portfolios we manage with net-zero emissions by 2040. We continue to champion investing for net zero in the investment community as a whole.

Generation was involved, with partners, in the launch of the Net Zero Asset Managers (NZAM) initiative in 2020. As members of the Advisory Group, we were closely involved in the review of the initiative that took place in 2025.

Generation was pleased to reaffirm its commitment to NZAM when the initiative relaunched in February this year. More than 250 asset managers have signed on to the updated Commitment Statement.

Generation has submitted proposed climate targets for 2030 and 2040 to the Science Based Targets initiative (SBTi) for validation under SBTi's new Financial Institutions Net-Zero Standard. These will become our NZAM targets.

## CARBON ACCOUNTING

Carbon accounting is highly technical. But in recent months, it has become an area of lively debate. Generation is deeply involved.

The global standard-setter for measuring and managing carbon emissions is the Greenhouse Gas (GHG) Protocol. This is a 20-year partnership between two leading global sustainability organisations, the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD). Two critical debates are raging.

### Accounting for electricity emissions

The first debate is about the GHG Protocol's standard for reporting Scope 2 emissions. These are emissions from the generation of purchased energy, typically electricity.

In 2015 the GHG Protocol published guidance for companies on reporting Scope 2 emissions. Alongside 'location-based emissions,' calculated using local electricity grid emission factors, the GHG Protocol brought in guidance for reporting 'market-based' emissions, taking into account the market instruments that companies use to purchase carbon-free energy.

This innovation has had a massive impact. Companies have been able to report lower market-based Scope 2 emissions by purchasing carbon-free energy using instruments like Power Purchase Agreements, green tariffs and renewable energy certificates (RECs).

Amazon, for example, matches 100% of the electricity it consumes with carbon-free energy. It has funded more than 700 renewable-energy projects, investing \$12.6 billion from 2014-22. As a result, its reported Scope 2 emissions halved from 2019-24, even as its electricity consumption increased significantly.

There are concerns that these offsets have made it 'too easy' for companies to reduce their reported Scope 2 emissions. They do not necessarily mean that companies actually consume carbon-free energy. A company can, for example, buy solar power generated during the day in a different region and use it to report zero emissions for its night-time electricity use, when the grid it was connected to was largely powered by fossil fuels.

The GHG Protocol therefore proposed a solution. Market-based instruments should be required to match, on an hourly basis, a company's electricity consumption with electricity production from carbon-free power sources. Furthermore, the sources would need to be 'deliverable': that is, plausibly part of the relevant energy grid for the company.

In our consultation response, we supported 24/7 carbon-free energy as the long-term destination for market-based accounting. Yet we raised serious concerns about the risks of unintended consequences and called for a more managed transition.

We believe it is essential to preserve incentives for corporate investment in clean-energy projects in high-emitting and emerging market grids. Here, we think there is scope for the greatest emissions abatement. In the nearer term, we said, the GHG Protocol's methodology should not favour rigid matching over more impactful corporate strategies that can deliver higher abatement and do more to reduce overall climate-related risk.

#### **Who sets the standards?**

The second debate relates to standards. In October 2025 a business coalition backed by ExxonMobil, called Carbon Measures, launched. Its goal is to establish 'a more accurate carbon accounting framework.' This framework will focus on carbon accounting at the level of the product, rather than the corporate entity.

The launch of Carbon Measures is disruptive and raises some crucial questions: Why does Carbon Measures not work with the GHG Protocol, which already has a product accounting standard? Is Carbon Measures a device for undermining the GHG Protocol?<sup>5</sup> By focusing on the level of product, rather than the corporate entity, large fossil-fuel producers might be able to report drastically lower emissions. They can 'blame' their users for using their products, avoiding taking responsibility themselves.

In February, Generation participated in an Aspen Institute forum that brought stakeholders together to discuss the issues. Generation explained why corporate entity-level reporting of absolute emissions, in line with the GHG Protocol, is critical for investors. We made clear that we were strongly opposed to attempts to resist or unpick it.

