



ESG Report

Nordic Equities

Q1 2023



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 EU announced its Net Zero Industry Act – its response to the US Inflation Reduction Act that is both expected to significantly boost growth and capex of targeted industries. Also, the Intergovernmental Panel on Climate Change (IPCC) released its sixth assessment report which again illustrates a critical need to accelerate climate policy action due to a 'rapidly closing window of opportunity to secure a liveable and sustainable future for all'. Also highlighted in the latest IPCC report, global sustainability regulation's enduring and inclusive quality rests on multi-level governance and calculated coordination across multiple policy domains.

Efforts to improve the energy efficiency of everything from cars to home appliances, along with changes in habits and behaviour, will play a crucial role in making the world's energy use more sustainable. A case in point is India. India is interesting to mention as India is set to outnumber China as the world's largest population by more than 1.425 bn, which will have an increasing impact on socioeconomic and environmentally related areas dependent on actions taken.

In this context, India's Lifestyle for Environment (LiFE) initiative, first introduced by Prime Minister Narendra Modi at COP26 in Glasgow in November 2021, is an important platform that could help lower energy costs, CO₂ emissions, air pollution and inequalities in energy consumption, even though India's net zero targets is 2070 (somewhat later than most countries that have set a 2050 target). However, since India is set to be the world's third largest economy by 2027, as estimated by the IMF, the country's great challenge is to keep ensuring secure and affordable energy for growth for the Indian population while also acting to meet global targets.

As part of India's first presidency for the G20, LiFE is set to be an overarching theme which objective is to mobilise at least one billion Indians and other global citizens to take individual and collective action to protect and conserve the environment in the period 2022-28.

A study by the International Energy Agency (IEA) shows that if all countries adopt the measures recommended by LiFE, they would reduce global CO₂ emissions by more than 2 billion tonnes by 2030. This alone would deliver around 20% of the emissions reductions needed by 2030 to put the world on a trajectory to net zero emissions. Furthermore, the measures would also reduce energy consumption/per capita inequalities between advanced economies and the rest of the world. The per capita CO₂ emissions reductions in advanced economies by 2030 are 3-4x greater than in emerging markets and developing economies.

We believe that the initiative taken in India opens up some interesting opportunities for many Nordic companies with the knowledge and technology to help India reach its goals.



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

No portfolio changes were made during this quarter.

Direct Engagements

During the first quarter of 2023, we engaged with several companies, including GN Store Nord and Novo Nordisk.

GN Store Nord

During Q1 2023, we had several meetings with the management of GN Store Nord.

The company had gotten into a difficult financial situation after acquiring the headset company SteelSeries in January last year, just before the stock markets went into negative territory and consumer spending.

As a result of this very unlucky and bad timing of the acquisition of SteelSeries, GN had to do something to strengthen its balance sheet. So, we met with management on the 9th of January (The "old" CFO and IR) to discuss strategy and the stressed balance sheet. We indicated that the management and board should explore all strategic opportunities like a sale of a part of the company, and that a dilutive right issue should be the last option.

Nonetheless, GN, on the 8th of February, just before the release of their 2022 result, announced their intention to initiate a relatively big rights issue. On the 10th of February, after the release of their 2022 result, we again met management in a Group meeting with other investors. Once again, we tried to convince management to examine other opportunities, which management had not done. Moreover, we indicated that at the AGM, we could not vote for the fitting issue of the size management suggested.

On the 14th of March, the day before the AGM, GN Store Nord's management cancelled the intention to do the right issue, so the proposal never became a part of the agenda at the AGM.

We hope the board and management are looking for all strategic opportunities. It could be a combination of a sale of some assets and a minor right issue.

Novo Nordisk

We recently participated in an ESG meeting with Katrine DiBona, the Vice President of Global Public Affairs and Sustainability. During the meeting, we discussed various important topics, including the recent two-year suspension of the company from the Association of the British Pharmaceutical Industry. This suspension was due to the company sponsoring weight management courses for health professionals without clearly indicating that it was sponsoring them. We also discussed drug pricing and Novo's commitment to offering affordable medicines for diabetes and obesity to individuals in low-income countries and those who struggle to afford treatment in developed countries. Among the projects mentioned was Novo's collaboration with Walmart to offer affordable insulins under the ReliOn brand. Another key topic was the recycling programs for pens, which have achieved impressive return rates of over 20% in Denmark, with pilot programs now launching in additional countries. Overall, the meeting provided valuable insights into Novo's ongoing commitment to ESG and its efforts to improve access to affordable medicines while promoting sustainability.



Proxy Voting

The proxy season has only briefly begun in Q1; nonetheless, a few companies held their AGMs during the quarter.

Kone

We voted against management on the proposal regarding the election of Antti Herlin. As we believe that there is no independent lead or presiding directors.

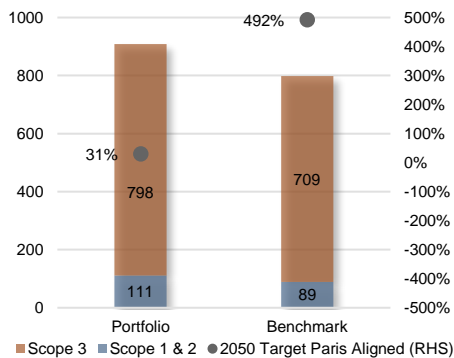
Demant

We voted against management on two proposals. One for the election of Niels Bjørn Christiansen and the other proposal on the election of Niels Jacobsen. The Glass Lewis ESG Policy acknowledges the importance of ensuring that the board is comprised of directors who have a diversity of skills, backgrounds, thoughts, and experiences. Therefore, the Glass Lewis ESG Policy will vote against all members of the nominating and/or governance committee if less than 30% of the board is comprised of women directors.

