



ESG Report

Nordic Equities

Q4 2022



C WorldWide Nordic Equities

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

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
- 5% Small Arms
- 5% Adult Entertainment
- 5% Alcoholic Beverages
- 5% Gambling
- 5% Tobacco Products
- 5% Oil Sands
- 10% Thermal Coal
- 10% Shale Energy
- 25% Oil & Gas

Portfolio Changes

During the quarter, we bought DSV, Mowi and Christian Hansen.

DSV

DSV is a transport and logistics company offering transport services worldwide by road, air, sea, and train. The bulk of DSV's activities comes from its European trucking network and air- and sea freight forwarding businesses. Since its founding in 1976, the company has grown rapidly, mainly via acquisitions. DSV has low ESG risk, but notable material ESG issues could include occupational health and safety, carbon emissions from own operations, and human capital

Mowi

Mowi ASA is a Norway-based producer of farmed salmon. It distributes salmon and other processed seafood globally. The company focuses on producing high-quality fish by producing fish eggs and nurturing the fish in the early stages of their life. Additionally, it owns secondary processor facilities that help transform the fish into ready-to-eat and packaged products.

Mowi has a medium-high risk score, according to Sustainalytics, which is similar to the subindustry average.

Christian Hansen

Chr. Hansen is a global bioscience company with employees across 30 countries. Its segments include food cultures and enzymes that produce and sell innovative cultures, enzymes, and probiotic products to the food industry, especially in the dairy industry. Chr. Hansen has a low ESG risk score in Sustainalytics with an overall exposure at a medium level and, at the same time, a strong ESG Management score.

Direct Engagements

During the fourth quarter of 2022, we engaged with several companies, including Yara and Novo Nordisk.

Yara

We held a combined ESG and strategy meeting with Yara. The purpose of the meeting was to get an update on the ESG status after the war in Ukraine, the risk and opportunities in the EU- and US green packages, and more details around Yara's green ammonia project.

First, the war situation has not changed investors interest in Yara's ambitions within ESG, where the main focus is to reduce their GHG emissions in farming by developing green ammonia and optimising the farmers' use of fertiliser by digital solutions.

Yara's green ammonia project is expected to IPO in 2023. The reason for the spin-off is that the project is very CAPEX intensive, which gives them more flexibility as an independent company. Yara will remain a majority owner of the new company, meaning that it will still benefit from this project and use its vast expertise within the infrastructure of the ammonia market to help the company succeed.

Yara expects the EU Green Deal and the US Inflation Reduction Act to support the development of green ammonia even more as the emissions from fertiliser is substantial today. In the EU, as an example, 22% of emissions within agriculture comes from fertiliser usage. We also discussed the relatively low EU Taxonomy Alignment, which probably will be a mid-single digit. The reason for this is low eligibility, as all ammonia producers have a hard time living up to criteria set by the EU taxonomy. For Yara, this is expected to change with Yara's green Ammonia initiative.

In this context, it's significant for Yara and other EU producers that the CBAM (Cross Border Adjustment Mechanism) will work efficiently to keep other GHG-intensive producers out of the EU market.



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.

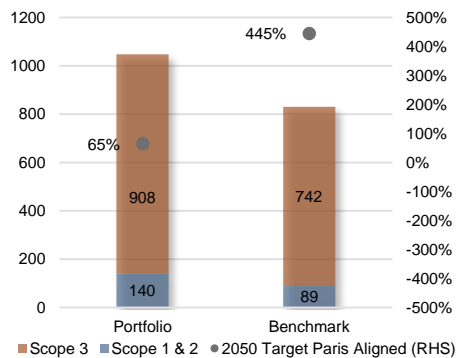
Finally, we discussed Novo Nordisk's focus on recycling and educating consumers/patients to sort waste properly. Specifically, insulin pens can be recycled, and materials such as plastic can be reused. Ongoing work across the industry is currently taking place to find optimal solutions for producing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

Proxy Voting

There was a relatively limited proxy voting activity in Q4, no votes were cast against management or policy.

