C WORLDWIDE
ASSET MANAGEMENT

2023

Sustainability Report at C WorldWide

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02

Sustainability Highlights

Sustainability Highlights

Shaping Responsible Investment through Global Initiatives and Conferences

In 2023, global events such as the EU's Net Zero Industry Act, the US Inflation Reduction Act, and India’s LiFE initiative reshaped responsible investment practices. Key conferences like NordicSIF and PRI in Person 2023 emphasized sustainability, and the need for transparency in ESG practices.

In the active landscape of responsible investments throughout 2023, global events unfolded, reshaping the narrative towards sustainability and ethical financial practices.

The European Union (EU) responded to economic challenges by enacting the Net Zero Industry Act, which synchronised with the US Inflation Reduction Act. This alignment not only supported targeted industries but also laid the groundwork for responsible investment practices, underlining a commitment to greener, more sustainable economies.

Concurrently, the Intergovernmental Panel on Climate Change (IPCC) issued a stark reminder of the continuing need for accelerated climate action, creating good conditions for responsible investment initiatives worldwide. India's LiFE initiative, launched at COP26, emerged as a flagship program, setting ambitious targets for renewable energy, and emphasising domestic sourcing of critical supply chains in a growing economy. India’s three-branched strategy of increasing non-fossil fuel sources in power generation, domesticating global supply chains, and creating a national carbon market showcased India's growing commitment to sustainable and more responsible economic growth.

We attended the 2023 NordicSIF conference which was held in Copenhagen, Denmark, bringing together members of all of the Nordic countries. This conference aimed to foster dialogue among responsible Nordic investors and collaboratively address existing challenges. Notably, the conference highlighted regenerative agriculture and alternative proteins. Pioneering companies like Nestlé and Thermo Fisher showcased their commitment to ethical and environmentally friendly food sources by investing in alternative protein technologies. We engaged in discussions on accelerating green energy solutions, including hydrogen and wind energy, the challenges of public perception, and the costs of low-carbon technologies. The conference also highlighted the growing focus on biodiversity and the evolving credit and investment risks in the food system, emphasizing the need for increased CAPEX and a focus on Scope 3 emissions.

In the active landscape of responsible investments throughout 2023, global events unfolded, reshaping the narrative towards sustainability and ethical financial practices.

We also attended the PRI in Person 2023 event in Tokyo, a pivotal gathering for responsible investment discussions, fostering collaboration and knowledge-sharing among global delegates and signatories. Key takeaways included the recognition of responsible investing as essential, the growing strain on resources due to increased reporting demands, and the importance of aligning social and environmental goals for a Just Transition. The event also addressed biodiversity and nature-related risks, focusing on sustainable food production, and the challenges of managing physical climate risks. Additionally, it highlighted the rising importance of transparency in ESG practices amidst increasing scrutiny.

C WorldWide's Climate Commitment

We prioritize long-term climate goals and support investee transitions, recognizing the financial implications and opportunities of sustainability.

At COP28 in Dubai, negotiators agreed on a landmark move towards ending fossil fuels. The global pact, aligning with responsible investment practices, calls for tripling renewable energy capacity and doubling energy efficiency by 2030.

The focus on climate action within the financial industry took centre stage at COP28, resonating with the PRI's recognition of the financial sector as a key enabler of climate action. While financial pledges fell short of the trillions needed, inclusivity remained a key theme. Stakeholders from various sectors participated, aligning with the PRI's emphasis on engaging diverse voices in climate action.

While climate considerations persist, biodiversity has garnered significant attention, particularly in light of the TNFD's publication. This has prompted heightened scrutiny of supply chains, aiming to pinpoint key deficiencies within companies. This scrutiny encompasses both labour conditions and environmental perspectives, reflecting a deeper commitment to financial sustainability.

At C WorldWide, we are placing increased emphasis on achieving our long-term climate objectives while actively supporting our investee companies in their transition efforts. The growing significance of sustainability factor considerations underscores a heightened awareness of the financial implications, challenges, and opportunities they present in our evolving business landscape.

CHAPTER

03

Corporate Responsibility at C WorldWide

Copenhagen Business School Case on Critical Mineral and Rare Earth Elements

Corporate Responsibility at C WorldWide

C WorldWide's CSR Commitment

C WorldWide is committed to responsible and transparent operations, emphasizing ongoing scrutiny of our actions across environmental, social, and governance themes.

C WorldWide is committed to responsible and transparent operations, emphasizing ongoing scrutiny of our actions across environmental, social, and governance themes.

Our CSR strategy, 'The Responsible Organisation,' is anchored in the UN Sustainable Development Goals (SDGs) and UN Global Compact (UNGC) frameworks. The Seventeen SDGs and the Ten Principles of the UNGC guide our efforts to minimize environmental impact, prioritize employee well-being, foster workplace diversity and inclusion, promote social empowerment, and emphasize education and skill development, all while maintaining integrity and ethical conduct in our business operations and internal processes.

On your right, see the three pillars supporting our CSR Strategy.

Initiative

Expanding on our commitment to empower upcoming generations through investments in education and skill enhancement, we have partnered with the Copenhagen Business School for its Minor in ESG. In this collaboration, we provide valuable case materials to enable students to engage with actual global sustainability challenges regularly encountered by institutional investors and investment firms.

Outlook for the next 12 months

In 2024, we remain steadfastly committed to advancing sustainable business practices that positively impact our organisation, society, and the environment. By emphasizing heightened transparency and measurable outcomes,

Planet | Environmental footprint

We aim to play a part in the green transition and fulfill our environmental responsibilities by minimizing our footprint through various initiatives and actions.

People | Social Responsibility

Our aim is to not only sustain but also continuously enhance our distinctive workplace culture and environment that attracts new talent and retains our existing, valued employees. Additionally, we aspire to contribute to society and empower individuals through meaningful social initiatives.

Governance and integrity

By adhering to the guidelines and principles of the United Nations Global Compact, we uphold transparency, accountability, and ethical conduct in both our business operations and internal processes.

Compliance and Assessment

We will comply with sustainability requirements such as the CSRD and ESRS, including a double materiality assessment to evaluate financial and environmental impacts.

we are refining our initiatives with increased precision. Our key areas of focus include reducing our climate footprint, continuously improving our unique workplace culture, promoting Diversity, Equity, and Inclusion, and leveraging knowledge-sharing and philanthropy to tackle social issues and reduce inequality. Additionally, we will continue to advance education and skill development and begin exploring a comprehensive supply chain due diligence process.

As we prepare for compliance with sustainability requirements like the Corporate Sustainability Reporting Directive (CSRD) and the EU Sustainable Finance Reporting System (ESRS), meeting upcoming challenges is crucial. Our plan includes a comprehensive double materiality assessment, as mandated by the CSRD.

This assessment will evaluate both the financial effects of sustainability-related risks and opportunities on C WorldWide (CWW) and the actual or potential impacts of CWW's activities on people and the environment.

This forward-looking approach positions us to navigate evolving sustainability standards and ensures our continued commitment to responsible and impactful business practices.

Please read our full Corporate Social Responsibility report **here**.

Our partnership with Copenhagen Business School's Minor in ESG empowered students to assess real-world risks of critical minerals and rare earth elements.

Copenhagen Business School Case on Critical Mineral and Rare Earth Elements

As part of our commitment to empower upcoming generations through investments in education and skill enhancement, we have partnered with the Copenhagen Business School for its Minor in ESG. In this collaboration, we provide valuable case materials to enable students to engage with actual global sustainability challenges regularly encountered by institutional investors and investment firms.

Critical minerals (CMs) refer to essential mineral resources that lack viable substitutes and play a crucial role in the production of renewable energy and clean technology. Rare Earth Elements (REEs), a group of seventeen metallic elements, are integral components of high-tech devices and defence applications. Both CMs and REEs are vital for technological advancements and addressing current challenges, such as climate transition, making them relevant from an investment perspective. In collaboration with CBS's Minor in ESG, a group of students undertook the task of creating a framework to assess the risk associated with CMs and REEs.

The analysis revealed that environmental and supply chain risks significantly impact the total score, primarily due to negative consequences during the extraction phase of CMs and REEs. Certain sectors, such as insurance, payments, and financial institutions like HDFC and AIA, are relatively unaffected, as are consumer goods companies like Nestlé. However, sectors such as software, semiconductors, and renewable energy, represented by companies like NextEra and Epiroc, experience higher susceptibility. Applied to our Global Portfolio, the total exposure was low at -0.19 on a scale from -5 to 5. Notably, companies with higher risk tend to implement more robust mitigation strategies, emphasising the importance of proactive risk management in these sectors.

CHAPTER

04

Our Sustainable Investment Approach

Our Sustainable Investment Approach

Commitment to Responsible Investing

Sustainability has been integral to our investment strategy, marked by continuous process refinement, active company engagement, and transparent risk reporting, reflecting our enduring commitment to responsible investing for over

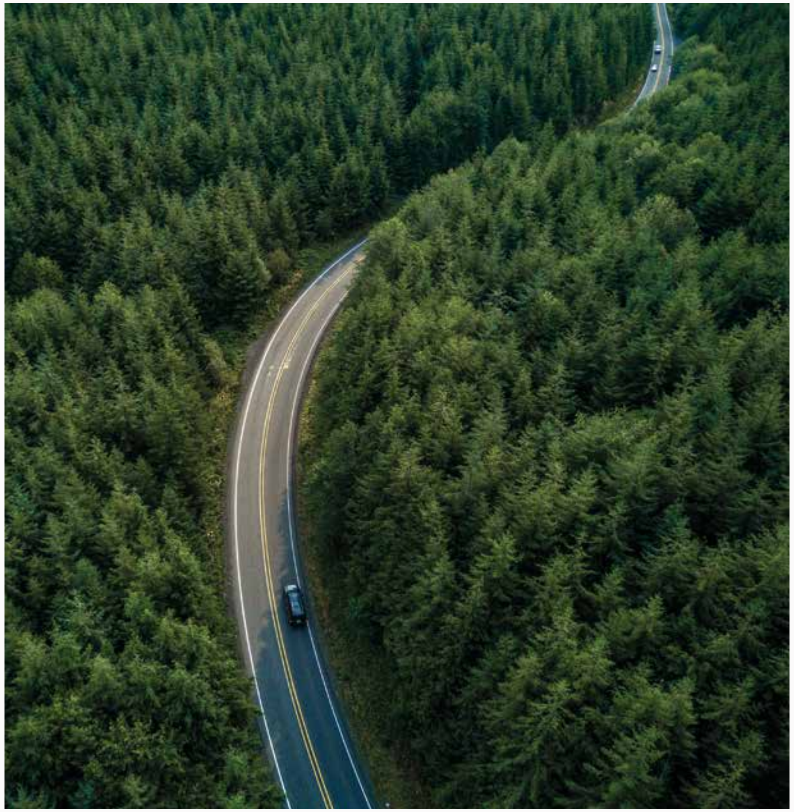
2 decades

The integration of sustainability risks and opportunities has been a cornerstone of our investment methodology for over two decades, reflecting our enduring commitment to responsible investing. Our approach involves continual refinement of processes, active engagement with companies, and transparent reporting of sustainability risk factors to our investment partners.

