

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

Sustainability Report

Global Equities Ethical

Q1 2024



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 Global Equities Ethical

Quarterly Comments

Can AI bridge the gap in ESG data transparency and measurability, thus offering a solution to the longstanding challenges faced by investors?

For years, Sustainability-related data has been discussed for its opacity and lack of comparability, potentially hindering effective decision-making and risk management. However, with the advent of AI, we find ourselves at a crossroads, presented with an opportunity to reassess the way we source and analyse Sustainability-related information.

At its core, AI has the potential to empower investors by extracting actionable insights from complex datasets, thereby enabling more informed decision-making processes. Through advanced algorithms, AI can uncover patterns and correlations within Sustainability data, providing a deeper understanding of companies' performance. AI-driven analytics offer the potential to enhance the reliability and accuracy of Sustainability ratings and assessments.

Nevertheless, as we embrace the potential of AI, it is essential to stay mindful and aware of potential challenges. The black-box nature of AI algorithms raises concerns regarding accountability, fairness, and ethical implications. Bias in data collection and algorithmic decision-making can exacerbate existing inequalities and perpetuate systemic injustices. The increasing reliance on AI can, therefore, inadvertently lead to a sense of complacency, where human judgment and intuition are overshadowed by algorithmic outputs.

While AI can enhance decision-making processes, it should not replace human judgment and intuition entirely. A balanced approach that combines AI capabilities with human expertise and judgement is crucial for maximising the benefits of data analytics.

We are tasked with navigating these uncharted waters with caution and foresight. Our commitment to innovation and progress compels us to explore the potential of AI in enhancing our efforts in integrating material sustainability-related risks and opportunities. However, we must also remain vigilant, ensuring that our pursuit of technological advancements is guided by principles of transparency, accountability, and ethical integrity.

One thing seems sure. The convergence of AI and Sustainability represents a paradigm shift in the way we approach sustainable finance.



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 Multi-national 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
- 0% Small Arms
- 5% Adult Entertainment
- 5% Alcoholic Beverages
- 5% Gambling
- 5% Tobacco Products
- 10% Oil & Gas
- 5% Thermal Coal
- 0% Oil Sands
- 0% Shale Energy

Portfolio Changes

During the first quarter of 2024, no portfolio changes were made.

Direct Engagements

Alphabet

2024-02-14: *Virtual*
Main topic: *AI*

During the meeting, Alphabet discussed its new Gemini Advanced model, which offers advantages over other models such as ChatGPT-4. The model is still in experimental mode, but it has the potential to apply generative functions to traditional search functions, called Search Generative Experience.

Alphabet is still in the early stages of using proprietary data, such as on YouTube, but is working on finding solutions that work for the entire ecosystem. It is also addressing the data security issues by offering users the opportunity to opt-out of having their data used when training AI models.

HOYA

2024-03-11: *In person meeting*
Main topic: *Corporate Governance & SBTi*

Iberdrola HOYA is a global medical technology company that specialises in healthcare and information technology. During the meeting, several topics were discussed, including the company's focus on sustainability.

HOYA has 12 divisions that run independently, but it has recently been split into three virtual companies: MedTech, IT, and Health. This new structure helps share knowledge across divisions and will help streamline the sustainability processes.

In terms of sustainability, HOYA is working with the Science Based Targets initiative (SBTi) to address difficulties with measuring Scope 3 emissions. The new organisational structure allows for better collection of Scope 3 data, but there are still challenges and limited data within clients and suppliers. HOYA has good coverage in materials and transport and aims to have full Scope 3 coverage in 12-18 months.

Assa Abloy

2024-03-22: *Virtual*
Main topic: *Sustainability, Innovation, & Decarbonisation*

Assa Abloy, a global leader in opening solutions, has made significant progress in sustainability, as evidenced by the 2023 sustainability report, where it reported reduced injury rates, water intensity, energy intensity, and carbon footprint compared to the previous year.

The company is halfway to its carbon reduction targets for 2030, with key programs in place to further this progress. Recently, the Head of Sustainability visited the largest production site (the site represents 10% of the group's total energy usage alone) and developed action plans to improve operations and reduce



emissions. Additionally, Assa Abloy is making progress on Scope 3 emissions, working across the value chain, and improving the procurement of steel, which accounts for 14% of the Scope 3 emissions.

Assa Abloy is working heavily with R&D to reduce the hazardous waste from, for example, batteries in their products. As an example, it recently acquired Kinetron, a company that has developed energy-harvesting technology which utilises energy from moving the door handle, eliminating the need for batteries.

