



WORLDWIDE
ASSET MANAGEMENT

A landscape photograph showing several wind turbines in a field of golden wheat under a warm, hazy sunset sky. The turbines are silhouetted against the bright light of the setting sun.

ESG Report

Emerging Markets Equities

Q2 2022



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

C WorldWide Emerging Markets Equities

Quarterly Comments

The second quarter of 2022 may not have been as eventful as the first, but nonetheless, the ESG agenda never stands still. We continue to see countries around the world establishing and implementing ESG regulations, from climate reporting in the US to general ESG disclosure requirements in China.

More locally, we participated in the annual Nordic Sustainable Investment Forum (SIF) conference that this year was held in person in Iceland. Following two years of virtual meetings and conferences this was a welcomed change. The key topic for the sustainability conference was "The Ocean". The obvious choice from a fishing nation like Iceland that depends on the ocean surrounding the country to survive. Nonetheless, the conference addressed everything ESG-related to the ocean, such as biodiversity, climate change, healthy living, and future food and the challenges and opportunities within these areas.

Projected increasing ocean temperatures will likely result in changes in the distribution of marine species and can significantly influence the reproductive cycles of fish. Pressures on coastal and marine biodiversity continue to increase. As per the UN, an estimated 40% of the world's population lives within 100 km of the coast, putting an unsustainable strain on coastal resources. The human population is projected to increase to close to 10 billion people by 2050, bringing increasing pressure to marine and coastal resources. Interestingly, oceans have absorbed as much as half of all human-caused carbon emissions over the past two centuries. "Blue carbon" ecosystems such as mangroves, seagrass beds, tidal marshes and other marine and coastal vegetated ecosystems are among the most intense carbon sinks on the planet.

However, although the ocean is 70% of the planet Earth, little focus is on this from an investment opportunities angle. When discussing biodiversity, many instantly think of deforestation and the loss of fertile lands. We have previously discussed biodiversity impact and frameworks available to monitor and assess data and found that coverage was still quite limited. Today, we still see only a minor part of portfolio companies disclosing water-related reporting figures. This is according to the CDP, which collects corporate data and rates corporates within three environmental areas: climate change, forests, and water security. Respectively, 11 of the 56 companies in the global equity portfolio report to and are scored by CDP on water, but only 2 have an A-rating. This highlights the continued challenge of sufficient and reliable data to properly assess from an investment perspective. But despite this, we see some interesting long-term trends within the ocean as a topic that could prove relevant for investment themes in the future.

On a recent trip to Mexico, we got to explore first-hand the impacts on local communities that water security, or lack of same, can have. Water scarcity is a critical topic in Mexico caused by physical droughts and companies draining local water resources. However, shifts are taking place, and companies are focusing on solutions like providing water storage tanks and developing water treatment recycling solutions to mitigate future hazardous impacts.

During the quarter, we updated our climate approach and commitments to more initiatives. We officially support and are a member of the TCFD and Climate Action 100+; to add to these initiatives, we joined the Net Zero Asset Managers (NZAM) in June of this year. NZAM is an international group of asset managers committed to supporting the goal of net-zero GHG emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5C degrees. The key focus of the initiative is not to exclude investee companies but rather to engage with investee companies to take part in the transition needed. This is fully aligned with our current approach. Within the next 12 months, 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% Military Contracting
- 5% Small Arms

will set specific targets aligned with the NZAM initiative based on recognised frameworks such as the Science-based Targets Initiative (SBTi).

Portfolio Changes

During the quarter, we initiated a position in Wal-Mart de Mexico in Mexico and sold our position in Li Ning, China.

Wal-Mart de Mexico has an overall low-risk ESG rating, with the key issues being focused on its workforce, carbon footprint and the health impact of its products and services. In 2015, the company had an engagement case around corruption, which had been ongoing since 2005. This engagement was concluded as GES evaluated that Wal-Mart de Mexico had shown commitment to improve its anti-corruption preparedness. Wal-Mart de Mexico has since taken steps to improve its anti-corruption and code of conduct policies and training. In addition, as recently as March 2022, they have been exposed to strikes by employees who wanted higher salaries and better conditions. The union is in the process of negotiating on behalf of the employees. This is something that we will follow.

Li Ning has increasingly come into the limelight for breaching ESG norms by not convincingly rejecting the sourcing of cotton from sub-suppliers in the Xinjiang region, which is related to alleged forced labour. Li Ning states that it follows its code of conduct and local labour laws but has not been open to engagement to discuss the matter further. Due to increased risk and uncertainty of the production and sourcing of cotton and human rights violations in the supply chain, we sold the position.

Direct Engagements

During the second quarter of 2022, we engaged with several companies, including Bank Rakyat Indonesia.