In our quest for sustainable investment opportunities, we strategically prefer companies that demonstrate robust business models, effective management teams, and ethical business practices. Coupled with an active ownership approach and a long-term investment mindset, this has, consistently yielded robust long-term results. At the core of our responsible investment philosophy is the belief that sustainability aligns with long-term thinking, emphasising a holistic approach that prioritises material outcomes for all stakeholders.

Sustainability considerations are seamlessly integrated into our investment process, with decision teams taking full responsibility for stock-specific evaluations. We are against outsourcing the responsibility of integrating sustainability considerations, ensuring complete ownership by our portfolio managers.

We systematically assess and monitor sustainability factors alongside other analytical consideration such



Our investment methodology has integrated sustainability risks and opportunities, prioritizing robust business models, ethical practices, and active management to ensure long-term, responsible results.

Our Structured Sustainability and Climate Risk Analysis

We leverage the SASB materiality framework to identify industry-specific issues and integrate climate change risks into our analysis of investee companies, considering both transition and physical risks.

Our Commitment to Long-term Strategic Planning and Resilience

We ensure investee companies incorporate climate-related risks into their long-term strategies to maintain business model resilience, supported by our commitment to NZAM, TCFD, and Climate Action 100+.

as company strategy, management quality, and both financial and non-financial performance metrics.

To augment our analysis, we leverage the SASB materiality framework, providing a structured approach to identify industry-specific issues. Our approach to integrating sustainability factors is specific to each investee company, emphasising dialogue over exclusion in addressing more material risks and concerns.

As a long-term focused investor, we recognise climate change as a significant global trend with potentially far-reaching implications for countries, industries, and corporations. Climate change risk is integrated in our analysis of investee companies, where we consider exposure to transition and physical risks arising from the global shift to a less carbon-intensive world.

Understanding and ensuring that investee companies integrate climate-related risks into their long-term strategic thinking and planning, and adequately mitigate these risks, are paramount to ensuring the long-term resilience of their business models. Through our commitment to NZAM, TCFD, and Climate Action 100+, we actively support the goal of achieving net zero GHG emissions and limiting global warming.

To reinforce our dedication, we have set firm-wide targets. The temperature rating for the baseline year 2019 is 2.4°C, with an interim target for 2030 aimed at a maximum of 2°C. By 2050, our goal is to reach 1.5°C for 35% of our Assets under Management (AuM). Initiating dialogues with our existing and prospective segregated clients, we seek their approval and collaboration in realising this commitment.

LISA Analytical Tool

LISA (Longterm Investments in Sustainable Assets) is our new proprietary analytical risk tool which enables our investment team to make better decisions towards a more sustainable future.

Meet LISA in this section.

Longterm Investments in Sustainable Assets

The investment team utilises the tool to organise and analyse over 100 sustainability related data points for every company we invest in. These data points are grouped according to Environmental, Social and Governance aspects.

Within the environment, LISA collects data on factors such as emissions, biodiversity preservation, and resource optimisation. When it comes to social aspects, LISA collects data on diversity, adherence to international norms, and the working conditions within the companies we invest in. In terms of good governance practices, through the tool we assess aspects such as board composition, board remuneration, and shareholder rights data.

The data collected in LISA is more than just numbers; rather, it forms an analytical framework.

A framework, that together with the knowledge of our investment team, supports in prioritising our engagement efforts.

This ensures that we focus on material issues that really matter and make a difference.

This data also helps us better understand how our investments contribute to a more sustainable future.

Governance Structure

Good corporate governance is the foundation of a sustainable business, driving long-term value creation and ensuring that companies are well-equipped to address evolving social and environmental challenges.

This section explores the vital role of governance in fostering resilience, ethical practices, and proactive risk management.

Good Corporate Governance

The foundation of a robust sustainability profile commences with a commitment to strong corporate governance coupled with a steadfast focus on long-term objectives. It is unequivocal that for investee companies to channel their efforts towards enhancing their social and environmental initiatives, a resilient governance framework is imperative.

A responsible management team, dedicated to fostering long-term value, becomes the linchpin for instigating a proactive approach in meeting the diverse demands and expectations of stakeholders. This proactive stance not only fortifies the investee company's business model but also accrues benefits for us as investors and long-term shareholders.

> It is unequivocal that for investee companies to channel their efforts towards enhancing their social and environmental initiatives, a resilient governance framework is imperative.

Hence, within our Strategies and Sub-Funds, we consider sustainable business models, high-calibre management teams, and ethical business practices as essential prerequisites for potential investee companies. The significance of good corporate governance extends beyond shaping the investee company's stance on climate change and ethical conduct; it resonates throughout its entire value chain and ecosystem.

Board Oversight

The board diligently oversees sustainability risks and opportunities by implementing internal processes. These processes aim to keep the board well-informed on critical matters, including climate-related risks and opportunities. Responsibility and oversight obligations are firmly embedded within Group Policies, ensuring consistent application across the organisation, client mandates, and mutual funds.

Management's Role

Management holds the pivotal responsibility of identifying and monitoring sustainability risks and opportunities, providing essential reports to the board. To fulfil this role effectively, management ensures the availability of adequate resources and expertise, encompassing staff, training, and budget allocations. Continuous efforts are made to keep the organisation well-equipped, enabling proficient assessment, implementation, and monitoring of risk and opportunity measures. A prime example of this commitment is the quarterly climate risk assessment, generating decisive data and actionable intelligence regarding climate change risks and their impact on portfolio investments.

Sustainability Steering Committee (SSC)

Our Sustainability Steering Committee (SSC) is responsible for setting the overall parameters for our firm-wide strategic initiatives and priorities. Meeting regularly, at least every sixth week and as needed, the SSC comprises senior executive management team members, sustainability specialists, portfolio managers, and the Head of Legal. The committee's primary objectives include establishing a framework for responsible investing, coordinating and prioritising relevant initiatives, ensuring ongoing development and implementation of PRI across all products and workflows, asserting alignment with applicable regula-

Integrated Team Approach: Research, Sustainability, and Engagement

Our investment team integrates research, sustainability, and engagement, with portfolio managers and specialists collaboratively addressing material issues to support long-term investment strategies.

tions, and evaluating services from external ESG providers.

Investment Team

Research, integration, and engagement are seamlessly integrated into the entire investment team, involving portfolio managers and sustainability specialists. This inclusive approach encompasses actively monitoring screening efforts, researching, voting, and engaging with companies on material issues affecting the long-term fundamental investment case. Specific research and assignments are internally generated by in-house specialists, emphasising the organisation's comprehensive and collaborative approach to sustainability.

From left to right: **Mette Bergenstoff Sletbjerg**, Global Sustainability Specialist, **Henrik Blaagaard Hviid**, Portfolio Manager, and **Peter Holt**, Portfolio Manager. Photo by Jacob Nielsen.

Conflicts of Interest

Conflicts of interest may potentially occur in relation to our investments in investee companies owned or managed by our stakeholders (shareholders, members of management etc.). In order to manage such potential conflicts, there is no involvement of such stakeholders in our investment processes, and we do not invest in IPOs initiated by our shareholders.

As for proxy voting, if investors in two or more strategies have different interests in a proposal in an investee company, each portfolio management team votes in the best interest of the investors of the strategy managed by a portfolio management team.

We disclose conflicts of interest that cannot be avoided and entail a risk to a client or investor and the steps taken to mitigate those risks.

Sustainability Risk Management

We actively incorporate sustainability risk factors into our company analysis process. This commitment is mirrored in every step of our analysis process, from the pre-investment stage to ongoing monitoring. Our approach aligns with responsible investing principles, recognising the potential impact of sustainability risks on long-term investment outcomes.

In essence, our approach integrates sustainability related considerations and climate related risk seamlessly into our investment processes, promoting responsible investing, risk mitigation, and ongoing adaptability in response to emerging sustainability challenges.

Our strategies avoid investments in companies exceeding specified involvement thresholds

The threshold for controversial weapons is

0%

The threshold for small arms is

5%

Quantifying Material Sustainability related risks

Acknowledging the evolving nature of sustainability related risk considerations, we prioritise materiality and quantifiability over a longer-term investment horizon. Our research process systematically documents and monitors sustainability related risks. To identify these risks within different industries and sectors, we utilise tools such as the Sustainability Accounting Standards Board (SASB) materiality map. Our sustainability risk analysis extends to climate risk. Using climate risk assessment tools, we identify specific sectors and assets vulnerable to physical climate risks. This includes evaluating exposures linked to changing temperatures and potential impacts on critical raw materials in supply chains, particularly agricultural commodities.

Continuous Monitoring and Risk Management

The process of analysing and monitoring sustainability related risks, including climate-related risks, is anchored in the responsibilities of our portfolio management teams. These teams base their risk assessments, financial analyses, and investment decisions on a blend of internal and external research.

In alignment with our commitment to environmental and social characteristics, our strategies avoid investments in companies exceeding specified involvement thresholds — 0% for controversial weapons and 5% for small arms.