Novo Nordisk

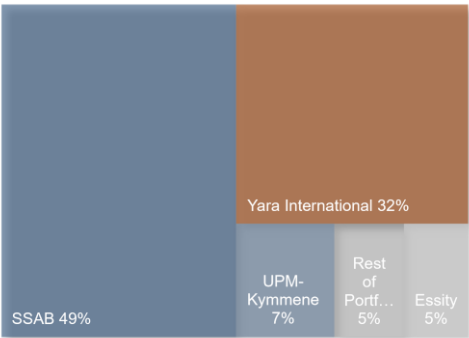
We voted against Glass Lewis on the proposal of electing Martin Mackay. Glass Lewis's recommendation was to vote against director Martin Mackay due to overboarding. He has served as a director for Novo since 2018. Besides being a director at Novo Nordisk, Mr. Mackay currently serves as co-founder, chair of the board of directors and CEO of Rallybio, and a member of the board of directors of Charles River Laboratories International. He meets the Danish Corporate Governance Recommendations. Therefore, like last year, we voted in favor of Martin Mackay.

Emissions Exposure & SDS (tCO₂e)

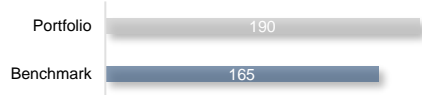


The above graph summarises the portfolio's carbon footprint compared with the benchmark. The Sustainability Development Scenario (SDS) pathway on the right-hand side of the graph is fully aligned with the Paris Agreement. The graph indicates whether the portfolio and benchmark are expected to over-/undershoot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

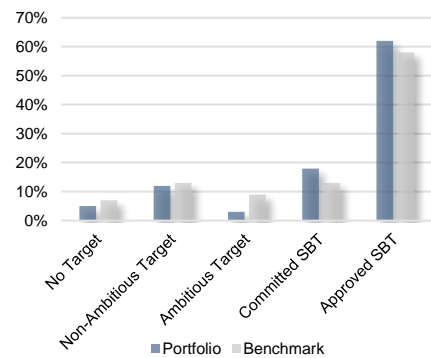
Top 4 Contributors to Portfolio Emissions



Carbon Intensity (tCO₂e/mill. USD revenue)



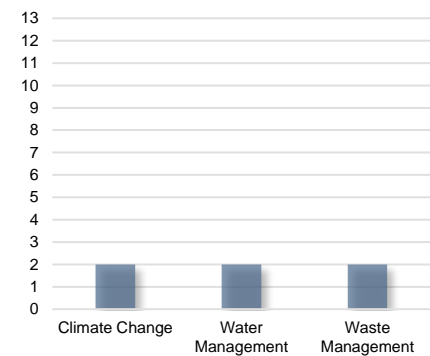
Climate Target Assessment



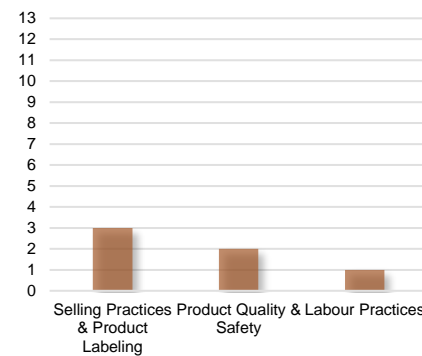
The above graph shows how many of the companies in the portfolio have set climate targets and how ambitious these are. Having ambitious targets, being committed to Science-Based Targets (SBT) or having approved SBT shows close alignment with the Paris Agreement.

Source: ISS Data Desk (Climate Assessment). Based on a portfolio Value of 1,000,000 USD. Portfolio as of 31st of March 2023

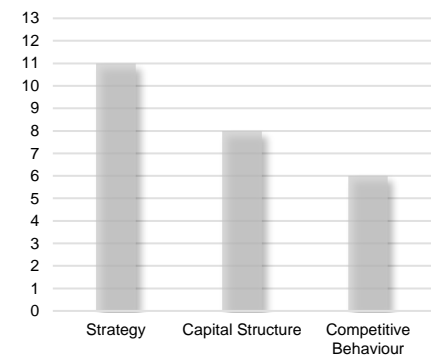
Direct Engagement Topics
Environment



Social



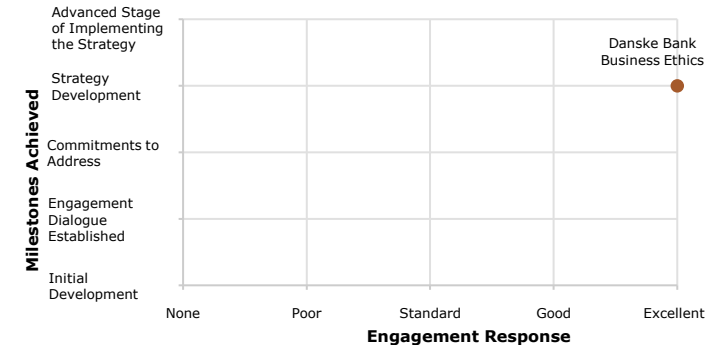
Governance



Total direct company engagements for the portfolio: 13

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 31st of March 2023

Proxy Voting

Meetings Voted	100%	12
Proposals Voted	98%	219
Proposals with a Vote Against Management	3%	
Proposal Categories (Top 3)	48%	Board Related
	17%	Audit/Financials
	13%	Compensation

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 31st of March 2023

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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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