

Q1 2025



Sustainable Philosophy

Core Beliefs

Our active approach to the stewardship of investments ensures sustainability commitments

We emphasize active ownership to influence positive change and progress

The integration of sustainability factors is key to our long-term investment research process

Prioritising pro-active engagement rather than excluding and divesting

Investing responsibly is aligned with superior risk-adjusted long-term returns

Our actions

Engaging directly with and voting on investee companies

Researching sustainability factors is fully integrated into our overall investment approach

Materiality ensures that we prioritise what matters most

Extensive screening to ensure norm-based alignment

C WorldWide International Equities

Quarterly Comments

It is striking how quickly the more established world order is being disrupted in 2025. Exactly three years ago, in Q1 2022, we wrote, similarly, that more events had taken place over the quarter than in decades. That is indeed the case once again.

Three years ago, Russia had just invaded Ukraine, energy prices were sky high and talks in the sustainable investment industry started to emerge on accepting weapon investments as a reasonable mean of supporting peace and justice.

The EU launched its REPowerEU to cut dependency on Russian fossil fuels with a focus on diversification of supply and a rapid renewable rollout. This was followed up in February 2025 by the Clean Industrial Deal that aims to boost industrial competitiveness while accelerating decarbonisation with a focus on clean tech leadership, industrial innovation, and low-carbon manufacturing.

As for the weapons discussions, this has since only accelerated. Both in regard to that Europe should be ready to defend itself, as well as that more institutional investors are loosening restrictions on defence in investment guidelines. In March 2025, EU presented ReArm Europe, now known as Readiness 2030, a strategy to enhance the EU's military capabilities by mobilising up to EUR 800 bn in response to geopolitical threats, notably to reduce reliance on external allies and strengthen its defence infrastructure.

Another area of focus the last quarter has been financial institutions' commitment to global climate initiatives, specifically net zero initiatives such as Net Zero Asset Managers (NZAM) and Net Zero Banking Alliance (NZBA), or rather lack of commitment. We have witnessed a significant scaling back, in particular from US-based institutions, but also Japanese, that are leaving the initiatives with the reason of heavy administrative burdens, but is highly likely more a response to the new political environment in the US.

We do not foresee any update to the NZAM initiative until summer 2025, but thus far remain as signatories to support the necessary global decarbonization and remain pragmatic in our approach to engage and assess investee companies.

But climate and sustainability matters are also moving within the EU. In February 2025, the EU announced its Simplification Omnibus Package to loosen the reporting and disclosure burden of the otherwise very ambitious requirements in the EU Green Deal, specifically elements within the EU Taxonomy, the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD), respectively, where the requirements are now changed to only include large corporates and direct suppliers, as well as postponing reporting deadlines by two years. Although we



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% Small Arms, assault weapons
- 5% Small Arms, small arms or key components to small arms

agree that revisions were required, they should have been implemented earlier on.

The most recent round of rising tariffs initiated by the US are not only disrupting global trade but could also slow the expansion of renewables. As protectionist policies and economic priorities shift, international cooperation on climate action could weaken.

In the EU specifically, there is now a significant political focus on industrialization through rearmament. The additional focus on deficit-financed defence spending will likely exert downward pressure on public spending on the green transition.

Nevertheless, despite all the geopolitical and financial initiatives taking place, we continue to view our active public equity investments in a sustainable, longer-term perspective and remain focused on companies with more structural thematic tailwinds.

Portfolio Changes

There were no portfolio changes this quarter.

Direct Engagements

We met with several of the investee companies during the last quarter, including Assa Abloy, Compass Group, Diageo, Epiroc, HDFC Bank, Nestlé, and RELX. Below are highlighted selected key aspects of these meetings.

Assa Abloy

We met with Assa Abloy two times during the quarter. First, we participated in Assa Abloy's sustainability seminar where the company provided a thorough update on its sustainability strategy, targets and progress. Presentations included an update from the executive team including both the CEO and CFO. Like many of the established capital goods companies in the Nordics, sustainability is embedded throughout the company and its value chain. One of the company's key developments that supports the environmental part of its strategy is the 'ecoLOGIC' door system that uses smart technology, including current weather and AI to manage automatic door openings in stores. This reduces energy costs for heating and cooling but also helps extend the expected lifespan of the automatic doors. As for social matters, Assa Abloy addressed the challenges involved with bringing down the injury lost day rate, which in the 5-year period since 2019 only declined 2% whereas the target is 33% from the 2019 baseline. Actions include systematic training throughout the organisation and especially in new acquisitions with initiatives and awareness campaigns to reduce the injury rate.