Generation will continue to engage in these debates that will shape the future of carbon reporting, decarbonisation incentives for business and climate risk information available to investors. We encourage all investors to do the same and will be glad to discuss the issues further.

<sup>5</sup> ExxonMobil is challenging the State of California's GHG disclosure legislation in court, arguing that the GHG Protocol is flawed. It makes the case for an alternative reporting framework that tracks the carbon emissions associated with each product or service and focuses on emissions intensity rather than absolute emissions. ExxonMobil is clear that it particularly objects to the GHG Protocol's requirements for reporting the emissions associated with the combustion of the fossil fuels it produces and refines.

# Portfolio metrics<sup>6</sup>

We provide select Environmental, Social and Governance (ESG) as well as Financial (F) metrics, which we believe best represent the data we use to inform our Business and Management Quality process, out of those currently available for the majority of the portfolio and the benchmark. While they are best viewed as an output of our process rather than direct inputs, they also provide us with an additional lens through which to view the portfolio and stimulate internal discussion.

As well as measuring the portfolio against a benchmark, we measure it against thresholds too. This is because the portfolio might beat its benchmark in one of the criteria below, but this still might not achieve what is needed for a truly sustainable society. For example: the portfolio has a lower gender pay gap score than the benchmark, but really we want the portfolio, and society more broadly, to move towards eliminating the gender pay gap completely. Therefore, in this situation, our threshold for success would be zero.

	Portfolio	Benchmark	Threshold
<b>E</b>			
Carbon intensity, Scopes 1 & 2 (tCO <sub>2</sub> e/\$m) <sup>7</sup>	25	100	
Carbon intensity, Scopes 1–3 (tCO <sub>2</sub> e/€m) <sup>7</sup>	383	927	
SBTi target validated (portfolio weight %) <sup>8</sup>	59%	49%	100%
SBTi committed but target not set (portfolio weight %) <sup>8</sup>	14%	4%	
Implied temperature rise (Scope 1–3, degrees Celsius) <sup>9</sup>	2.1	3.0	1.5
<b>S</b>			
Percentage of employees would recommend the company to friend <sup>10</sup>	73%	69%	
Effective tax rate <sup>11</sup>	19%	21%	
Commitment to a living wage <sup>12</sup>	34%		100%
Gender – female Board % (weighted average) <sup>13</sup>	32%	34%	40–60%
Gender – female executives % (weighted average) <sup>14</sup>	24%	25%	40–60%
Gender pay gap (simple average) <sup>15</sup>	13%	16%	0%
Advanced total race/ethnicity score (weighted average) <sup>16</sup>	66	64	
Pay linked to diversity targets (simple average) <sup>17</sup>	9%	7%	

<sup>6</sup> As at 18 March 2026. This information may no longer be current. To the extent not sourced from Generation, it is from sources believed reliable. However, Generation does not represent that it is accurate or complete and it should not be relied upon. It should not be deemed representative of future characteristics for the portfolio. For definitions of each metric, please refer to the appendix.

<sup>7</sup> Source: MSCI, weighted average calculation.

<sup>8</sup> Generation analysis based on data from the Science Based Targets initiative.

<sup>9</sup> Source: MSCI.

<sup>10</sup> Source: Glassdoor.

<sup>11</sup> Source: CapIQ. This metric is not shown as above or below benchmark, as one cannot deduce from the number alone whether a company's effective tax rate is a positive or negative; company profits are taxed in a range of jurisdictions with a range of tax rates and permissible deductions. For comparison, the global average Effective Average Tax Rate (EATR) published by the OECD in November 2025 was 20.5%. This was calculated on the basis of data for 2024 from 104 jurisdictions.

<sup>12</sup> Source: Denominator. Coverage is poor for this metric and not adequately representative of the benchmark, therefore no comparison is made.