Bank Rakyat Indonesia

During this quarter, we met with Bank Rakyat Indonesia's managing director of finance, where we discussed social and governance issues. Bank Rakyat is one of Indonesia's leading commercial banks, focusing on microfinance and corporate loans. We discussed the development of its cost-effective solutions leveraging its vast physical presence and digital capabilities to deliver banking products to the under-banked sections of society, thereby enabling financial inclusion in Indonesia. We have also seen this development in India in recent years and foresee further development in Indonesia in the coming years.

Proxy Voting

As always, Q2 is the peak proxy voting period. Most of our holdings held AGMs throughout the quarter, and again a decent amount of shareholder proposals were suggested across markets and industries.

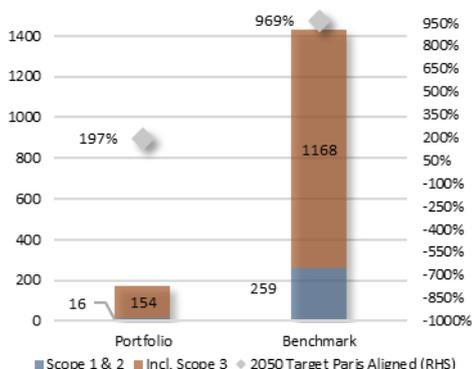
RichWave Technology

We voted against ISS and thereby with management on the proposal of electing Jyh-Horng Wen as Independent Director. ISS speculates that he will not be independent in his fourth tenure as he has been in the three, he already served. We get the understanding that he is important to the company as he has been recommended for a fourth term. We believe that his qualifications are more important than the speculation of ISS.

C WORLDWIDE EMERGING MARKETS EQUITIES

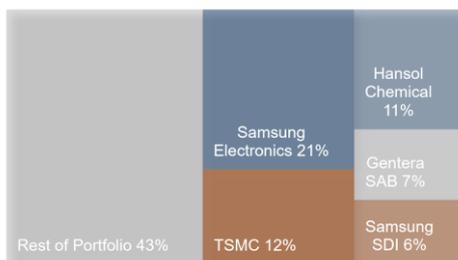
Sustainalytics Portfolio Risk Rating: 23.1

Emissions Exposure & SDS (tCO₂e)

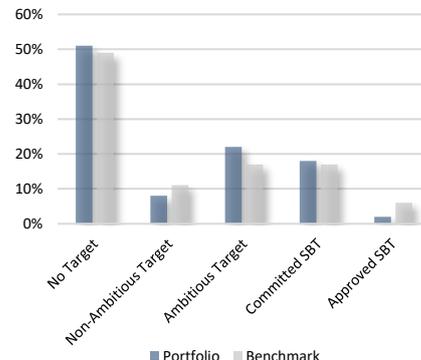


The above graph summarises the portfolio's carbon footprint compared with the benchmark. The Sustainability Development Scenario (SDS) pathway on the right-hand side of the graph is fully aligned with the Paris Agreement. The graph indicates whether the portfolio and benchmark are expected to over-/undershoot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

Top 5 Contributors to Portfolio Emissions



Climate Target Assessment



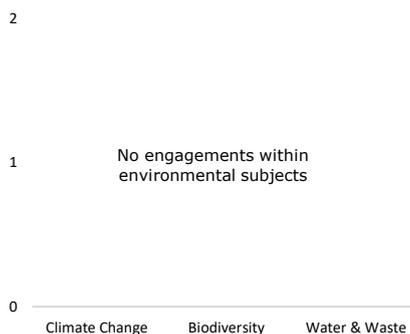
The above graph shows how many of the companies in the portfolio have set climate targets and how ambitious these are. Having ambitious targets, being committed to Science-Based Targets (SBT) or having approved SBT shows close alignment with the Paris Agreement.

Carbon Intensity (tCO₂e/mill. USD revenue)



Direct Engagement Topics

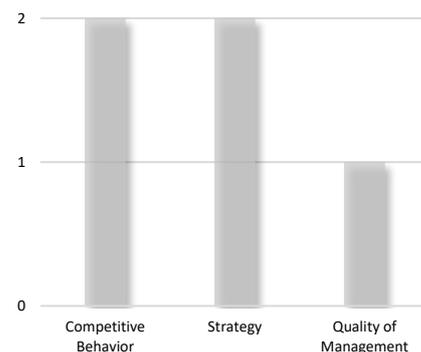
Environment



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%	42
Proposals Voted	100%	456
Meetings with at Least One Vote Against Management	52%	
	43%	Directors Related
Proposal Categories (Top 3)	34%	Routine/Business
	9%	Capitalisation

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.

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