

Q2 2025



Sustainable Philosophy

Core Beliefs

Our active approach to the stewardship of investments ensures sustainability commitments

We emphasize active ownership to influence positive change and progress

The integration of sustainability factors is key to our long-term investment research process

Prioritising pro-active engagement rather than excluding and divesting

Investing responsibly is aligned with superior risk-adjusted long-term returns

Our actions

Engaging directly with and voting on general meetings in investee companies

Researching sustainability factors is fully integrated into our overall investment approach

Materiality ensures that we prioritise what matters most

Extensive screening to ensure norm-based alignment

C WorldWide International Equities

Quarterly Highlights

During the past quarter, it was once again time for the NordicSIF conference. A conference gathering the Nordic sustainable investment forums (DanSIF, SweSIF, NorSIF, FinSIF, and IcelandSIF) in one of the Nordic capitals. This year the conference was held in Stockholm and the header of the conference was the 'Future of Humanity'. In scope quite broad, but also a timely and topical theme. Topics of discussion included the climate transition, sustainable living, the Nordic JEDI (justice, equity, diversity, inclusion) warrior, as well as peace and war.

The latter has seen significant public interest the last three years, specifically since Russia invaded Ukraine, as we also wrote about during the last quarter. Furthermore, the topic continues to be highly debated among market participants, politicians, as well as in the sustainability community. Since the EU in February 2025, announced its revised strategy to re-arm Europe in the Readiness 2030 strategy, a large number of European and in particular Nordic asset owners have gone from excluding defense companies as a standard in investment strategies to now including these in strategic investment guidelines. The month of June, in particular, showed many changes, even before the member countries of NATO decided to increase defense spending from 2% to 5% of GDP until at least 2035.

Investing in the defense sector presents numerous challenges and opportunities. The defense sector is highly regulated, and from an investment perspective requires additional attention to detail. Many companies are not pure defense contractors and much of their product range is used in other industries. An investment in defense was often treated as an exclusion criterion. From our perspective, all of our investment strategies, except for the Global Ethical Equities strategy, allow for investments in defense companies that produce or produce components for conventional weapons.

Importantly, one must distinguish between conventional weapons and controversial weapons. Conventional weapons are those that are not classified as weapons of mass destruction but rather encompass a wide range of military equipment including light weapons, artillery, tanks, combat aircraft, warships, and missiles. These weapons are commonly used in armed conflicts and are a subject of arms control efforts.

Controversial weapons on the other hand are regulated by international conventions, are used for mass destruction, and include anti-personnel mines, cluster weapons, biological and chemical weapons, depleted uranium, white phosphorus munitions, and nuclear weapons.

The recent development from asset owners is to include a broader range of defense companies. This includes the allowance of nuclear weapons, if the defense



Investment Screenings

Sanctions Screenings

All investments are screened against Refinitiv World-Check sanctions-screening covering all known sanction bodies

Norms-Based Global Standards Screenings

Convention Breach screenings, compliance with UN Global Compact Principles, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights

Investment Exclusions

The strategy avoids investments in companies exceeding a certain level of involvement in specific activities:

- 0% Controversial Weapons
- 5% Small Arms, assault weapons
- 5% Small Arms, small arms or key components to small arms

companies are based in countries that have signed the Treaty on the Non-Proliferation of Nuclear Weapons (NPT). The NPT aims to prevent the spread of nuclear weapons and promote peaceful uses of nuclear energy.

Despite close similarities between the Nordic countries, inclusion of weapons, and in particular controversial weapons in investment guidelines varies across countries. The most significant difference is Finland, which earlier in June decided to withdraw from the Ottawa Convention that bans anti-personnel mines. The Finnish parliament argues that reintroducing anti-personnel mines would offer a cost-effective deterrent to slow a possible Russian advance, while preserving Finland's territorial integrity. Finland shares a 1,340 km border with Russia.

As an active public equity manager, we follow the significant developments within defense investments and value our engagement with key stakeholders on this topic for the benefit of our long-term investment approach.

Portfolio Changes

Galderma

Galderma is the world's largest independent dermatology company, uniquely positioned as a pure-play platform across consumer, aesthetic, and prescription skincare.