<sup>13</sup> Source: Denominator.

<sup>14</sup> Source: Denominator. This is a Denominator calculated data point because there is no universally agreed definition of an 'executive' and therefore without a standard method one company's disclosure might represent something significantly different to another.

<sup>15</sup> Source: Denominator. This metric is a simple average of gender pay gap data disclosed by companies. Coverage is poor and pay gaps are not measured in a consistent way. Nonetheless, we think it is important to show the data available on this metric.

<sup>16</sup> Source: Denominator. This metric is a score out of 100 that measures the company's total performance on racial/ethnic diversity across the Board, executives and company as a whole. Comparison to background race/ethnicity is calibrated to the country of operations: a company with 100% Caucasian leadership in the US scores less than a company with same ratio in Denmark, due to the different race/ethnicity composition of the background population (higher % of Caucasian in Denmark).

<sup>17</sup> Source: MSCI.

---

**G**

	<b>Portfolio</b>	<b>Benchmark</b>
Percentage of shares owned by executives (median) <sup>18</sup>	<b>0.14%</b>	0.09%
Independent Board (weighted average) <sup>19</sup>	<b>78%</b>	81%
Independent chair or lead non-executive director (simple average) <sup>19</sup>	<b>85%</b>	77%
Board not entrenched (simple average) <sup>19</sup>	<b>82%</b>	82%
All non-executive Board members on no more than four public company Boards (simple average) <sup>19</sup>	<b>94%</b>	94%
Equal shareholder voting rights (simple average) <sup>19</sup>	<b>88%</b>	88%
Independent compensation committee (simple average) <sup>19</sup>	<b>79%</b>	73%
Companies with regular 'say on pay' votes (simple average) <sup>19</sup>	<b>97%</b>	82%
Fewer than 10% votes against executive pay (simple average) <sup>19</sup>	<b>61%</b>	74%
Pay linked to sustainability targets (simple average) <sup>20</sup>	<b>33%</b>	26%

---

**F**

Three-year revenue growth (weighted average) <sup>18</sup>	<b>10%</b>	13%
Gross margin (weighted average) <sup>18</sup>	<b>60%</b>	54%
Cash flow return on invested capital <sup>21</sup>	<b>18%</b>	10%

**Data in green: relative performance above benchmark. Data in red: relative performance below benchmark.**

<sup>18</sup> Source: CapIQ.

<sup>19</sup> Source: MSCI.

<sup>20</sup> Due to a calculation error, we are restating the past three quarters' pay linked to sustainability targets. Q2 2025, Q3 2025, and Q4 2025 have been restated to 38%, 32% and 29%, respectively. Benchmark figures remain accurate.

<sup>21</sup> Source: UBS HOLT.

# The firm

Generation has ambitious impact initiatives in addition to our core investment work. We know that to bring about the transformative change required over this decade, we must also motivate others.

---



We recently released the firm's [Senior Partner Letter](#) for 2026. In this year's letter, we reflect on a more challenging backdrop for sustainable investing. The past year has seen the rise of so-called 'climate realism' – a reframing of climate denial – alongside increasing political, legal and regulatory pressure on companies and investors to step back from sustainability commitments. Collective initiatives have stalled or weakened, and while sustainable investing has delivered progress, it is not yet achieving impact at the scale or pace required. At the same time, a clear contradiction has emerged: while commitments have slowed in some areas, the technologies underpinning the energy transition continue to advance in the real economy.

We outline four key challenges facing sustainable businesses and investing: clarity of voice, investment performance, developing further convergence of standards and tools, and directing capital flows to the highest impact places.

Despite these challenges, there are clear reasons for optimism. The energy transition continues to advance, with clean energy scaling rapidly and electric vehicles noticeably gaining share. The business case for sustainable investing remains robust, and asset owners and managers are increasingly collaborating to drive progress.