Before every initial investment, companies undergo comprehensive screening through Morningstar Sustainalytics. Investments are only executed if the screening ensures compliance with our investment restrictions. Continuous screening during the holding period, ensures adherence and ongoing compliance to good governance practices. Any breach of investment restrictions prompts timely divestment.

> We emphasise materiality and quantifiability within a long-term investment framework, systematically documenting and monitoring sustainability-related risks through tools such as the SASB materiality map and climate risk assessments.

From left to right: **Viktor Fessé**, Portfolio Manager, **Ulf Arvidsson**, Portfolio Manager, **Catrin Jansson**, Portfolio Manager, **Mikael Svensson**, Portfolio Manager and **Henrik Söderberg**, Portfolio Manager. Photo by Jacob Nielsen.

Climate Change Commitment

We align our climate action and transparency with the Paris Agreement and the TCFD. We join initiatives like the Net Zero Asset Managers Initiative to set goals and manage climate risks in our portfolios.

This section outlines our progress, challenges, and strategic engagements as we strive toward a sustainable, net-zero future.

We endorse the Paris Agreement's objectives to limit greenhouse gas (GHG) emissions and have supported the Taskforce on Climate-related Financial Disclosures (TCFD) since 2020. Our commitment involves annual disclosure of our alignment with the TCFD framework, emphasising transparency in standardised climate reporting.

Within our investment strategies, we integrate specific environmental metrics, such as total carbon emissions, relative carbon footprint, and weighted average carbon intensity, to monitor and manage climate-specific transition risks. Each strategy undergoes quarterly assessments against these metrics, providing portfolio managers with comprehensive insights for fundamental risk analyses.

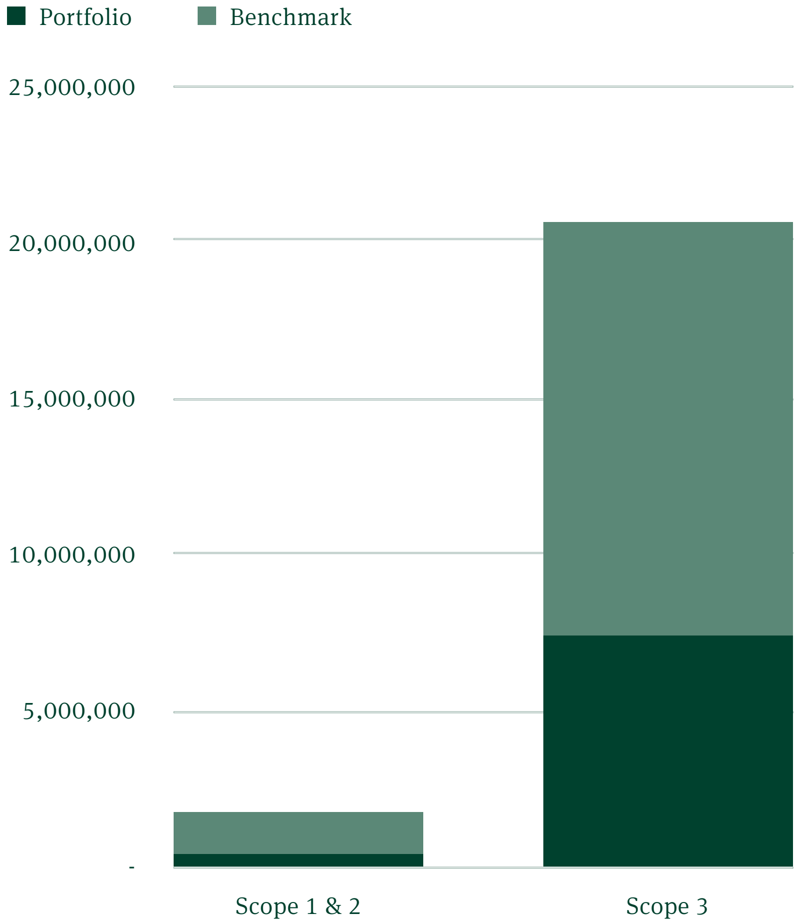
Presented on the following page is a collective climate assessment across all strategies, reflecting the total fund universe based on an Assets Under Management (AUM) of USD 17.4 billion as of December 31, 2023.

The analysis shows a decrease in overall Scope 1 and 2 emissions compared to last year. However, there has been an increase in Scope 3 emissions, which can primarily be attributed to the growing prevalence of data, with increased inclusivity in reported data contributing to a higher carbon footprint. Our climate data provider, ISS, supports this conclusion, highlighting improved accuracy in data compared to the previous year. ISS's refined methodology incorporates both modelled and reported data for scope 3 emissions, enhancing precision in assessing upstream and downstream emissions.

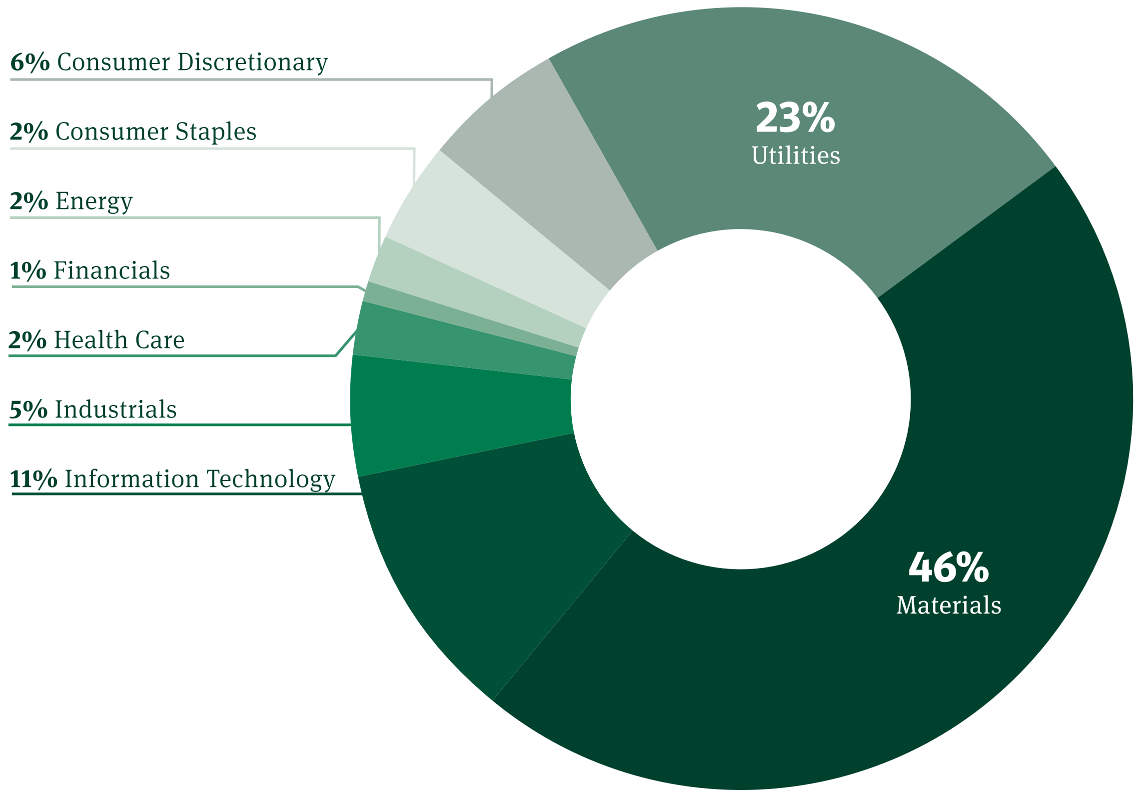
The top 5 emitters across all strategies significantly contribute to these figures, as illustrated below.

	Emissions Exposure tCO2e		Relative Emission Exposure tCO2e/Revenue	Climate Alignment SDS Budget
	Scope 1 & 2	*Incl. Scope 3*	*Weighted Avg. Carbon Intensity*	*2050*
Strategies	374,365	7,463,724	80.04	69.32%
Benchmark	1,420,172	13,243,927	163.98	355.05%
Net Performance	73.6%	43.6%	51.2%	

Emissions Exposure (tCO2e)



Sector Contirbution to Emissions



Temperature targets

The temperature rating for the baseline year 2019 is

2.4°C

Our interim target for 2030 is aimed at a maximum of

2°C

By 2050, our goal is for 35% of our Assets under Management (AuM) to reach

1.5°C

The Top 5 Emitters Across All Strategies

Issuer Name	Contribution to Strategy Emission Exposure	Strategy Weight	Emissions Reporting Quality	Carbon Risk Rating
Linde	22.5 %	2.6 %	Strong	Outperformer
NextEra Energy	21.0 %	1.4 %	Strong	Outperformer
Ultratech Cement	12.1 %	0.2 %	Strong	Medium Performer
Samsung Electronics	4.7 %	2.8 %	Strong	Medium Performer
TSMC	3.5 %	3.4 %	Strong	Outperformer

Climate Action 100+

We changed our engagement focus within Climate Action 100+ when divesting from Unilever in 2022 to NextEra Energy. We commend NextEra Energy's commitment to net zero by 2045 and actively engage with the company to enhance transparency in climate-related lobbying activities.

Net Zero Asset Managers Initiative

In our participation with the Net Zero Asset Managers Initiative (NZAM) alongside 315 asset managers, our commitment to achieving net zero greenhouse gas emissions by 2050 is underscored by firm-wide targets. For the baseline year 2019, we have set a temperature rating of 2.4°C, with an interim goal of achieving a maximum temperature rating of 2°C by 2030. Looking further ahead, our aim is to reach a temperature rating of 1.5°C for 35% of our Assets under Management (AuM) by 2050. To ensure alignment with these targets, we are actively engaging in dialogues with both our existing and potential segregated clients, seeking their endorsement of these commitments.