Galderma demonstrates several sustainability strengths, including TCFD-aligned reporting, 100% renewable energy use at its facilities, clear 2030 environmental targets, and strong female representation on its board. However, the company lacks commitment to science-based targets (SBTi), has not set a net-zero goal, and provides limited disclosure on hazardous waste, energy consumption, and social metrics. Governance concerns include concentrated ownership, with 65% held by private equity and 10% by L'Oréal, resulting in a low free float. As a Swiss-listed company, financial transparency is limited to semi-annual reporting. Key engagement areas include plans to set SBTis, enhance sustainability disclosures, and address exit risk from EQT.

Heidelberg Materials

Heidelberg Materials (HEI) is one of the world's largest vertically integrated suppliers of heavy building materials, with operations in over 50 countries. Its core portfolio spans cement (53% of revenue), aggregates (25%), and ready-mix concrete (22%), serving residential, commercial, and infrastructure markets.

In recent years, the company has undergone a strategic transformation—from a sprawling, volume-led conglomerate to a focused, innovation-driven platform centered on sustainability. This shift is exemplified by early leadership in carbon capture and storage (CCS) and the rollout of premium low-carbon offerings such as evoZero cement and evoBuild concrete.

HEI operates in highly energy-intensive industries which significantly contribute to global GHG emissions. Despite this, HEI has made measurable progress,



achieving its lowest scope 1 and 2 emissions in 2024 and committing to carbon neutrality by 2050 through clean energy transitions.

Socially, HEI shows improvement in gender diversity, with women now comprising 16% of employees and 50% of the board of directors. However, gender representation at the executive level is still limited (11%). The company's SpeakUp platform and anti-corruption policies support ethical conduct, though high employee turnover and industry-specific risks (aging workforce, hazardous & dangerous conditions) remain challenges, which we will address in future interactions with the company.

Direct Engagements

We met with several of the investee companies during the latest quarter, including Nestlé, Vinci, and L'Oreal. Below are highlighted select key aspects of these meetings.

Nestlé

During the quarter we met with both Nestlé's newly appointed CEO Laurent Freixe and CFO Anna Manz, respectively. Not surprisingly, we were keen to hear how the new management consider the corporate culture and how the changes they have applied already are perceived by the organization. An example was provided by the CFO that brought together the finance executives of the organization for the first time in 15 years. They were not used to meeting and sharing knowledge and ideas.

Manz is encouraging the organization to think differently and act differently, because as she said, people care about Nestle and will adopt to change even though they have been there for 20 years. Further Manz has introduced 20 metrics to track lead indicators for efficiencies, sustainability, compliance and people, respectively. These metrics have been reviewed every month since the beginning of 2025.

In this regard we queried the disclosure of employee turnover that has not been readily available in the last couple of years. According to Nestlé this should be a disclosed figure, but we are yet to receive the details from Nestlé on this.

As part of the new strategy, Nestlé is also aiming for CHF 2.5 billion in savings by 2027. This involves increased efficiency in areas like procurement, manufacturing, and operations. Despite this cost-saving plan, Nestlé has increased investment in sustainability-related matters, especially regenerative sourcing where the company has a target to source 50% of key ingredients through regenerative agriculture by 2030, as well as low-carbon technologies such as reformulate products to reduce carbon-heavy ingredients (e.g. dairy).

The CFO highlighted sustainability as a core long-term value driver, where Nestlé is trying to embed sustainability into procurement and operations rather than treat it as a separate initiative.



Air Liquide

We met with Group VP Emilie Mouren-Renouard in London to get an update on Air Liquide's business and specifically its impact on the climate transition.

Specifically, we discussed the impact of EU's Clean Industrial Deal that Air Liquide believes looks very appealing on paper but will need to see it play out before they can assess the impact.

The Deal is a strategy aimed at boosting Europe's industrial competitiveness while accelerating decarbonization. It seeks to integrate industrial, competition, economic, and trade policies to address climate change, economic resilience, and competitiveness. The deal focuses on supporting the supply and demand of clean technologies, accelerating the transition to a circular economy, and strengthening supply chains. It further aims to mobilize over EUR 100 billion to support clean manufacturing in the EU.

The deal's emphasis on clean technologies, increased funding for projects like Air Liquide's ENHANCE project (a project that focuses on using ammonia as a carrier for low-carbon hydrogen and developing a European supply chain), and support for hydrogen infrastructure development is all expected to contribute to Air Liquide's role in the energy transition.

While we do see Air Liquide being somewhat reluctant on transparency within target setting and disclosures of tracking these compared to peers, the meeting provided assurance that Air Liquide is a serious contributor to the climate transition and has invested heavily in R&D to accommodate present and future needs.