At a time when the threats from climate change, nature loss and inequality continue to grow, we are not stepping back. We remain determined to play our part in accelerating the transition to a sustainable economy alongside our clients and partners.

Generation is proud to be a certified B Corporation, a designation we first achieved in 2015, making us among the earliest financial services firms to join the B Corp movement. Certified B Corps are measured against the B Lab Standards, a globally recognised framework that assesses a company's social and environmental impact across key areas, from climate action to human rights. We chose to become a B Corp because we believe businesses that account for their wider impact will be more resilient and successful over the long term. Our score this year was 157.6 out of 200, placing us among the highest-scoring companies in our sector.<sup>22</sup>

We believe in treating our vendors well. They enable us to succeed on behalf of clients. We are pleased to demonstrate this commitment by paying our vendors promptly for goods and services rendered. In January 2026, we received the UK government's Fair Payment Code Gold Award recognising that we paid at least 95% of all supplier invoices within a month.<sup>23</sup> The awards aim to encourage firms to pay small businesses and the self-employed quickly and fairly.

<sup>22</sup> Generation has been certified by B Lab Global as a B Corporation since September 2015. The most recent recertification was received on 7 February 2026 based on data covering the period from mid-year 2024 to mid-year 2025.

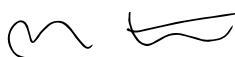
<sup>23</sup> Generation received the Gold Award in January 2026, and the rating lasts for two years. The payments period assessed was the first half of 2025.

**FIRM AND  
TEAM  
UPDATE**

We were delighted to welcome Rohin Patel to the Global Equity investment team in March. Rohin will be covering the Global Healthcare sector and prior to joining us, Rohin worked at J.P. Morgan in New York as an equity analyst covering Medical Technology/Devices.

Joel Li, a Director in our Asia Equity team, left Generation during the quarter. We thank Joel for his contributions during his time with us. Our Engagement Associate Jessica Marker will transition to a Climate Finance Specialist role within our private markets Just Climate strategies over the coming months. We look forward to her continued contributions in this area.

As at 31 March 2026, Generation, including Just Climate, comprises 198 people and the Generation Foundation includes five people. Assets under management total approximately \$24.7 billion.<sup>24,25</sup>



Miguel Nogales,  
co-Portfolio Manager



Nick Kukrika,  
co-Portfolio Manager

<sup>24</sup> Includes subscriptions and redemptions received by the last business day of the quarter but applied the first business day after the quarter-end.

<sup>25</sup> Assets under management includes Growth Equity, Private Equity and Just Climate assets as at 31 December 2025.