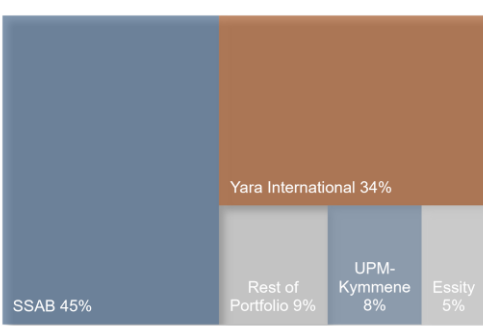
Sustainalytics Portfolio Risk Rating: 20.9
Benchmark: MSCI Nordic 10/40 Index

Emissions Exposure & SDS (tCO₂e)

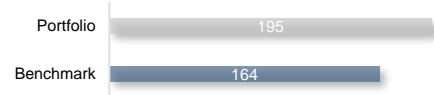


The above graph summarises the portfolio's carbon footprint compared with the benchmark. The Sustainability Development Scenario (SDS) pathway on the right-hand side of the graph is fully aligned with the Paris Agreement. The graph indicates whether the portfolio and benchmark are expected to over-/undershoot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

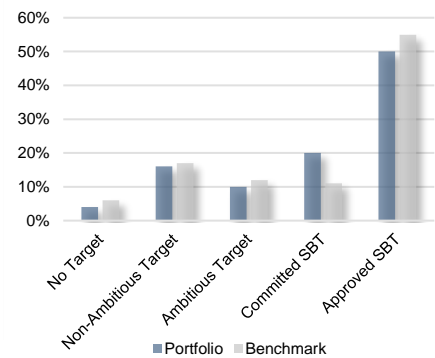
Top 5 Contributors to Portfolio Emissions



Carbon Intensity (tCO₂e/mill. USD revenue)



Climate Target Assessment

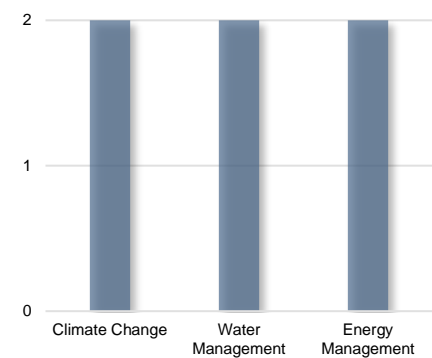


The above graph shows how many of the companies in the portfolio have set climate targets and how ambitious these are. Having ambitious targets, being committed to Science-Based Targets (SBT) or having approved SBT shows close alignment with the Paris Agreement.

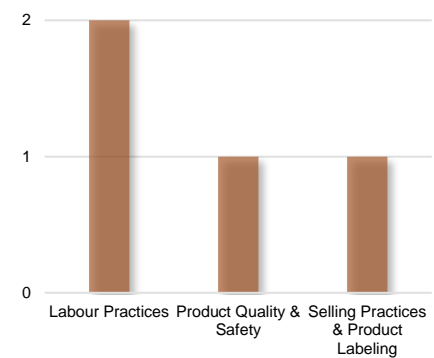
Source: ISS Data Desk (Climate Assessment). Based on a portfolio Value of 1,000,000 USD. Portfolio as of 31st of December 2022

Direct Engagement Topics

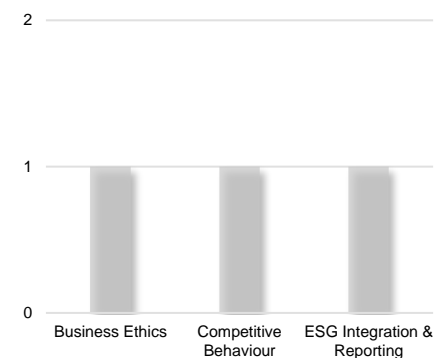
Environment



Social



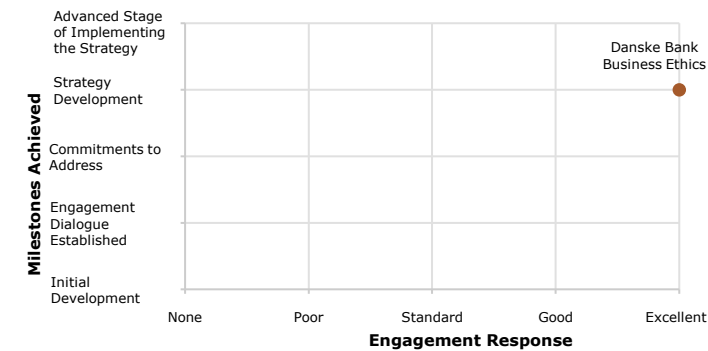
Governance



Total direct company engagements for the portfolio: 2

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%	1
Proposals Voted	100%	3
Proposals with a Vote Against Management	0%	
Proposal Categories (Top 3)	67%	Audit/Financials
	33%	Meeting Administration
	0%	

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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Active Investments

C WorldWide Asset Management Fondsmæglerselskab A/S is a focused asset manager. Our objective is to deliver consistent, long term capital growth for clients through active investments in listed equities on global stock exchanges.

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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