

A landscape photograph showing several wind turbines in a field of golden wheat under a warm, sunset sky. The turbines are silhouetted against the bright orange and yellow light of the setting sun. The foreground is filled with the texture of the wheat, and the background shows rolling hills and more turbines in the distance.

ESG Report

Global Equities Ethical

Q4 2022



ESG Philosophy

Core Beliefs

Our active approach to the stewardship of investments ensures ESG commitment

We emphasize active ownership to influence positive change and progress

The integration of ESG 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 investee companies

Researching ESG 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 Global Equities Ethical

Quarterly Comments

The last quarter of 2022 saw no halting in ESG initiatives, regulations, and frameworks worldwide. Throughout 2022, ESG specialists have indeed experienced that a great part of their job is not only to analyse ESG data and engage with companies on ESG matters but also to include a significant amount of regulatory analysis to understand and apply the cascade of new regulations emerging globally.

This was also clear from the annual "PRI in Person" conference, the largest conference for responsible investments globally, that we recently attended in Barcelona. Appropriately, the conference was themed "The coming of age of responsible investments" and focused on the growing expectations on investors for ESG integration and actions, as well as the unprecedented responsibility of investors to support real economy policy change.

The first part of the conference focused on the environmental aspects of ESG investing, particularly climate. The financial industry is somewhat developed regarding climate matters, target setting, measurements, and reduction plans. Indeed, differences between markets prevail, but many jurisdictions worldwide now have regulations or taxonomies emerging to regulate sustainable finance, specifically regarding climate-related policies. These include Australia, New Zealand, Japan, Hong Kong, China, India, South Africa, Brazil, Mexico, Canada, United States, United Kingdom, and of course, the to-date most developed market for sustainable finance, the European Union.

Another clear message from the conference was that the S in ESG still requires a lot of additional effort and focus. Many market participants struggle to find the best ways to measure and influence the social matters affecting investments. Nonetheless, as would be visible to anyone following societal developments and the world around us, changes in social aspects are happening now. They are driven by movements in society rather than led by political agendas. Most prevalent is the focus on diversity and inclusion and how to develop corporations with diverse workforces that can contribute to heightened synergies for the organisations. This includes financial returns, as numerous surveys have concluded in recent years. Indeed, human capital management, including labour rights, is top of the list when trying to quantify the social matters in ESG.

EU has previously proposed a social taxonomy that would regulate this space to some extent, but it has been put on hold until further notice. During the latter part of 2022, Japan's Ministry of Economy, Trade, and Industry (METI) published Japan's Guidelines on Respecting Human Rights in Responsible Supply Chains, while Australia and the UK have had their Modern Slavery Acts in force for several years. These, however, focus more on supply chain risks and mitigation than the human capital aspect impacting organisations.

Nonetheless, societal change is increasingly being prioritised, and many corporates address diversity and inclusion by setting individual targets for more equal workforces. This is also happening globally, as was seen recently when Bahrain Kuwait Insurance Company announced the appointment of three women employees to executive positions. In this region, only 3% of company CEOs are women, and the global average is 7% per recent studies published by Heidrick & Struggles.



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

None of the companies within the portfolio exceeds a certain level of involvement in the activities specified

- 0% Controversial Weapons
- 5% Military Contracting
- 0% Small Arms
- 5% Adult Entertainment
- 5% Alcoholic Beverages
- 5% Gambling
- 5% Tobacco Products
- 10% Oil & Gas
- 5% Thermal Coal
- 0% Oil Sands
- 0% Shale Energy

Portfolio Changes

There were no new positions added to the portfolio during Q4 2022.

Direct Engagements

During the quarter, we met with several companies in the portfolio, including Procter & Gamble and Novo Nordisk.

Procter & Gamble

The meeting with P&G was our annual ESG update with the company. We discussed the continued development of palm oil sourcing's impact on biodiversity and how P&G plans to source only certified palm oil while using satellites to monitor any risk of deforestation. We briefly discussed the EU's recent regulation banning the import of products from deforestation areas, and P&G assured compliance with this new regulation when effectively in force.

Another topic for the meeting was the continued efforts within consumer engagement. P&G has as a target to influence consumer habits and educate consumers on the more responsible use of its products, e.g., to do cold water washing and mark products, so it is easier for consumers to know how to sort waste and/ or recycle packaging properly.

