

Stable Equities
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 Stable 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. 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 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.



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

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

During the first half of the year, we initiated new positions in the following companies.

Triple Flag Precious Metals

Triple Flag Precious Metals (TFPM) is a precious metal royalty company, which has a portfolio of 30 producing mines. Its diversified portfolio of streams and royalties comprises long-life mining assets.

TFPM work with the mines they own to align with sustainability matters, this includes environmental impact of the business, as well as TFPM has significant focus on not investing in mines that use child labor, forced labor, or modern slavery practices. The company is a participating company in the United Nations Global Compact. Human capital and business ethics are key sustainability risk parameters for TFPM.

Brown & Brown

Brown & Brown (BRO) is one of the world's largest independent insurance brokerages specializing in risk management and insurance solutions for businesses, organizations, and individuals. BRO operates more than 500 locations across 18 countries and employs over 17,000 people. The company is known for its decentralized structure, innovative approach, and strong focus on customer relationships and local market knowledge.

Material sustainability areas include employee retention, culture and selling practices, where BRO is well-positioned towards all three.

Royalty Pharma

Royalty Pharma (RPRX) is the largest dedicated buyer of biopharmaceutical royalties, with a unique, scalable model that provides diversified, long-duration exposure to life sciences innovation. Its portfolio includes royalties on



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over 45 marketed therapies, including 15 blockbusters (> USD 1 billion in annual sales), and 14 development-stage assets, spanning high-impact areas such as oncology, rare diseases, neurology, and cardiology.

As for environmental matters, RPRX is only starting to align with TCFD recommendations, which is relatively behind peers who already provide comprehensive TCFD-aligned disclosures, scenario analyses, and climate risk integration.

On the other hand though, RPRX has strong internal social policies, employee engagement, and diversity practices, especially considering its size and non-operational model. However, the company should enhance its disclosures on sustainability integration, including social transparency such as pay equity disclosures, and formal alignment with global frameworks such as the UNGC.

Direct Engagements

We met with a number of the investee companies during the quarter. Below are highlighted select key sustainability aspects of the meetings.

Nestlé

During the quarter we met with both Nestlé's newly appointed CEO Laurent Freixe and CFO Anna Manz. We were keen to hear how the new management considers 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 adapt to change even though they have been there for 20 years. Furthermore, Manz has introduced 20 metrics to track lead indicators for efficiency, sustainability, compliance and people. 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.



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NextEra Energy

We have already met NextEra Energy (NEE) a couple of times this year as mentioned in our sustainability report of Q1 2025, and in June the CFO Mike Dunne paid a visit to our office as well. The visit followed just after we co-signed a letter to the board of directors of NEE through our engagement in Climate Action 100+ stipulating the need for NEE to engage in public debate on tax credits for the benefit of the climate transition. As one of the largest utilities companies globally with key businesses within wind and solar, political actions that encourage development of fossil free energy sources are key to NEE. And thus, the key topics we discussed with Dunne was the Trump administration's Big, Beautiful Bill. If passed, tax credit will benefit in particular the development of wind and continue to provide consumers with renewables as the cheapest energy solution.

We further discussed the energy blackout that hit Spain, Portugal and parts of France in April 2025 and led to complete darkness and widespread disruption to telecommunications, transportation, and other essential services. The blackout was one of the most significant in the history of the European grid and has led to investigation into how potential significant drops in electricity generation can trigger a cascading failure of the power grid. NEE assured that their grid should have enough synchronous condensers (generators used to regulate voltage and improve power system stability by injecting or absorbing reactive power) to avoid a blackout like the one occurred in the Iberian Peninsula.

The blackout highlighted the need for greater grid resilience, including increased inertia, better voltage control, and more robust protection settings for renewable energy installations. It also emphasized the importance of investing in grid infrastructure and energy storage. All of which NEE is investing heavily in to secure proper development and a sustainable business.

Triple Flag

We met with Triple Flag for an update on its sustainability initiatives.

Triple Flag is a precious metal royalty and streaming company, which means they invest in mines under development and is paid in ounces of gold (76% of revenue) and silver (24% of revenue) as a percent of production when the mines are up and running.

Triple Flag contributes to a responsible and sustainable mining ecosystem through their own practices, actions and community investments, and by exerting influence across their portfolio and the broader mining ecosystem. The company is very much aware of the fact that they should invest in and be a good partner for the local and national community to operate over the long-term and integrates sustainability throughout the organisation.



Proxy Voting

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.

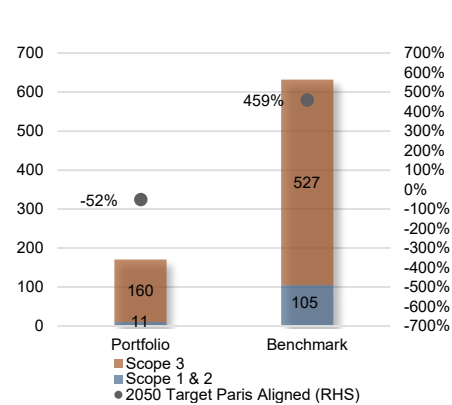
S&P Global Inc

We voted in favor of management on the advisory vote on executive compensation at S&P Global's AGM. As per our proxy voting advisor's recommendation, the company entered into a separation and release agreement in October 2024 in connection with Mr. Kansler's involuntary termination, effective March 1, 2025. The agreement provided severance benefits in excess of those under the Senior Executive Severance Plan, including accelerated vesting of all his outstanding equity awards. While shareholders may question the decision to deviate from previously agreed terms, we recognize that the expanded benefits were granted in exchange for enhanced restrictive covenants, including a 24-month non-competition period commencing November 1, 2024, and a 24-month client non-solicitation period post-termination. As such, we do not believe the modifications are necessarily problematic and therefore support the proposal.