During our last call with Assa Abloy, the issue of high employee turnover was discussed. To address these issues, Assa Abloy has since implemented management classes and is focusing on internal recruitment to improve career paths for employees. It has also conducted 765 supplier audits in 2023, assessing issues such as child labor, water sourcing, and waste, with the goal of identifying risks and making a difference together with suppliers.

On the topic of compensation, Assa Abloy has sustainability KPIs linked to short-term incentives for management. Long-term incentives are currently based on EPS, but the incorporation of sustainability-KPIs in long-term remuneration is under consideration.

Procter & Gamble

2024-02-07: Virtual

Main topic: Deforestation, Palm Oil Policies, & Biodiversity

Procter & Gamble is a multinational consumer goods corporation focusing on a wide range of personal health, consumer health, and personal care and hygiene products. Sustainability is deeply integrated into its operations through three main areas: its operations, helping consumers improve its footprint and helping the industry reduce its footprint through innovation. One example is its PureCycle project, which collects trash to reuse plastic and produce virgin propylene.

During the meeting, it was mentioned that balancing the needs of multiple stakeholders can be challenging, but companies that can do this successfully will be in a good position. P&G is working to overcome specific challenges, such as using heat in production, and is complying with regulations such as the RSPI for palm oil.

Regarding environmental efforts, P&G has implemented a comprehensive forest policy on palm oil and pulp and has a process for zero tolerance, including training and educating suppliers, using satellite monitoring, and conducting field and desk audits. It is also engaged in the TNFD and supports developments in the biodiversity area where projects and processes have been initiated.

On the topic of governance, it was mentioned that sustainability factors were implemented in compensation two years ago, with goals correlated to KPIs. However, the specific goals and KPIs are not stated.

P&G is making efforts to integrate sustainability into its business operations and work with suppliers, regulators, and other stakeholders to improve its environmental and social impact.



Thermo Fisher

2024-03-05: In person meeting

Main topic: Materiality, AI, & Relations with China

Thermo Fisher Scientific is a company that provides biomedical and bioinformatics technology. It has a sustainability program based on four pillars: operations, colleagues, communities, and environment where the company takes a materiality-based approach, using an impact materiality lens to assess its impact on the environment. Climate change is a top priority, and it has implemented several measures and programs to reduce its carbon footprint. It also focuses on diversity and inclusion, product quality and safety, and community impact.

During the meeting, Thermo Fisher discussed its materiality assessment, which is conducted with external parties on an at least annual basis. It also mentioned its use of AI and its switch from materiality to double materiality. When asked about the financial part of the materiality, it stated that it looks at both current and potential impacts and is starting stakeholder interviews, beginning with internal stakeholders to expose areas for external interviews.

The primary discussion point of the call was an update on Thermo Fisher's relations with China. It stated that China accounts for 8% of its revenue and that Thermo Fisher has addressed the allegations of its violation of principle 2 of the UNGC Watchlist for Human Rights. It stated that the selling of DNA sequencing technology to the police in China stopped in 2019, on its own initiative, and that it is the only distributor of this equipment. The instruments became an issue when Thermo Fisher's products were combined with other instruments, so it's not an issue solely related to the company's products. It also mentioned similar issues with equipment and technology in Tibet and stated that it stopped selling to local authorities. Thermo Fisher did not find any evidence of wrongdoing, but the topic continues to be a concern.

Thermo Fisher also discussed its use of AI in the development of equipment and to become more productive. It primarily uses AI for mass analysis and to improve logistics and enrollment of patients in clinical trials. It also mentioned the difficulty of reporting on the use of AI.

Thermo Fisher has implemented several measures to reduce its impact on the environment. It is actively engaging with stakeholders to address concerns and has implemented new policies and safeguards to ensure compliance with human rights.



Proxy Voting

The beginning of 2024 has been marked by notable voting activity, with several Annual General Meetings (AGMs) taking place throughout the quarter.

Costco Wholesale Corp

We voted We voted against the proposed advisory vote on executive compensation and thus voted against management and Glass Lewis. One-off payments have been granted. The plan allows for the retesting of performance conditions. The minimum vesting period for awards granted under the plan is too short.