Novo Nordisk

In this dedicated ESG meeting with Novo Nordisk, we got into further details on the company's ESG developments, which they are also keen to highlight on quarterly briefings and investor days. Novo Nordisk is one of the more advanced companies integrating ESG throughout its business areas. In all Danish modesty, they started the meeting by saying they were in a good place but still had room for improvement. Currently, Novo Nordisk's focus is to increase transparency and reporting of ESG matters and address the fact that solid growth also brings increased use of plastic and water, which are used in the production of insulin and obesity drugs.

Additionally, we discussed the recent use of its obesity drug, Wegovy, which has been seen used by influencers and models to prep for public events and promote the incorrect and not approved use of the products on social media like TikTok. Novo Nordisk can only control its products and suppliers but is trying to combat the off-label use of products by taking back the dialogue stating that drugs are for chronic diseases and not a slimming agent to look fit. Important to note is, despite the media coverage of off-label use of products, most patients are still severely obese.

Finally, we discussed Novo Nordisk's focus on recycling and educating consumers/patients to sort waste properly. Specifically, insulin pens can be recycled, and materials such as plastic can be reused. Ongoing work across the industry is currently taking place to find optimal solutions for producing and recycling product components.

Alphabet

Alphabet hosts ESG investor calls throughout the year. Before each call, investors are encouraged to raise topics and questions they would like the company to address. The items with the most interest will be presented at the ESG call. For this ESG call, Alphabet updated its focus on reducing energy use in data centres with climate-conscious cooling and responsibly sourced water. Alphabet's target is to run on carbon-free energy by 2030.

Another key topic for the call was how Alphabet manages human rights and the risk associated with it, specifically how human rights impact platforms and content, where tools such as content moderation and review of dis- and misinformation are in place. Furthermore, measures are put in place to ensure that proper due diligence is made before establishing new data centres in conflict areas and to secure the continued use of



services in those areas. Underlying Alphabet's commitment to this is its support of the Copenhagen Pledge, a pledge for the tech industry to commit to making digital technologies work for, not against, democracy and human rights.

Proxy Voting

There is a relatively limited proxy voting activity in Q4. We voted against management on two proposals.

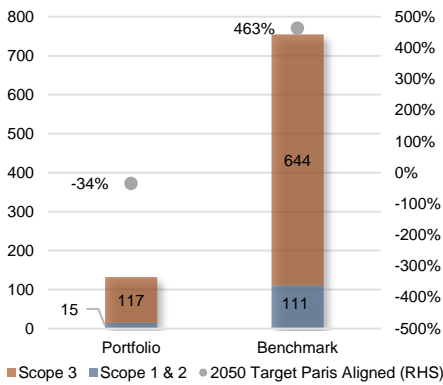
Microsoft

We supported the shareholder proposal regarding the report on the government's use of technology. We believe the proposed adoption could help mitigate potential legal, regulatory, and reputational risks. Additional disclosure of MSFT's policies, procedures, and oversight mechanisms would aid shareholders in understanding how the company is managing and mitigating cyber risks and oversight related to government use of its technology, particularly regarding potential human rights issues.

The second proposal was also within Microsoft. We supported the shareholder proposal regarding the report on tax transparency. We believe that transparent tax disclosure should be best practice by global companies, and the GRI tax standard seems a valuable framework to apply. The requirements in the proposal would also, to some extent, align with the upcoming EU tax disclosure requirements, hence should not be an extra burden for MSFT to disclose

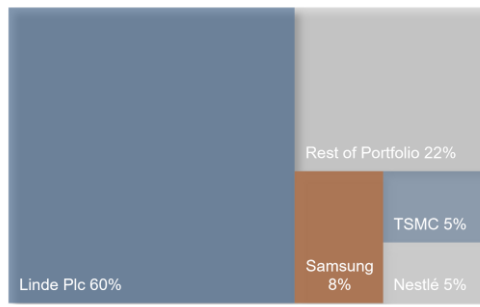
Sustainalytics Portfolio Risk Rating: 18.2
Benchmark: MSCI All Country World Index

Emissions Exposure & SDS (tCO₂e)

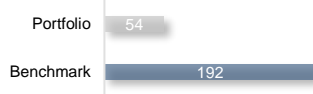


The above graph summarises the portfolio's carbon footprint compared with the benchmark. The Sustainability Development Scenario (SDS) pathway on the right-hand side of the graph is fully aligned with the Paris Agreement. The graph indicates whether the portfolio and benchmark are expected to over-/undershoot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