L'Oréal

We met with L'Oréal in our Copenhagen office for an update on tariffs' impact and key sustainability targets. Speci

The key for L'Oréal in the development of tariffs and how this applies to the company is whether to increase product prices. Increases will happen, but predominantly on premium products where e.g. a EUR 5 increase is not as significant as for e.g. an ordinary mascara. Hence product affordability continues to be a key parameter for certain products.

We also discussed water recyclability, a key sustainability topic for L'Oréal. The company's water recyclability target is 100% by 2030, which is part of the company's 10-year sustainability strategy "For the Future" launched in 2020. L'Oréal has recently changed its target away from WaterLoop as it was difficult to implement. WaterLoop is a model that treats and reuses all industrial water used for equipment cleaning, steaming, and cooling on-site, reserving mains water only for production and domestic use such as for making products where purity is essential, or for employee needs, e.g. sinks and bathrooms. Nonetheless, WaterLoop is still integrated into the overall sustainability plan. As of 2024, Waterloop factories represent 14% of global sites, whereas 53% of water used is recycled. L'Oréal still foresees the target will be reached by 2030, but they still need to scale Waterloop globally and further drive supplier engagement to meet its full 2030 target.



Proxy Voting

L'Oréal

We voted against management on the proposal to approve the 2024 remuneration of CEO Nicolas Hieronimus at L'Oréal's AGM. While L'Oréal aligns with the French corporate governance code, which recommends including clawback provisions in executive pay, there is no explicit public disclosure confirming their implementation.

Our vote is consistent with last year's position and is intended to signal the need for more robust disclosure. The lack of transparency on this point necessitates further disclosures and is necessary to align with EU SFDR Good Governance guidelines. We will continue to engage with L'Oréal to promote improved governance and transparency.

Atlas Copco AB

We opposed the management proposal to adopt the Performance-Based Personnel Option Plan 2025, which aligns with our policy and our proxy voting advisors' recommendation. Our decision was based on concerns that the plan does not meet best practice standards for long-term incentive structures. The best practice is a minimum performance period of three years for long-term incentive plans.

Unless the justification for a shorter performance period is disclosed, the minimum of three years should be utilized. While a significant portion of variable pay is deferred over multiple years, most awards are subject to one performance period. This undermines the alignment of incentives with sustained long-term value creation and as such voted against the proposal.

Schneider Electric SE

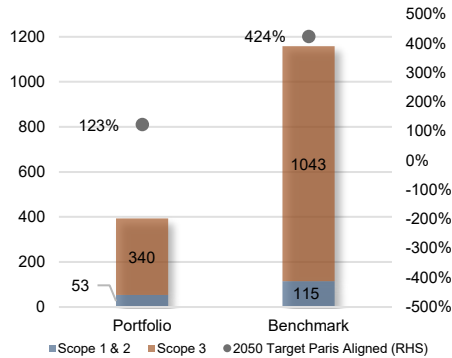
We opposed the management proposal to approve the 2024 remuneration of Peter Herweck, former CEO, contrary to management's recommendation and in line with Glass Lewis. Our opposition stems from concerns regarding Mr. Herweck's severance payment calculation.

Although the company's 2023 annual report indicated that severance would be based on the average of the past three years' fixed and variable pay, the board chose to use an annualized short-term incentive payout for both 2023 and 2024, despite Mr. Herweck serving only 18 months in the role. This effectively inflated the severance value as though he had completed a full three-year term. Further, our concerns are heightened because, under the long-term incentive plan, over-performance in one relative metric can compensate for under-performance in the adjusted EPS metric.

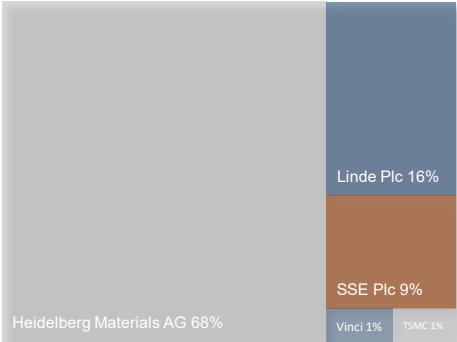
C WORLDWIDE INTERNATIONAL EQUITIES

Sustainalytics Portfolio Risk Rating: Low
Benchmark: MSCI All Country World ex. USA