Samsung Electronics

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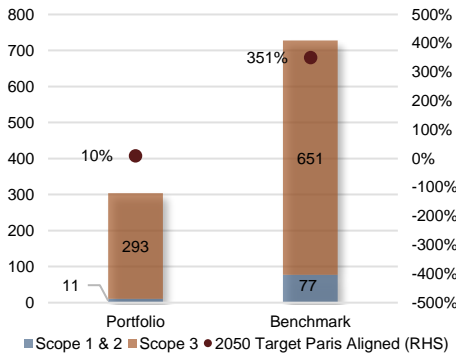
Novo Nordisk

Due to potential overcommitment we abstained from voting on the proposed election of Martin Mackay. We thus voted against management but in line with Glass Lewis.

A full list of all meetings voted is available upon request or can be retrieved directly from the C WorldWide website.

Sustainalytics Portfolio Risk Rating: Low
Benchmark: MSCI All Country World Index

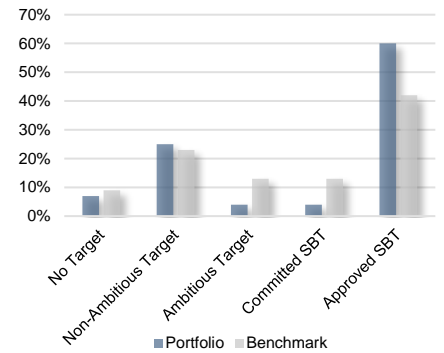
Emissions Exposure & SDS (tCO₂e)



Top 4 Contributors to Portfolio Emissions



Climate Target Assessment



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.

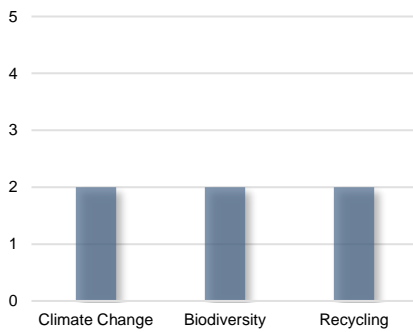
Carbon Intensity (tCO₂e/mill. USD revenue)



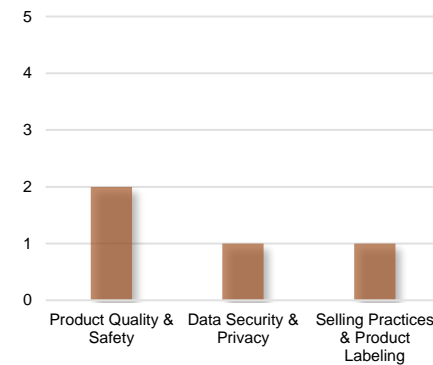
The above graph shows how many of the companies in the portfolio have set climate targets and how ambitious these are. Having ambitious targets, being committed to Science-Based Targets (SBT) or having approved SBT shows close alignment with the Paris Agreement.

Source: ISS Data Desk (Climate Assessment). Based on a portfolio Value of 1,000,000 USD. Portfolio as of 31st of March 2024

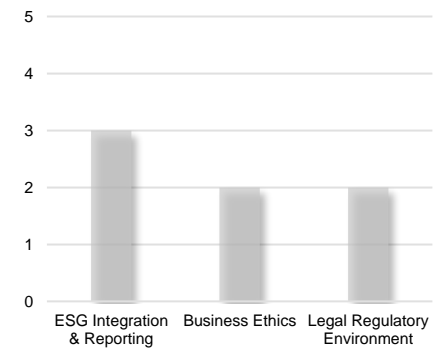
Direct Engagement Topics Environment



Social



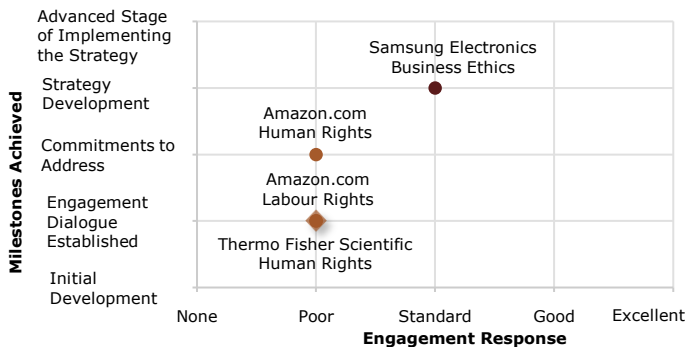
Governance



Total direct company engagements for the portfolio: 4

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	83%	6
Proposals Voted	76%	66
Meetings with at least one vote against management	10%	
	59%	Board Related
Proposal Categories (Top 3)	15%	Audit/Financials
	11%	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: Sustainalytics. Portfolio as of 31st of March 2024

Source: Glass Lewis Proxy Voting. Portfolio as of 31st of March 2024

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Active Investments

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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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