# Appendix

# Portfolio metrics: definitions

FACTOR	METRIC	SUMMARY DESCRIPTION
<b>Carbon intensity, Scopes 1 &amp; 2 (tCO<sub>2</sub>e/\$m)</b>	Weighted average	Aggregate tonnes of GHG emissions (expressed as CO <sub>2</sub> equivalent) per \$m of company revenue.
<b>Carbon intensity, Scopes 1–3 (tCO<sub>2</sub>e/€m)</b>	Weighted average	Aggregate tonnes of GHG emissions (expressed as CO <sub>2</sub> equivalent) relative to the company's most recent sales in million Euro. Scope 3 emissions are estimated.
<b>SBTi target validated (portfolio weight %)</b>	Percentage	The percentage of companies in the portfolio with a validated science-based target.
<b>SBTi committed but target not set (portfolio weight %)</b>	Percentage	The percentage of companies in the portfolio that have committed to setting a science-based target with the Science Based Targets initiative but have not yet had their target validated.
<b>Implied temperature rise (Scopes 1–3, degrees Celsius)</b>	Degrees Celsius	A portfolio level number in degrees Celsius demonstrating how aligned the companies in the portfolio are to global temperature goals. This metric uses an aggregated budget approach: it compares the sum of 'owned' projected GHG emissions on a Scopes 1–3 basis against the sum of 'owned' carbon budgets for underlying holdings. Scope 3 emissions are estimated.
<b>Percentage of employees who would recommend company to a friend</b>	Average	Percentage of participating employees who would recommend the company to a friend. This metric may warrant caution where a small percentage of the workforce report.
<b>Effective tax rate</b>	Weighted average	The effective tax rate is calculated as the company income tax expense divided by earnings before interest and tax (EBIT) including unusual items. We show a three-year average for smoothing purposes and exclude significant outliers.
<b>Commitment to a living wage</b>	Percentage	The percentage of companies in the portfolio that have committed to a living wage. A living wage is defined by the Global Living Wage Coalition as the remuneration received for a standard workweek by a worker in a particular place sufficient to afford a decent standard of living for the worker and their family. Elements of a decent standard of living include food, water, housing, education, health care, transportation, clothing and other essential needs including provision for unexpected events.
<b>Gender – female Board</b>	Weighted average	A weighted average calculation of the percentage of female Board directors on each of the Boards in the portfolio.
<b>Gender – female executives</b>	Weighted average	A weighted average calculation of the percentage of female executives at each of the companies in the portfolio. There is no standard definition of an executive, and companies can define the executive level in many different ways. Denominator, our data provider, works to calculate the data point based on standard definitions.
<b>Gender pay gap</b>	Average	The average salary gender pay gap across companies that disclose this metric within the portfolio. The pay gap data used is calculated by each company without any modifications applied. Calculation methods can vary between companies and jurisdictions.
<b>Advanced total race/ethnicity score</b>	Weighted average	This metric is a score out of 100 calculated by our data provider that measures the company's total performance on racial/ethnic diversity across the Board, executive and company as a whole. Comparison to background race/ethnicity is calibrated to the country of operations: a company with 100% Caucasian leadership in the US scores less than a company with same ratio in Denmark, due to the different race/ethnicity composition of the background population (higher % of Caucasian in Denmark).
<b>Pay linked to diversity targets</b>	Percentage	The percentage of companies where there is evidence of a commitment to linking executive pay to diversity and inclusion targets. The metric is calculated as: number of companies where evidence exists divided by the total number of companies in the portfolio.
<b>Percentage of shares owned by executive</b>	Median	Executive share holdings as a percentage of shares outstanding. We show the median for portfolio and benchmark, as the average may be impacted by some companies (often founder-run) with large executive ownership stakes.
<b>Independent Board</b>	Weighted average	Board independence is inferred by MSCI. The following categories of director are not regarded as independent: current and prior employees, those employed by predecessor companies, founders, those with family ties or close relationships to an executive, employees of an entity owned by an executive and those who have provided services to a senior executive or the company within the last three years. The compensation of a non-executive Chair must not be excessive in comparison to that of other non-executives and must be less than half that of the named executives. Where information is insufficient, the director is assumed to be non-independent. For the Board to be classified as independent, a majority of the Board members must be classified as independent.