Our approach to portfolio analysis leverages ISS' Climate Risk Assessment tool, which scrutinises alignment with a 1.5-degree scenario based on the International Energy Agency's (IEA) Sustainable Development Scenario (SDS) and

APS Framework: Tracking Climate Benchmark Alignment

Our Announced Pledges Scenario (APS) framework tracks portfolio alignment with climate benchmarks, aiming for 30% overshoot by 2030, 15% by 2040, and net zero by 2050, while covering scopes 1, 2, and 3 emissions.

Announced Pledges Scenario (APS). This analytical framework provides a comprehensive view of how our portfolios either overshoot or undershoot these climate benchmarks. We allow for specific overshooting levels until reaching net zero in 2050, with 2019 serving as the baseline year:

- 2030: 30%
- 2040: 15%
- 2050: 0%

Our commitment extends to encompass scopes 1, 2, and 3 to the fullest extent possible, with 76% of our portfolio companies currently disclosing information on these.

For the remaining companies, we employ modelled emissions in accordance with ISS' Climate Risk Assessment methodology.

Being signatories to NZAM, our commitment extends beyond achieving

Supporting Net Zero by 2050: Evaluating Targets and Managing Climate Risks

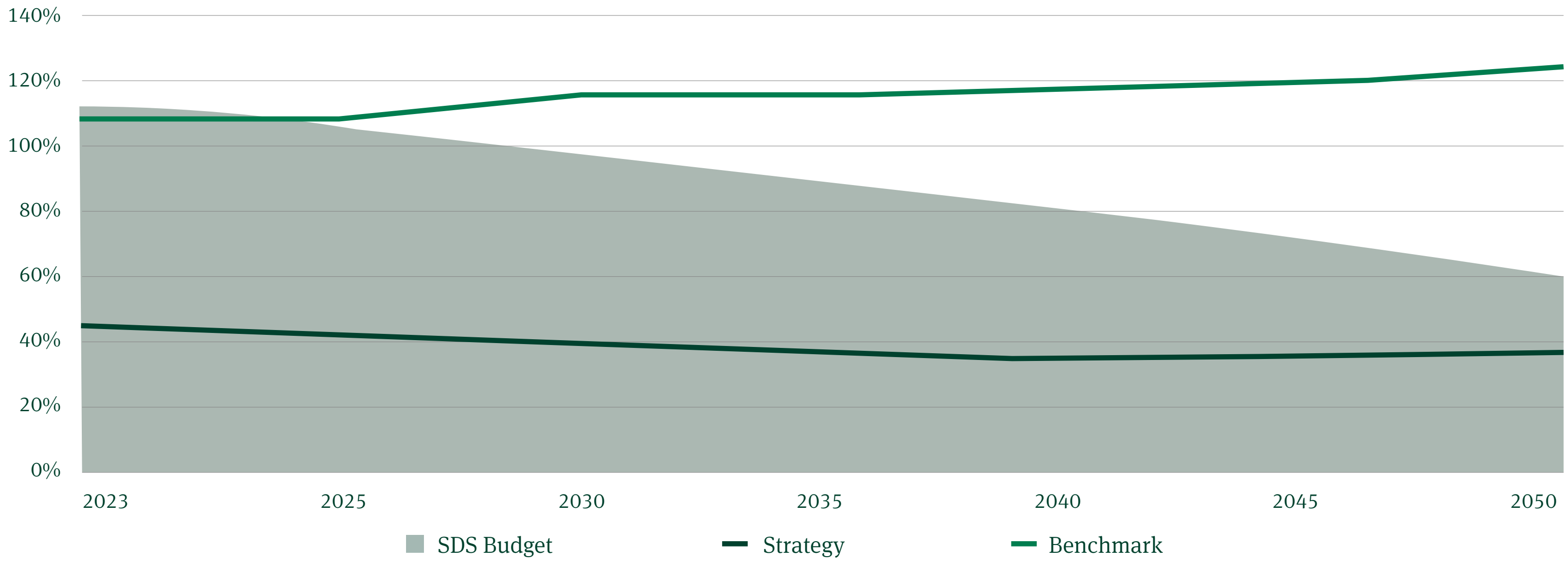
We support net-zero emissions investments by 2050, using the Temperature Rating Approach to evaluate portfolio targets. We assess climate risks and opportunities, engaging with companies to ensure alignment with international climate goals.

net zero greenhouse gas emissions; we also pledge support for investments aligned with net zero emissions by 2050 or sooner. To gauge our progress, we have chosen the Temperature Rating Approach as our methodology, a measure that evaluates the ambition reflected in our portfolio's public targets.

We assess material climate change risks and opportunities associated with the energy transition for all portfolio holdings. Materiality is determined by factors such as industry, country, and idiosyncratic elements. Holdings must commit to aligning with international climate goals, as evidenced by our climate target assessment.

Our engagements with investee companies focus on identifying and mitigating climate-related risks and monitoring their commitment to transitioning in line with global climate goals. This proactive approach works towards a responsible

CWW Emission Pathway vs. Climate Scenarios Budget



Internal Carbon Emissions Reduction

Based on 2019 levels, our goal is to reduce internal carbon emissions in 2023 by 30% and in 2030 by

50%

We have achieved a reduction in internal carbon emissions compared to 2019 by

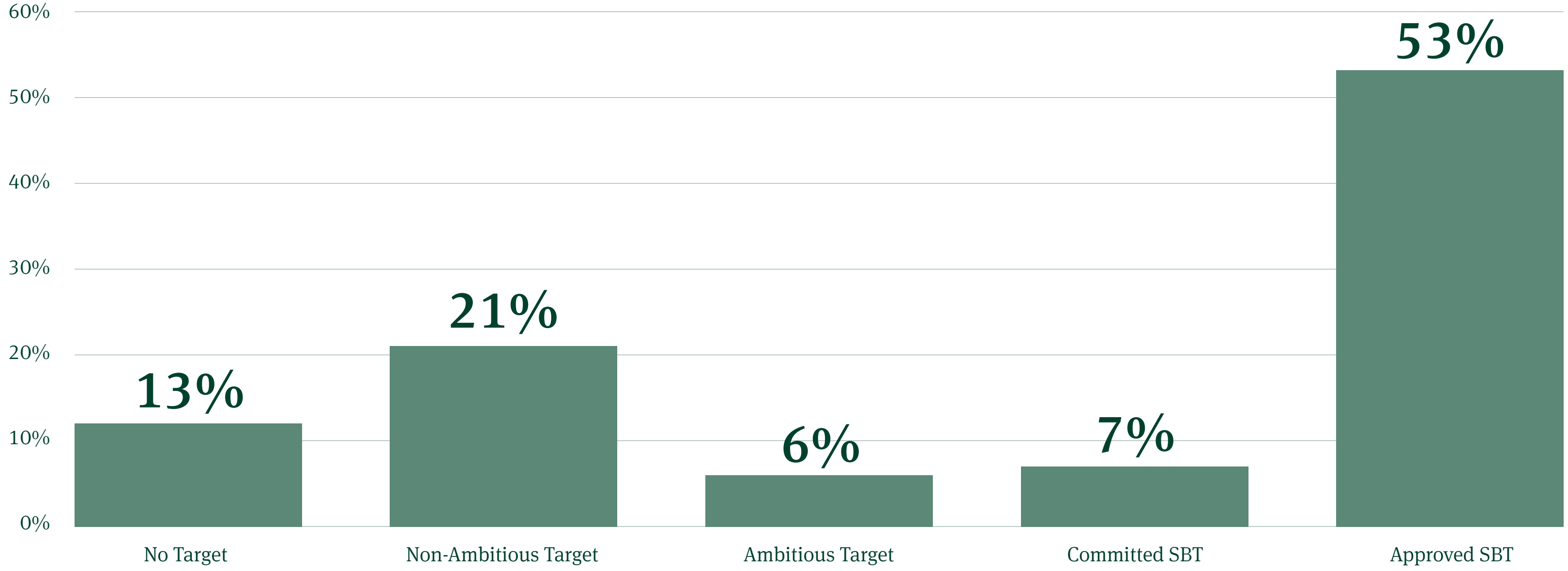
57%

and sustainable investment practices aligned with the 1.5°C scenario outlined in the Paris Agreement.

Internal carbon footprint

While our carbon footprint primarily is a result of our portfolio companies, efforts are also ongoing to achieve a 50% reduction in carbon emissions from internal operations by 2030, with an interim goal of 30% by 2023 relative to the 2019 levels. Regarding the progress of these internal firm-wide objectives, we have already achieved a 57% decrease in carbon emissions from internal operations compared to the 2019 baseline. The reduction is primarily attributed to travel emissions, as we opted to halve our travel activities in comparison to 2019. As a result, we are on course to meet our targeted reduction.

Climate Target Assessment (% Porfolio Weight)



Commitment to Ethical Business Practice

Social responsibility means prioritizing human rights, labor rights, and gender equality across the entire value chain. We require all investee companies to adhere to international human rights standards and uphold the UN Global Compact principles.

This chapter details our commitment to ethical investing, including zero tolerance for controversial weapons and active engagement with companies to address social risks like human rights abuses and modern slavery.

Social responsibility is about taking social issues such as human rights, labour rights and gender equality into consideration throughout the entire value chain.

Our baseline expectation is that all companies in which we hold investments must adhere to international human rights principles at the onset of our investment.

Moreover, we hold all investee companies accountable to uphold the ten principles outlined in the UNGC), encompassing labour rights, human rights, environment, and anti-corruption measures. Beyond the minimum UNGC compliance requirements, we place additional emphasis on investee companies proactively reporting material developments. This approach ensures transparency, fostering ongoing dialogue and monitoring.

Our commitment extends to maintaining a zero-tolerance policy across all Strategies and Sub-Funds concerning controversial weapons. As a result, we do not invest in companies associated with the production or revenue generation from anti-personnel mines, biological weapons, chemical weapons, cluster weapons, depleted uranium munitions, nuclear weapons, and white phosphorus.

Our baseline expectation is that all companies in which we hold investments must adhere to international human rights principles at the onset of our investment.

Addressing Social Risks

Addressing social risks, particularly human rights and modern slavery, is integral to our ongoing monitoring.