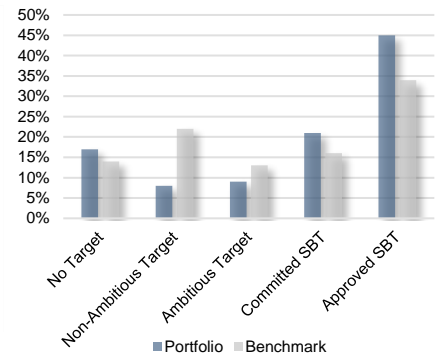
Top 4 Contributors to Portfolio Emissions



Carbon Intensity (tCO₂e/mill. USD revenue)



Climate Target Assessment

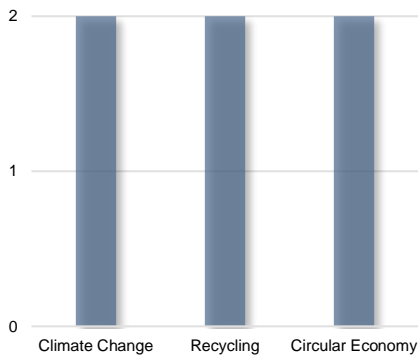


The above graph shows how many of the companies in the portfolio have set climate targets and how ambitious these are. Having ambitious targets, being committed to Science-Based Targets (SBT) or having approved SBT shows close alignment with the Paris Agreement.

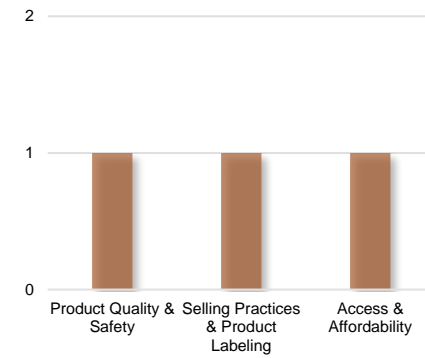
Source: ISS Data Desk (Climate Assessment). Based on a portfolio Value of 1,000,000 USD. Portfolio as of 31st of December 2022

Direct Engagement Topics

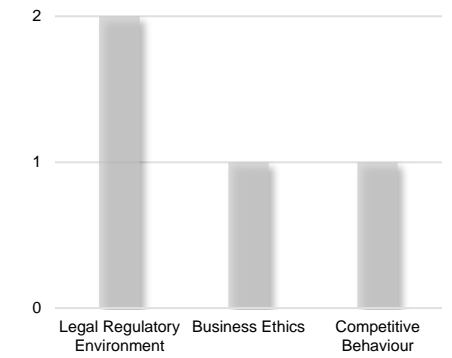
Environment



Social



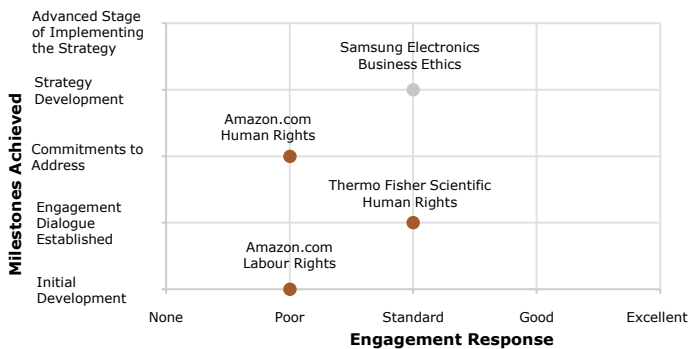
Governance



Total direct company engagements for the portfolio: 3

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.

Proxy Voting

Meetings Voted	100%	3
Proposals Voted	100%	42
Proposals Voted Against Management	5%	
Proposal Categories (Top 3)	52%	Board Related
	12%	Audit/Financials
	10%	Social

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: Sustainalytics. Portfolio as of 31st of December 2022

Source: Glass Lewis Proxy Voting. Portfolio as of 31st of December 2022

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Our clients are primarily institutional investors and external distribution channels. Our product range includes discretionary asset management services and commingled fund products.

The combination of a unique investment philosophy based on careful stock picking and long-term global trends coupled with a stable team of experienced portfolio managers, has since 1986 resulted in world-class investment performance.

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