<b>FACTOR</b>	<b>METRIC</b>	<b>SUMMARY DESCRIPTION</b>
<b>Independent Chair or lead non-executive director</b>	Percentage	Percentage of companies that have an independent Chair or, where the Chair is not independent, an independent lead director.
<b>Board not entrenched</b>	Percentage	Percentage of companies without an entrenched Board. Board entrenchment is inferred by MSCI using a range of criteria including: >35% Board tenure of >15 years, five or more directors with tenure of >15 years, five or more directors >70 years old.
<b>All non-executive Board members on no more than four public company Boards</b>	Percentage	Percentage of companies with no over-boarded non-executives. The threshold is where a Board member serves on five or more public company Boards.
<b>Equal shareholder voting rights</b>	Percentage	Percentage of companies that have equal voting rights.
<b>Independent compensation committee</b>	Percentage	Percentage of companies with independent compensation committee. Please see above for the independence criteria used.
<b>Companies with a regular 'say on pay' vote</b>	Percentage	The percentage of companies in the portfolio that have a policy in place to ensure that a firm's shareholders have the right to vote on the remuneration of executives on a regular basis.
<b>Fewer than 10% shareholder votes against executive pay</b>	Percentage	Percentage of companies that received less than 10% shareholder votes against executive pay at the most recently reported annual shareholder meeting. Only applies to companies that have a 'say on pay' vote.
<b>Pay linked to sustainability targets</b>	Percentage	The percentage of companies where executive remuneration is linked to sustainability targets. This metric is based on the company's own reporting. It considers whether one or more sustainability metrics are used to determine annual and/or long-term incentive pay and does not consider the effectiveness of those metrics.
<b>Three-year revenue growth (annualised)</b>	Weighted average	Aggregate (weighted) three-year revenue growth rate to the last reported fiscal year. Revenue growth is not adjusted for acquisitions and disposals.
<b>Gross margin</b>	Weighted average	Aggregate (weighted) gross margin for the last fiscal year. Gross margin is the difference between revenue and cost of goods sold divided by revenue.
<b>Cash flow return on invested capital (CFROI)</b>	Weighted average	CFROI (cash flow return on investment), a (trademarked) valuation metric.

# Important information

© Generation Investment Management LLP 2026. All Rights Reserved. No part of this publication may be reproduced, stored in a retrieval system or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior written permission of Generation Investment Management LLP.

Please note that this communication is for informational purposes only and describes our investment strategies. It is not and does not constitute a solicitation of any financial product in any jurisdiction. It is not intended to be, nor should be construed or used as, an offer to sell, or solicitation of any offer to buy units or interests in any Fund managed by Generation. The information contained herein is not complete, and does not represent all holdings, or material information about an investment in the Global Equity Fund, including important disclosures and risk factors. Units in Generation's Global Equity Fund are offered only on the basis of the Fund's prospectus. Specifically, units in the Global Equity Fund are only available for offer and sale in the United States or to US Persons (as that term is defined in Rule 902 of Regulation S promulgated under the Securities Act of 1933, as amended ("Securities Act")), that qualify as both (i) accredited

investors and (ii) qualified purchasers (as such terms are respectively defined in Regulation D promulgated under the Securities Act and the Investment Company Act of 1940, as amended). In the European Union, Generation's Global Equity Fund is only available in certain countries to Professional Investors as defined in the Alternative Investment Fund Managers Directive (2011/61/EU). Any reference to individual securities does not constitute a recommendation to purchase, sell or hold the investment. Details of the entire portfolios of the Global Equity strategy are available on request. Further, this communication does not constitute investment research. Opinions expressed are current opinions as of the date of appearing in this material. Any projections, market outlooks or estimates are forward-looking statements and are based upon internal analysis and certain assumptions that reflect the view of Generation, and that may not be indicative of actual events that could occur in the future. No assurances can be given that the Fund's investment objectives will be achieved. Past performance is not a guide to future performance and the value of investments may vary substantially from month to month, and can go down as well as up. Future returns are not guaranteed and a loss of principal investment may occur.

If you require more information, please contact Generation Client Service ([clientservice@generationim.com](mailto:clientservice@generationim.com) or +44 207 534 4700).

## MSCI disclaimer:

Although Generation's information providers, including without limitation, MSCI ESG Research 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 re-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.

# generation\_\_

## GENERATION INVESTMENT MANAGEMENT LLP

20 Air Street, London W1B 5AN, United Kingdom

Esther Gilmore

Tel: +44 207 534 4727

[esther.gilmore@generationim.com](mailto:esther.gilmore@generationim.com)

## GENERATION INVESTMENT MANAGEMENT U.S. LLP

555 Mission Street, Suite 3400, San Francisco, CA 94105

United States

Michelle Huang

Tel: +1 415 619 3276

[michelle.huang@generationim.com](mailto:michelle.huang@generationim.com)