Our LISA framework focuses on human rights, child labour, and modern slavery, assessing compliance with UNGC principles and OECD guidelines.

Addressing social risks, particularly human rights and modern slavery, remains an integral part of our ongoing monitoring efforts. In the consumer goods category, exemplified by companies such as Nestlé, P&G, and Kerry Group, we recognise the material risk posed by human rights issues in global supply chains. These companies operate globally and are exposed to markets where forced labour, modern slavery, and child labour unfortunately persist. We actively engage with these companies, advocating for positive change and increased transparency in reporting efforts to address these challenges.

Our analytical framework, LISA, focuses on various social aspects, including human rights, child labour, and modern slavery. This involves assessing violations of UNGC principles and OECD guidelines for multinational enterprises, as well as evaluating compliance mechanisms aligned with these standards. Our approach includes scrutinising processes related to the UNGC principles, such as the Elimination of Forced Labor and the Abolition of Child Labor Policy. We also examine the presence of a human rights policy, a Code of Conduct policy, and a whistle-blower policy within companies.

Our engagement strategy emphasizes encouraging investee companies to establish robust policies to prevent repeated breaches of international norms.

Aligned with the Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, and the eight fundamental ILO conventions, our expectation is that investee companies must respect human rights and implement policies to monitor compliance. Our engagement strategy emphasises encouraging investee companies to establish robust policies to prevent repeated breaches of international norms. Additionally, we actively support proposals that significantly enhance the disclosure of business conduct and compliance efforts.

Active Ownership

As active, responsible, and long-term investors, active ownership is integral to our investment approach, embedded in every stage of the process. Our strategies include direct and collective engagement with investee companies, as well as diligent proxy voting, all aimed at driving long-term sustainable returns and addressing material risks.

This chapter outlines our commitment to active ownership, highlighting our 2023 focus on governance, environmental issues, and ethical business practices.

As active, responsible, and long-term investors, the practice of active ownership is fundamental to our investment approach. It is integrated into the investment processes, research, stock selection, portfolio construction, and risk management and is directly aligned with our fiduciary duty to comprehensively consider all relevant information and material risks in our investment analysis and decision-making.

Our active ownership strategies encompass the following key components:

1. Direct Engagements with Investees

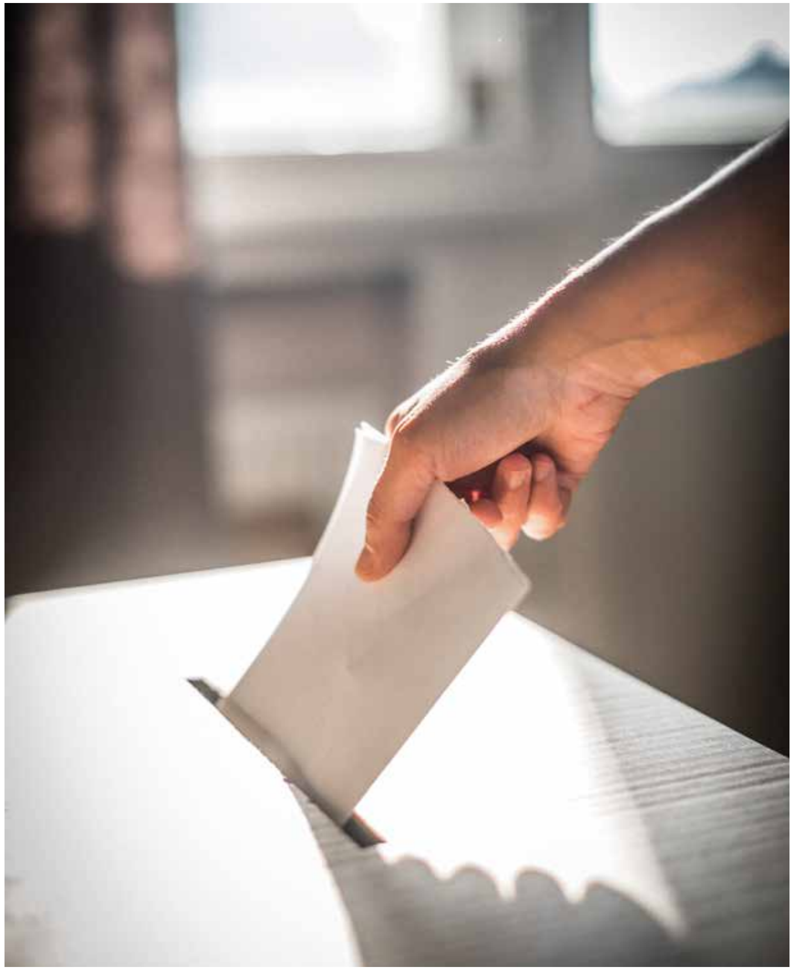
Companies: We actively engage with the management, executive staff, division heads, and board members of investee companies through various channels, including meetings, calls, and written communication.

2. Collective Engagements through External Service Providers

Engaging collectively is typically initiated in response to incidents where an investee company has breached or shows strong indications of breaching international norms or conventions. In certain cases, we also communicate and cooperate directly with other stakeholders in the investee companies to facilitate joint engagement efforts.

3. Proxy Voting

We exercise our voting rights in accordance with pre-determined parameters. Our voting decisions are guided by our fiduciary duties, and we generally support proposals that we believe will contribute to long-term sustainable returns for shareholders, taking care to avoid or appropriately address conflicts of interest.



Engagement Strategy

We use a dual system of direct and collaborative engagement with third-party experts.

Pooling efforts with like-minded investors through Morningstar Sustainalytics amplifies our influence.

The decision to engage with an investee company on a specific matter and the method of engagement are determined through a proportionality assessment, considering factors such as the size of our shareholding, the materiality of the issue, data reliability, the potential impact on the investee company's behaviour, and the resources required for engagement.

Engagements

Our approach to engagement is distinguished by a dual system, integrating direct involvement with collaborative engagement facilitated by partnerships with specialised third-party experts. Our engagement strategy goes beyond incident-driven events; it is a continuous interactive process with our portfolio holdings. This involves conducting specific sustainability meetings with senior representatives, encouraging a deeper understanding of our holdings through the foundation of our LISA work.

Furthermore, we utilise our network of investment peers through Morningstar Sustainalytics' engagement services. This gives us access to a well-established process and highly qualified specialists equipped with extensive knowledge and networks. Leveraging this expertise enables us to monitor and follow up with investee companies on material sustainability related risks.

Given our status as minority shareholders, the ability to pool engagement efforts and assets with like-minded investors and shareholders through Morningstar Sustainalytics significantly amplifies our influence. This collective strength enhances our capacity to instigate positive change within investee companies.

Direct Engagements

During 2023, we conducted 182 direct engagements across our equity strategies. These engagements covered all sustainability risks—with a particular focus on governance matters, as illustrated in the figure on the following page. The second most discussed topic was environmental matters, with a specific emphasis on climate related risks.

Throughout 2023, our strategic emphasis centred on four key areas:

1. Greenhouse gas emissions
2. Carbon emission reduction initiatives
3. Alignment with UNGC and OECD
4. Anti-corruption and anti-bribery policies.

From left to right: **Leemon Wu**, Portfolio Manager and **Abhinav Jagat Rathee**, Portfolio Manager.
Photo by Jacob Nielsen.

Top 3 Subject within E, S & G

Environmental

63 Climate Change

50 Energy Management

27 Circular Economy

Social

39 Labour Practices

38 Selling Practices & Product Labelling

36 Product Quality & Safety

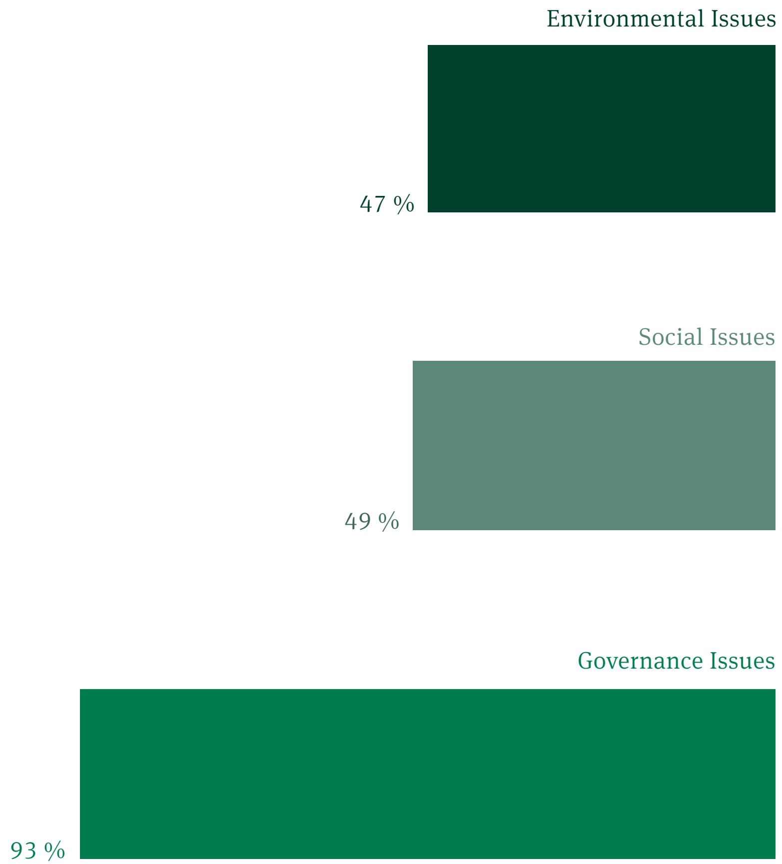
Governance

137 Strategy

73 Capital Structure

70 Competitive Behaviour

Share of E, S & G Engegements



LVMH

SASB Materiality

- Materials Sourcing & Efficiency

LVMH, one of the largest operators in the global luxury market, has an overall low risk profile with regards to sustainability related risks.