Second, we met the CFO in Stockholm. We discussed governance matters and incentive programs as the current structure is that the CEO and management are compensated on different metrics (CEO on EPS) and (rest of management



on other things including sustainability). Unfortunately, the CFO's responses were unsatisfactory and evasive. Appropriately, the AGM season has just started in Sweden, and we will consider our support to the remuneration report in detail before we cast our votes.

Diageo

We met with Diageo to get a business update and insights on social matters such as consumer behaviour and generational trends in alcohol consumption. Specifically, we discussed the impact of increased GLP1 intake to alcohol consumption, but Diageo advised that any impact is not yet evident in available the data. The primary effect observed with GLP-1 is its role as a complement to calorie-dense foods; as consumers potentially reduce calorie-dense food intake, this could lead to a decrease in both food and alcohol consumption. Cannabis was also discussed, with no noticeable impact on spirits consumption. At present, GLP1 is not seen as a major factor influencing alcohol trends.

We further discussed the trend that Gen Z tends to consume less alcohol in general, but the consumption of spirits in particular is increasing. Additionally, the focus on healthy lifestyle that characterises Gen Z also drives the increasing trend on consuming non-alcohol spirits. Diageo is accommodating this trend by offering non-alcoholic version of popular brands such as Tanqueray and Gordons. This also speaks into one of the company's social pillars in its sustainability strategy, namely drinking responsibly. Diageo actively promotes responsible consumption through several initiatives and campaigns aimed at reducing harmful drinking behaviours and encouraging moderation. Diageo invests in campaigns designed to educate consumers about responsible drinking, including their "DrinkIQ" program, which provides information on alcohol and its effects. This initiative aims to raise awareness about the risks of excessive drinking and promote informed decision-making.

Proxy Voting

Bank Central Asia

We opposed the management proposal regarding Directors' and Commissioners' fees, aligning with Glass Lewis recommendations.

As noted by Glass Lewis, the proposed variable remuneration significantly exceeds the fixed salaries and allowances paid to commissioners. The company has not provided a sufficient rationale for this level of additional compensation. We are particularly concerned about the potential impact such high variable pay may have on the independence of commissioners, especially independent commissioners.

This concern is heightened by the fact that two of the company's three independent commissioners have served on the Board for over 20 years, raising



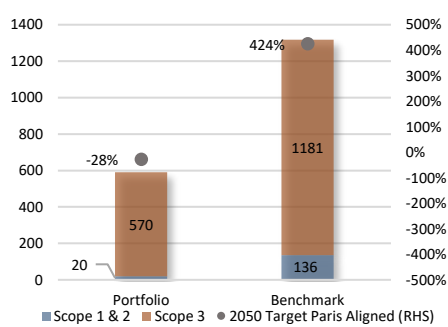
questions about sustained independence. We believe the company should enhance transparency by disclosing the structure and justification of variable pay, particularly for independent commissioners.

Given these unresolved concerns, we maintained our position from previous years and voted against this proposal.

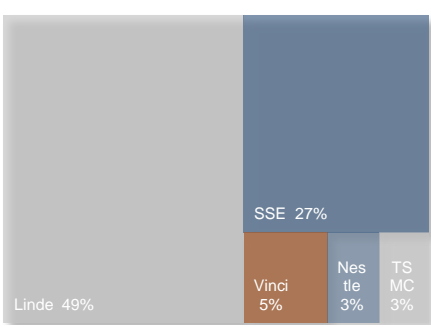
C WORLDWIDE INTERNATIONAL EQUITIES

Sustainalytics Portfolio Risk Rating: Low
Benchmark: MSCI All Country World ex. USA