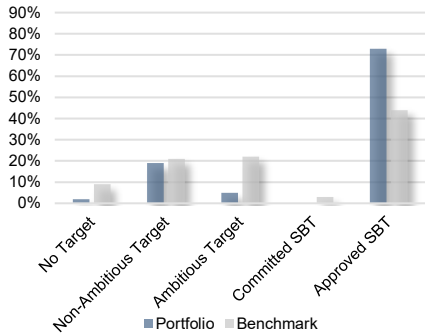
Emissions Exposure & SDS (tCO₂e)



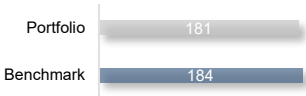
Top 5 Contributors to Portfolio Emissions



Climate Target Assessment



Carbon Intensity (tCO₂e/mill. USD revenue)



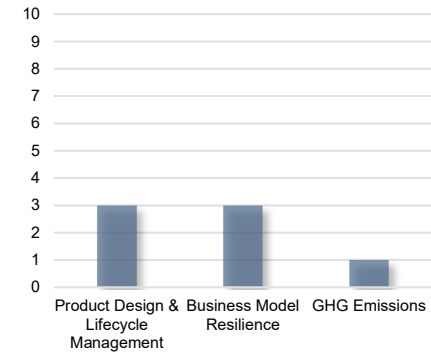
The above graph summarises the portfolio's carbon footprint compared with the benchmark. The Sustainability Development Scenario (SDS) pathway on the right-hand side of the graph is fully aligned with the Paris Agreement. The graph indicates whether the portfolio and benchmark are expected to over-/undershoot against the allocated carbon budget until 2050.

The above graph shows how many of the companies in the portfolio have set climate targets and how ambitious these are. Having ambitious targets, being committed to Science-Based Targets (SBT) or having approved SBT shows close alignment with the Paris Agreement.

Source: ISS Data Desk (Climate Assessment). Based on a portfolio Value of 1,000,000 USD. Portfolio as of 30th of June 2025

Direct Engagement Topics

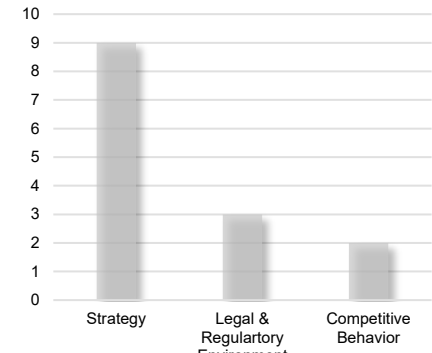
Environment



Social



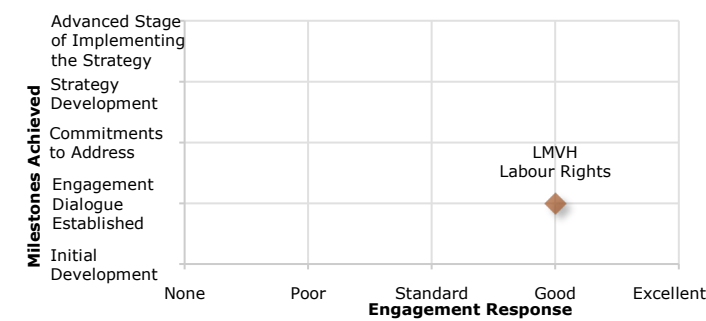
Governance



Total direct company engagements for the portfolio: 11

Throughout the quarter, we conducted several direct engagements with the portfolio companies. Our ESG engagements have most often incorporated an aspect of each subject E, S, and G. The above graphs show the top three engagement topics within environmental, social and governance aspects. There are several sub-topics within each category that can overlap within one engagement.

Collective Engagement



The above graph illustrates our collective engagements with Sustainalytics. The companies are shown within what milestone they have reached thus far and rated according to their communication in relation to the specific engagement topic.

Source: Sustainalytics. Portfolio as of 30th of June 2025

Proxy Voting

Meetings Voted	100%	20
Proposals Voted	100%	395
Proposal Voted Against Management	6%	23
Proposal Categories (Top 3)	12%	Compensation
	15%	Audit/Financials
	46%	Board Related

We utilise proxy voting to emphasise the topics discussed with the investee companies in our ongoing engagement with them and to vote on key issues important to the governance of the investee companies. The table above shows key topics and how votes have been cast during the quarter.

Source: Glass Lewis Proxy Voting. Portfolio as of 30th of June 2025

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