Over the past year, we explored LVMH's commitment to sustainability through its 'LVMH Initiatives for the Environment' (LIFE) 360 program. The company faces challenges, notably in plastic reduction and transitioning to bio-sourced materials, as maintaining quality proves difficult. However, successful initiatives, like utilising grape shells for Veuve Clicquot's paper packaging, showcase LVMH's dedication to environmentally conscious practices.

LVMH’s 'LIFE 360' program demonstrates its commitment to sustainability, with notable successes like using grape shells for packaging and a target of 100% traceability in supply chains by 2030.

Transparency and traceability are key pillars of LVMH's sustainability strategy, with a target of achieving 100% reliable traceability in strategic supply chains by 2030. Initiatives include collaborating with NGO Canopy Planet and disclosing sources for animal raw materials, achieving impressive results of 89% traceability for exotic leather and fur, and 64% for wool.

Circularity is a focal point for LVMH, evidenced by the Nona Source platform, an internal resale platform for surplus materials across Maisons. The platform, popular among customers, emphasises reusing materials to create new products, including developing new threads for clothing.

Despite challenges, LVMH's focus on circularity through initiatives like the Nona Source platform and exploration of alternative materials like mushroom leather reflects its dedication to sustainability while maintaining luxury quality standards.

Moreover, LVMH explores alternative materials, such as cultivated fur and mushroom leather, tested at the Stella McCartney Maison. Despite progress, the company prioritises quality and thorough testing before adopting new materials, with current research focused on keratin's potential use in this development. LVMH's cautious approach reflects its commitment to maintaining the high standards associated with its luxury brands while actively engaging in sustainable practices, aligning with the changing priorities of Generation Y and Generation Z customers.

Procter & Gamble

SASB Materiality

- Water & Wastewater Management

During discussions with P&G in the previous year, the spotlight was on their palm oil activities, particularly in the context of sustainability, deforestation, and biodiversity. P&G outlined key environmental areas like Climate, Forestry, Water, and Plastic Packaging, with a focus on sustainable palm oil development.

Despite utilising certified sources, concerns remained about the effectiveness of certification in identifying issues within the supply chain. Notably, P&G engaged with a controversial supplier, FGV, demonstrating a commitment to transparency and positive change.

The meeting with P&G revealed an expanded spectrum of sustainability subjects, including climate-related risks, water management, employee relations, and governance.

The meeting with P&G revealed an expanded spectrum of sustainability subjects, including climate-related risks, water management, employee relations, and governance.

Acknowledging the forthcoming European deforestation regulation, P&G expressed readiness to comply, relying on biannual audits and satellite monitoring. The company set ambitious emission reduction targets aligned with external recommendations and conducted a comprehensive water risk assessment with a focus on restoration.

The discussion also touched on employee turnover rates, anticipating a continuous decrease with a strategic focus on attracting and retaining talent through the Superior Employee Value Equation.

Governance practices were briefly updated, emphasising board oversight of sustainability efforts and ongoing considerations of sustainability-linked compensation.

The development from last year has been P&G's evolving sustainability strategies, from a specific focus on palm oil in the past to a broader and more proactive approach encompassing diverse environmental and social factors in the present.

P&G’s sustainability strategy has evolved from focusing specifically on palm oil to a broader approach addressing climate risks, water management, employee relations, and governance, with a commitment to transparency and compliance with upcoming regulations.

TSMC

SASB Materiality

- Employee Engagement, Diversity & Inclusion
- GHG Emissions
- Energy Management

TSMC has committed to sustainability principles, as discussed during our meeting in Taiwan. Founded in 1987, TSMC has ingrained a cultural emphasis on "ICIC": Integrity, Commitment, Innovation, and Customer Trust. Notably, sustainability has been formally incorporated into management remuneration, seamlessly aligning with the longstanding ICIC values.

> TSMC has committed to sustainability principles, integrating them into management remuneration and aligning with its 'ICIC' values: Integrity, Commitment, Innovation, and Customer Trust.

TSMC's emphasis on people as the key to success extends to its policies, such as evaluating collaborative capabilities for employee promotions, fostering a collaborative mindset within the organisation. The company's cultural dedication to ESG has ensured a smooth integration of these principles into its operational framework.

> TSMC remains committed to the Science-Based Targets initiative (SBTi) and anticipates a potential commitment around 2025, aligning with the anticipated growth in Taiwan's energy infrastructure. The company emphasizes its dedication to maintaining or decreasing its carbon footprint while highlighting their significant contribution to energy efficiency in wind and solar solutions.

Our discussions also touched upon environmental issues and climate related risks. TSMC remains about committing to the Science-Based Targets initiative (SBTi) until they observe a few more years of absolute emissions data. The company's rapid growth outpacing the expansion of renewables is a key consideration.

TSMC anticipates a potential commitment to SBTi around 2025, aligning with the anticipated growth in Taiwan's energy infrastructure. The company emphasises its commitment to maintaining or decreasing its carbon footprint from the time of joining SBTi.

Furthermore, TSMC highlighted their significant contribution to energy efficiency in products where they play a crucial role, such as wind and solar solutions. Despite this contribution, the company expressed a belief that they may not be receiving sufficient recognition for their role in advancing energy efficiency.

Munters

SASB Materiality
- Business Ethics
- Energy Management

Munters is actively engaged in enhancing its sustainability practices. During this year they published their sustainability report, which included a focus on water usage, despite its relatively small impact.

Munters is proactively addressing sustainability considerations throughout its operations, from supplier management to safety initiatives, diversity goals, and a substantial commitment to renewable energy, showcasing a comprehensive approach to sustainability.

The company conducts annual supplier audits, featuring self-assessments and random audits, emphasising a commitment to supplier reduction without compromising independence. The strategic move towards regionalisation aligns with Munters' broader goal of reducing its climate footprint. Notably, the incident rate reported quarterly, has shown a decreasing trend, reflecting a significant focus on safety throughout the year, highlighted by a comprehensive "stop program" that includes safety education initiatives.

Munters has integrated sustainability factors into its Long-Term Incentive Plan (LTIP), with the third level allocating 30% of LTIP shares based on relevant metrics. The company demonstrates progress in diversity, scoring well compared to the industry, although there is an acknowledgment of room for improvement in absolute numbers. Munters sets a clear target for gender diversity, aiming for at least one-third of newly appointed leaders to be women. In terms of energy efficiency, Munters is actively improving numbers in its production units. The share of renewable energy has notably increased, reaching 80% in Q3, a significant jump from 50% just a couple of years ago. Looking ahead, Munters has set an ambitious target of achieving net-zero emissions by 2030, further underlining its commitment to environmental sustainability.

> Munters is actively enhancing its sustainability practices, with a comprehensive approach that includes a focus on water usage, supplier management, safety initiatives, and diversity goals. The company conducts annual supplier audits, emphasizes a strategic move towards regionalization to reduce its climate footprint, and integrates sustainability factors into its Long-Term Incentive Plan (LTIP), allocating 30% of shares based on relevant metrics. Munters has significantly increased its share of renewable energy to 80% and aims for net-zero emissions by 2030, while also setting a clear target for gender diversity in leadership roles.

Collective Engagements with Morningstar Sustainalytics

With Morningstar Sustainalytics, we engaged collectively on seven critical issues, such as human rights, environment, and ethics.

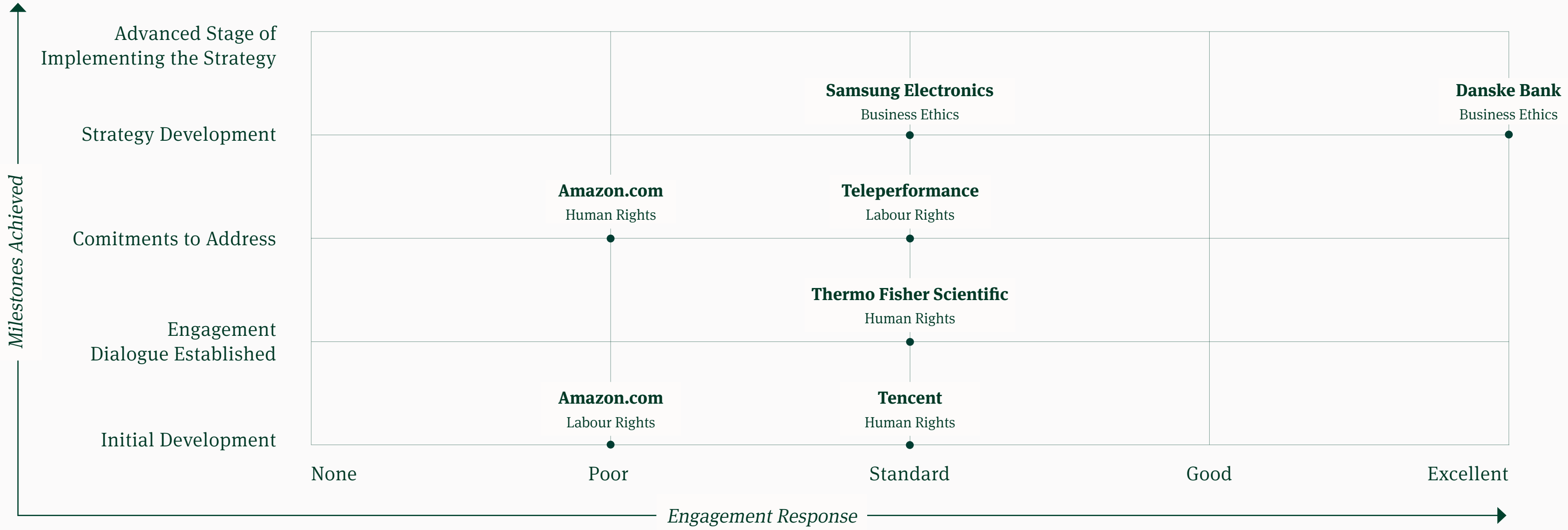
Collective Engagements

In addition to our direct engagements, we actively participate in collective engagements with fellow investors through Morningstar Sustainalytics' global coverage engagement services. This collaborative approach grants us access to highly qualified specialists with robust knowledge and an extensive network. This expertise is instrumental in leveraging ongoing engagements with investee companies on critical issues, including human rights, labour rights, environmental concerns, and business ethics.