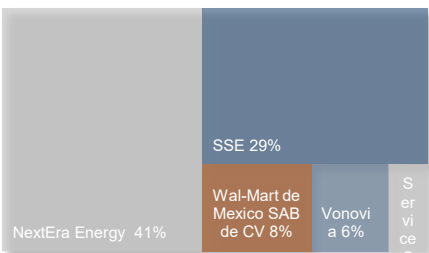
C WORLDWIDE STABLE EQUITIES

Sustainalytics Portfolio Risk Rating: Low
Benchmark: MSCI All Country World Minimum Volatility Index

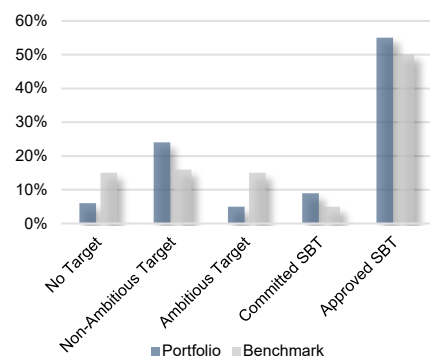
Emissions Exposure & SDS (tCO₂e)



Top 5 Contributors to Portfolio Emissions



Climate Target Assessment



Carbon Intensity (tCO₂e/mill. USD revenue)



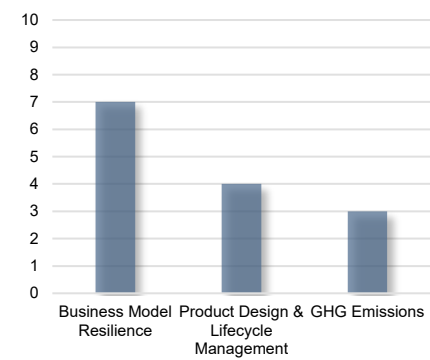
The above graph shows how many of the companies in the portfolio have set climate targets and how ambitious these are. Having ambitious targets, being committed to Science-Based Targets (SBT) or having approved SBT shows close alignment with the Paris Agreement.

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.

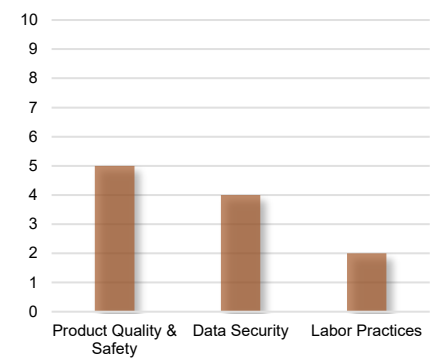
Source: ISS Data Desk (Climate Assessment). Based on a portfolio Value of 1,000,000 USD. Portfolio as of 30th of June 2025

Direct Engagement Topics

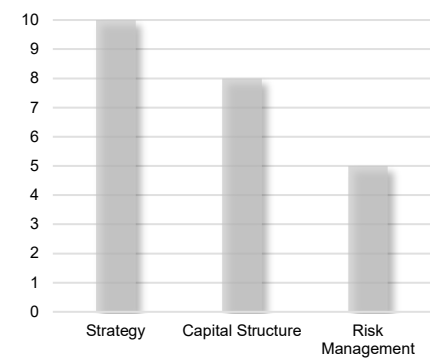
Environment



Social



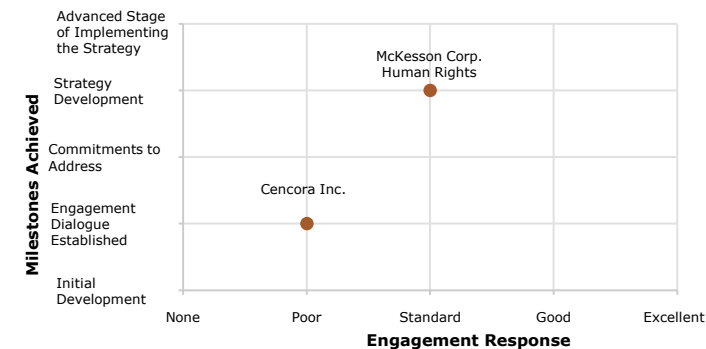
Governance



Total direct company engagements for the portfolio: 10

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%	11
Proposals Voted	100%	160
Proposal Voted Against Management	7%	11
	63%	Board Related
Proposal Categories (Top 3)	14%	Compensation
	9%	SHP: 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: Glass Lewis Proxy Voting. Portfolio as of 30th of June 2025

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