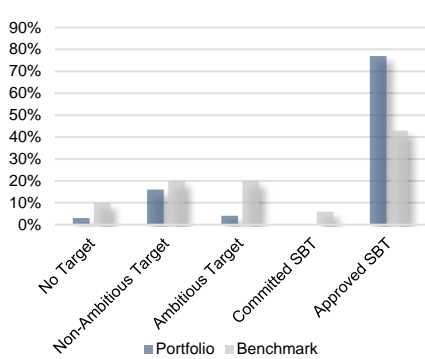
Emissions Exposure & SDS (tCO₂e)



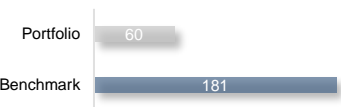
Top 5 Contributors to Portfolio Emissions



Climate Target Assessment



Carbon Intensity (tCO₂e/mill. USD revenue)

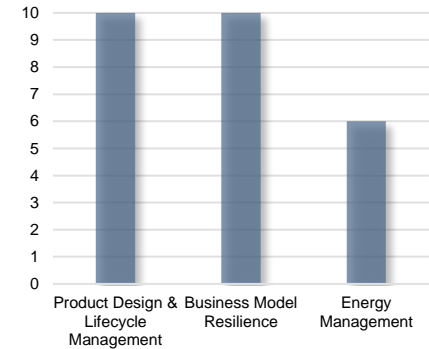


The above graph summarises the portfolio's carbon footprint compared with the benchmark. The Sustainability Development Scenario (SDS) pathway on the right-hand side of the graph is fully aligned with the Paris Agreement. The graph indicates whether the portfolio and benchmark are expected to over-/undershoot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

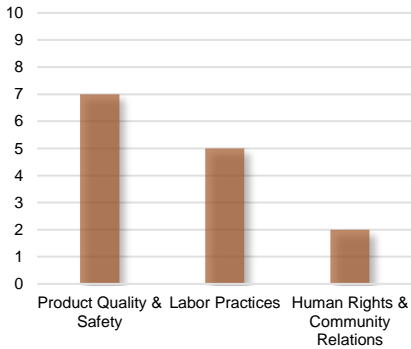
The above graph shows how many of the companies in the portfolio have set climate targets and how ambitious these are. Having ambitious targets, being committed to Science-Based Targets (SBT) or having approved SBT shows close alignment with the Paris Agreement.

Source: ISS Data Desk (Climate Assessment). Based on a portfolio Value of 1,000,000 USD. Portfolio as of 31st of March 2025

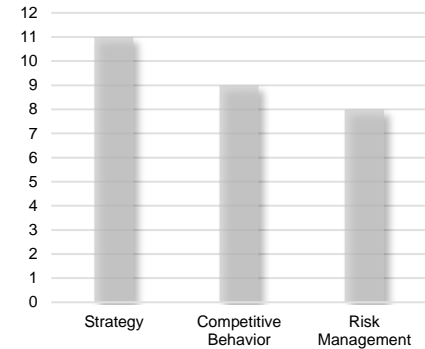
Direct Engagement Topics Environment



Social



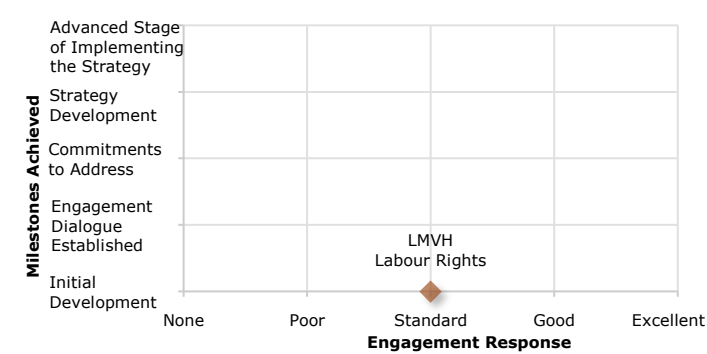
Governance



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 2025

Proxy Voting

Meetings Voted	100%	1
Proposals Voted	100%	7
Proposal Voted Against Management	29%	2
Proposal Categories (Top 3)	71%	Compensation
	57%	Audit/Financials
	14%	Board Related

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 2025