Collective engagements typically originate from incidents, indicating that the investee company has either breached or shows indications of an impending breach of international norms or conventions.

In specific instances, we may directly communicate or collaborate with other stakeholders in investee companies to advance collective engagement efforts.

In partnership with Morningstar Sustainalytics, we participated in seven collective incident-based engagements, typically characterised by their longer-term and ongoing nature. The majority of collective engagements centred around social aspects, particularly human and labour rights.



Key Takeaways from Thermo Fisher's Engagement

TF addressed human rights concerns related to its business activities in Xinjiang and the Tibet Autonomous Region.

TF's cross-functional Bioethics Committee monitors ethical product development.

TF implemented new AI technologies and committed to sustainability.

Thermo Fisher Scientific

This engagement began in December 2021 due to allegations of human rights violations related to Thermo Fisher's (TF) business activities in Xinjiang and the Tibet Autonomous Region (TAR). TF addressed these concerns through various statements and policy updates.

In February 2022, TF outlined a purchasing process to prevent the irresponsible sale and use of its products in a conference call with Sustainalytics, emphasizing an important factual error in the ASPI report regarding product use. Sustainalytics acknowledged the potential mischaracterization but sought clarification on TF's human rights due diligence practices.

TF noted that sales for the concerned product in China were not material but stressed its commitment to ethical business conduct.

In April 2023, TF provided a policy focused on employees, with a separate policy for the supply chain, but lacked coverage on human rights risks related to business relationships or products/services.

TF's cross-functional Bioethics Committee monitors ethical product development, though its scope on business relationships remains unclear. TF has been reluctant to increase transparency in public disclosures despite recommendations from Sustainalytics. In February 2022, TF promised to update Sustainalytics when new disclosures were available but remained cautious about human rights disclosure.

During engagement calls in December 2021 and February 2022, TF disagreed with the Global Standards Screening (GSS) Watchlist assessment, clarifying that their technology was not customized for Chinese markets and could not identify ethnicity. TF stated it had not engaged with ASPI and avoids media organizations with unbalanced views.

In 2023 calls, TF emphasized that China accounts for 8% of its revenue and that the selling of DNA sequencing technology to the police in China stopped in 2019. TF also highlighted the implementation of new AI technologies and its commitment to sustainability.

TF plans to release its next CSR report in Q2 2024, which will be reviewed for relevant information and potential changes to engagement milestones or progress signals.

Key Points of Danske Bank's AML Scandal and Settlement

Danske Bank resolved issues with Swedish regulators and fully complied with their orders by the mid of

2022

Danske has demonstrated a compliance-focused approach to addressing its AML issues, holding regular dialogue with stakeholders and providing detailed disclosures about its Financial Crime Plan.

Danske Bank

After initial orders and reprimands in May 2018, the Danish Financial Supervisory Authority (FSA) reopened its investigation into Danske Bank's (Danske) management and control of money-laundering issues in its Estonian branch in September 2018. This followed Danske's own investigation into transactions and customers at the branch from 2007 to 2015, which identified about 6,000 high-risk customers and EUR 200 billion in transactions. The fallout led to the resignation of executives and investigations in Denmark, Estonia, France, and the US.

In February 2019, the Estonian FSA ordered Danske to cease all banking operations in Estonia, leading to the liquidation of its Estonian business by October 2019. Subsequent inspections in Norway and Sweden found regulatory non-compliance, prompting Danske to commit to strengthening its anti-money laundering (AML) efforts. By mid-2022, Danske resolved issues with Swedish regulators and fully complied with their orders.

In December 2022, Danske pleaded guilty to bank fraud conspiracy, agreeing to pay USD 2 billion to settle US and Danish investigations. Throughout our engagement process, Danske Bank has demonstrated a compliance-focused approach to addressing its AML issues. The company has been open to regular dialogue, holding multiple conference calls and providing detailed disclosures about its Financial Crime Plan.

The Financial Crime Plan, nearing completion, has progressed steadily over the years, with disclosures reassuring its comprehensiveness. Danske resolved major regulatory issues with the US Department of

Justice (DoJ), the US Securities and Exchange Commission (SEC), and the Danish Special Crime Unit (SCU) by accepting fines totalling DKK 3.5 billion and confiscation of DKK 1.249 billion. The company continues to address remaining concerns through the Financial Crime Plan and aims to improve its corporate ethical behaviour.

The engagement is nearing resolution, with final details on the Financial Crime Plan execution and updates on remaining investigations to be confirmed. Moving forward, we will continue encouraging Danske to further develop its corporate culture to ensure long-term improvements in corporate ethical behaviour.

Amazon's Safety Investments

Amazon created a Safety Leadership Index (SLI) in 2018 to measure employee perceptions of safety, with an investment of

USD 1 bn

To safety efforts alone in 2023 they committed

USD 550 mil

Amazon

In recent years, Amazon has faced significant scrutiny over recurring health and safety issues and workers' rights. These challenges have prompted extensive engagements to drive improvements across its global operations.

Over the past several years, Amazon has experienced frequent health and safety incidents, including fatalities and serious injuries, reportedly surpassing the average for the US retail industry. Despite limited initial engagement, Amazon has taken substantial steps to address these issues. The company established a Safety Leadership Index (SLI) in 2018 to measure employee perceptions of safety and between 2019 and 2022 invested USD 1 billion in safety projects and initiatives (unrelated to COVID-19) across Amazon, and in 2023 alone committed $550 million to safety efforts.

Amazon has faced significant controversy over its labour practices, particularly regarding unionization efforts. with workers seeking to address concerns about working conditions and fair treatment. The company has been involved in ongoing discussions about the role of unions and employee representation, highlighting the broader debate about workers' rights and corporate practices. During the last engagement call with Amazon, C WorldWide addressed the issue of unionization. Amazon responded by emphasizing its commitment to caring for its employees and being responsive to their concerns. They clarified that they do not actively promote or discourage union membership and have implemented manager training to ensure proper communication and understanding of employee rights. Amazon also highlighted the presence of a human rights due diligence team to

uphold their practices and commitments in this regard.

Despite challenges in transparency and dialogue, Amazon has demonstrated a commitment to improving corporate ethical behaviour. The company has made notable progress in addressing health and safety and workers' rights issues through substantial investments and strategic initiatives. Moving forward, continuous engagement will focus on enhancing these efforts and ensuring long-term improvements through comprehensive strategies and effective implementation.

Our Voting Activities

Over the past year, we actively participated in voting on

385 meetings

representing, of all available meetings across our investee companies

100%

Notably, of the 4,494 proposals, we voted against management on a total of

9%

Voting

Proxy Voting is the third cornerstone of our active ownership practices, aligning with our two engagement pillars and serving as an avenue to advance our investment objectives and responsibilities. We monitor all general meetings of investee companies, exercising our voting rights with a commitment to supporting proposals that enhance, rather than diminish, long-term sustainable returns to shareholders.

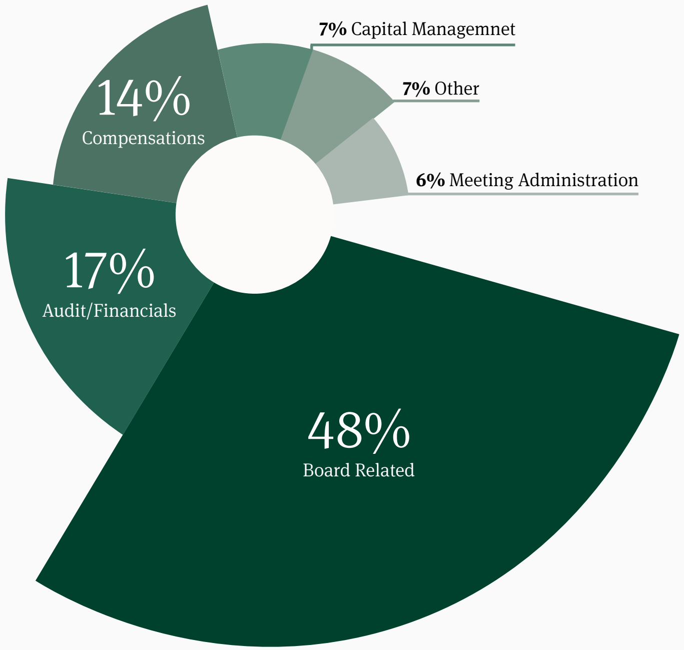
Our proxy voting practices are linked with our engagement objectives, ensuring that the themes discussed in our ongoing engagements with investee companies are underscored through our votes. Research and recommendations for all meetings involving investee companies are provided to us. These recommendations are rooted in our policy with our proxy voting service provider, Glass Lewis, generally advocating for support of shareholder resolutions promoting sustainable business practices, particularly in environmental and social aspects. However, the final voting decision is determined by portfolio managers who directly assess each recommendation against management. Beyond the input from our proxy voting provider, our voting decisions incorporate company analysis and research, external sell-side research, and analytical insights from our external engagement research service provider.

Our key voting focus areas include, but are not limited to:

- Minority shareholder items
- Remuneration structures
- Increased disclosure and transparency
- Sustainability-related topics

Over the past year, we actively participated in voting on 385 meetings, representing 100% of all available meetings across our investee companies. Notably, in 9% of the 4,494 proposals we voted against management. The circle chart below illustrates the top proposal categories voted on during this period, and the following pages provide insights into specific proxy voting outcomes from the same timeframe.

Top 5 Proposal Categories



Amazon.com

During the most recent quarter, our voting decisions as shareholders at Amazon.com Inc. were marked by a divergence from management on 7 out of 18 proposals.

Among these, several key issues were addressed:

1. Shareholder Proposal Regarding Report on Customer Due Diligence:
We maintain our stance, consistent over the past three years, that Amazon faces human rights-related risks, particularly in the context of its product usage. We advocate for improved disclosure mechanisms to address and mitigate the risks associated with potential human rights violations.

2. Shareholder Proposal Regarding Median Gender and Racial Pay Equity Report:
In light of recent controversies, including legal challenges and fines related to hiring and pay practices, we endorse increased transparency on gender and racial pay equity. This call for enhanced disclosure has been our position over the past few years.

3. Shareholder Proposal Regarding Shareholder Approval of Advance Notice Provisions:
In the interest of safeguarding shareholder rights, we believe that obtaining shareholder approval for provisions that could limit these rights is a prudent measure.

4. Shareholder Proposal Regarding Third-Party Assessment of Freedom of Association:
Given Amazon's extensive operations and the controversies surrounding its labour practices, we advocate for an independent assessment of the company's policies regarding freedom of association and collective bargaining.

5. Shareholder Proposal Regarding Report on Working Conditions:
In light of recent criticism and controversies surrounding working conditions, we advocate for a third-party review. The reputational and regulatory risks associated with the ongoing warehouse labour controversy make this information relevant for shareholders. Notably, this proposal garnered 44% support in the previous year.

6. Shareholder Proposal Regarding Report on Plastic Packaging:
Echoing our position from the past few years, we acknowledge the need for Amazon to enhance its disclosure on plastic packaging. Last year, this proposal received 48% support.

7. Shareholder Proposal Regarding the Human Rights Impacts of Facial Recognition Technology:
In response to Amazon's. involvement in various surveillance and facial recognition controversies, we continue to support this proposal. Notably, our consistent endorsement spans three years, with last year's vote receiving a noteworthy 41% shareholder support.

Atlas Copco

At the recent Atlas Copco meeting, our voting decisions deviated from Glass Lewis' recommendations on five proposed measures.

We present a rationale for each dissenting vote:

1. Election of Johan Forssell:
Despite Glass Lewis' criterion of deeming a nominee unfit if they concurrently serve on more than two public company boards while holding an executive position, we chose to go against their recommendation. Our support for the election of Johan Forssell, who serves as the CEO of Investor, a holding company and primary owner, stems from the relevance of his role on the board.

2. Election of Anna Ohlsson-Leijon:
Disregarding Glass Lewis' apprehensions about potential overcommitment, we voted in favor of Anna Ohlsson-Leijon's election. Contrary to Glass Lewis, we do not consider her positions as a board member of Schneider Electric and an Executive VP at Electrolux to be overcommitted.

3. Performance-based Personnel Option Plan 2023:
We opposed Glass Lewis and supported the proposal for the Performance-based Personnel Option Plan 2023, citing its alignment with common practices in the Swedish market. Our decision reflects trust in the main, long-term shareholders and their demonstrated track record of value creation.

4. Authority to Repurchase Shares Pursuant to Personnel Option Plan 2022 and 2023:
Similar to the Performance-based Personnel Option Plan, we voted against Glass Lewis' recommendation and in favour of the authority to repurchase shares. Our rationale remains grounded in the prevailing practices in the Swedish market and our confidence in the value creation track record of key, long-term shareholders.

5. Authority to Issue Treasury Shares Pursuant to Personnel Option Plan 2023:
In line with our voting pattern on the previous proposals, we opposed Glass Lewis and supported the authority to issue treasury shares under the Personnel Option Plan 2023. This decision is underpinned by the customary nature of such practices in the Swedish market and our belief in the responsible stewardship of the main, long-term shareholders.

AIA Group

During our recent involvement with AIA Group Limited, our voting decisions diverged from management's recommendations on two proposed measures.

Here's an overview of our rationale for each dissenting vote:

1. Adoption of Amended Restricted Share Unit Scheme and Share Option Scheme:
   We concurred with Glass Lewis' assessment that the existing one-year vesting period for the restricted share unit scheme inadequately addresses shareholders' interests. This alignment led us to oppose the proposal for adopting an amended restricted share unit scheme and the amendment to the share option scheme. Additionally, the change of control provision, allowing for accelerated vesting in the event of a control change, raised concerns about its potential impact on successful deal outcomes and the premium offered to shareholders in takeover transactions.

2. Election of Edmund Tse Sze Wing and Jack So Chak Kwong:
   Disregarding Glass Lewis' emphasis on the lack of female representation, we disagreed with the reasoning but aligned with the recommendation that members of the audit and remuneration committees should be independent. In the case of Edmund Tse Sze Wing and Jack So Chak Kwong, both having served on the board for more than 12 years, we considered their extended board tenure as a potential affiliation, rendering them less suitable for independence. This nuanced perspective led us to vote against their election.

CHAPTER 05

Outlook 2024

Outlook 2024

Enhancing ESG Integration and Responsible Investment

We are enhancing our ESG datasets and integrating sustainability into all business and investment processes. We remain focused on improving our performance in key areas such as GHG emissions, carbon reduction, and anti-corruption.

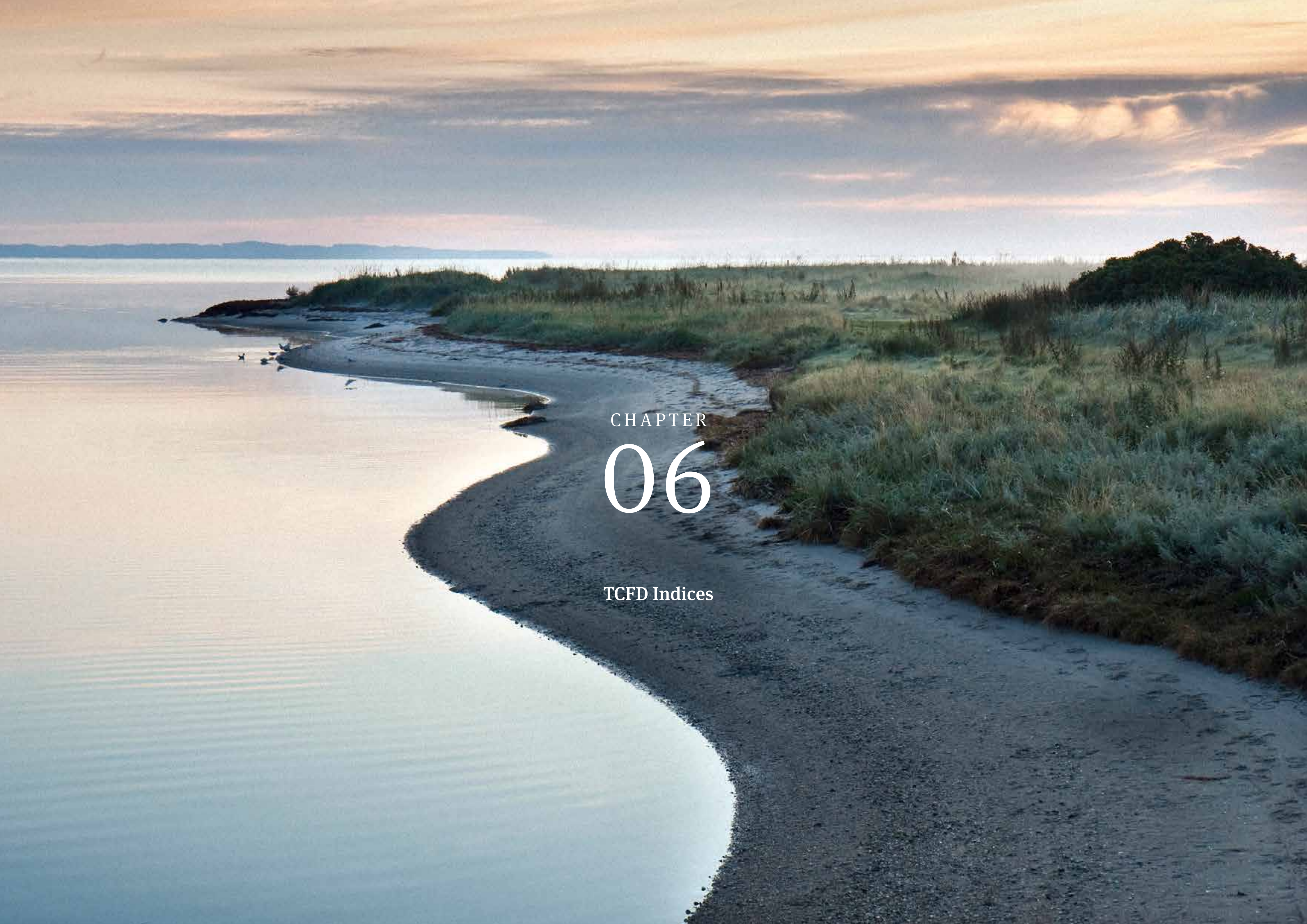
In 2024 our focus is on continuously enhancing and refining the integration of sustainability and responsible investment considerations across all aspects of our business operations and investment decision-making processes.

We are committed to improving our Environmental, Social, and Governance (ESG) datasets to ensure they remain transparent, reliable, and comprehensive. This ongoing enhancement will strengthen our analysis and decision-making, supporting our commitment to responsible investment.

Moving forward, our engagement efforts stay aligned with the key topics identified in 2023. While we have seen progress, we acknowledge the need for further development in areas such as:

- Greenhouse gas (GHG) emissions
- Carbon emission reduction initiatives
- Violations of UNGC and OECD Multinational Enterprise guidelines
- Anti-corruption and anti-bribery policies

Our active ownership efforts will continue to support investee companies in addressing potential issues and improving their sustainability performance through sustained and meaningful engagement.



CHAPTER

06

TCFD Indices

TCFD Indices

CHAPTER

07

Reporting and Transparency

Reporting and Transparency

		Strategies	Sub-Funds - Luxembourg	Sub-Funds Denmark
Disclosure documents	Prospectus / Pre-contractual disclosure cf. SFDR	Link	Link	Link
	Website Disclosures cf. SFDR	Link	Link	Link
Reporting – Strategy/ Sub-Fund level	Annual Accounts / Periodic Disclosure cf. SFDR	Link	Link	Link
	Quarterly Sustainability Reports	Link		

		CWW AM	CWW FM
Policies	Responsible Investment Policy	Link	Link
	Engagement and Proxy Voting Policy	Link	Link
	Sustainability Risks Policy	Link	Link
Reporting – Company level	PAI Statement	Link	Link
	PRI Reporting	Link	

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