WORLDWIDE
ASSET MANAGEMENT

ESG Report
Global Equities Ethical

Q4 2021

ESG RISK RATING

The table below includes ESG Risk scores on the current holdings in the portfolio. The ESG Risk scores are the ESG rank assigned by Sustainalytics on a 1-to-100 scale (1 being the highest score and 100 being the lowest score).

Risk Management and Risk Exposure are the two main components of the overall score, assessing the ESG risk of the individual company and how well the company addresses and manages these risks. The table illustrates the aggregated portfolio scores and the distribution of the holdings scored by Risk Exposure and Risk Management as a percentage of the total portfolio.

	ESG Risk Rating	Risk Management	Risk Exposure
Average Score	18	53	37
		Exposure	
Management	Low	Medium	High
Strong	34%	31%	3%
Average	14%	17%	0%
Weak	0%	0%	0%

Source: Sustainalytics, December 2021

QUARTERLY HIGHLIGHTS

In October 2021, we released our first Annual Sustainability and TCFD report. Since committing to TCFD (Taskforce on Climate-related Financial Disclosures) as an official supporter about a year before releasing our initial report, we have worked with the framework to apply on firm-level as well as integrate into investments practices. Besides addressing climate-related financial implications, the annual sustainability report also includes insights on our stewardship activities. The report is available on our website https://cworldwide.com/downloads/sustainable-investing/

A significant ESG event during the last quarter of 2021was the COP26 in Glasgow. Before the long-awaited climate summit, there was hope that governments and policymakers would agree on new sharpened and ambitious though feasible climate targets. Before COP26, the International Energy Agency (IEA) said that 40% of the world's existing 8,500 coal-fired power plants must be closed by 2030, and no new ones built, to stay within the 1.5 degrees limit from the Paris climate agreement.

The conference made progress on cutting GHG emissions. However, at the last minute of the summit, the final deal agreed upon dropped the wording calling for 'phase out' of coal-fired power to rather 'phase down', predominately due to pressure from fossil fuel-dependent countries such as China and India. But at least the deal included wording on cutting fossil fuels, which despite being an obvious target of the climate future, has not until now been included in previous COP agreements.

Back from the COP26, the EU continues its work on the EU Taxonomy. Discussions are currently taking place on how to categorise energy sources, and in particular heavy discussions and lobbying about nuclear power – is it green and part of the solution for the energy transition or is it a classical brown fossil fuel? In a draft proposal issued on New Year's Eve, gas and nuclear energy projects could be included in the EU. Taxonomy under environmentally sustainable economic activities, allowing companies within these industries to receive funding to help the EU meet its goal of net-zero emissions by 2050. This is just one way to manage the global net-zero commitment. Corporates and asset managers continue to have to navigate in more or less developed regulation across the globe, where also the US, Hong Kong, Taiwan, Singapore, South Korea, China, and Australia, to name a few, are all working with different sustainable investment frameworks and codes.

The outcomes from COP26 and governmental regulations and frameworks will continue to affect companies and the global markets we invest in. For us specifically, climate and emission abatement plans are part of the ongoing engagements with our investee companies. As addressed in our quarterly ESG report from Q3 2020, 9 companies in the portfolio were committed to the Science-based Targets Initiative (SBTi). However, only 4 of the 30 companies in the portfolio had net-zero targets that included scope three emissions, aligned with a 1.5-degree scenario, and were approved by SBTi. Today that number has increased to 19 committed companies and 13 of 29 companies with approved targets by SBTi, respectively.

As 2021 has seen an increased commitment from companies to commit to GHG emission reduction plans and targets, for 2022, we foresee that a lot more focus will be on how to actually reduce GHG emissions and on how climate focus will broaden to an environmental focus, in particular with a focus on biodiversity.

A few initiatives that we know from the recent years' strong focus on climate have been launched as nature initiatives. These include Nature Action 100 (as Climate Action 100+) and the Taskforce on Nature-related Financial Disclosures (TNFD) (as TCFD). We are still in the infancy stages, but we believe the initiatives will gain traction once the final framework has been published during 2022 and the beginning of 2023, respectively.

DIRECT ENGAGEMENT

We participated in several engagement calls during the quarter. These include meetings with Assa Abloy, First Republic Bank, Procter & Gamble and Bank Central Asia

Assa Abloy

We attended Assa Abloy's annual Sustainability Roundtable in November. For several years, the Swedish company has hosted these roundtables to meet stakeholder demand for increased information and disclosure on ESG topics. Assa Abloy has a dedicated and structured emission reduction programme, including changing the blowing mechanism in automatic doors from freon to a water-based alternative, which has reduced the company's carbon footprint significantly. Additionally, Assa Abloy is giving all sites an energy overhaul to optimise solutions, e.g., installing energy meters on plants to constantly monitor usage and using IoT in facility equipment for internal communication between equipment to reduce energy consumption. This also forms part of Assa Abloy's commitment to the SBT, where its emission reduction plan is currently being reviewed. Furthermore, the company will start to align climate reporting with the TCFD framework for its 2021 sustainability report.

Smart innovation is one of Assa Abloy's focus areas for its sustainability program. This includes developing more innovative and better packaging by reducing materials and using recycled paper. Additionally, innovation within doors, e.g. innovative sealing systems that could be used in areas with increased risk of extreme weather. As well as a new intelligent key technology where the key generates its energy for intelligent technology solutions. We left the roundtable with a confirmed belief that Assa Abloy has strong sustainability commitments that will benefit the company’s future competitive positioning.

First Republic Bank

In November, First Republic Bank announced expanded commitments within climate action. In a meeting with the company, we discussed the bank's target to achieve carbon neutrality for scopes 1, 2 and 3 already in 2021. This was accomplished through on-site solar, green power agreements and renewable energy credits, energy reduction initiatives and the purchase of carbon offsets from projects located in First Republic Bank's markets to offset the remaining emissions fully. First Republic Bank has purchased 100% renewable energy to cover its projected full-year 2021 electricity needs. We discussed the use of offsets in addition to the many initiatives already taken to decrease emissions. The use of offsets is likely to be reduced as the sustainable business journey continues.

Furthermore, we discussed First Republic Bank's position of not lending to to businesses operating in a number of “environmentally sensitive” industries. Some of these industries though are currently very topical and being heavily discussed, and in our view could actually still form part of the energy transition and hence be part of the solution. First Republic Bank argued that this was its first step in meeting stakeholder demands but could likely be fine-tuned in the future as market and carbon discussions evolve.

Bank Central Asia (BCA)
Despite having met BCA multiple times, this was our first dedicated ESG meeting. Our focus for the meeting was to understand the sustainability efforts at BCA better even though the bank is quite strong in the field already, especially considering its origin and standards in general in Asia might have thought otherwise. BCA was one of the first financial institutions in Indonesia to work with ESG, which has since been supported by governmental requirements introduced in 2017. We discussed sustainable finance, including lending to the palm oil industry, where BCA has set a target that all plantations must be sustainable-certified to receive lending. Currently, 70% of the palm oil exposure has this certification. We also discussed data privacy and security and the emphasis that BCA put on the education and training of all employees regularly to secure a strong knowledge level and tight safety net. Finally, we discussed the board structure and remuneration systems, where executive management KPIs, including the CFO, are linked to ESG.

Procter & Gamble (P&G)
The main discussion topics with P&G were palm oil activities and the executive director's commitment to sustainability issues, mainly deforestation and biodiversity. Within environmental issues, P&G has four key focus areas Climate, Forestry, Water and Plastic Packaging.

P&G is working heavily to develop the palm oil industry in a more sustainable direction, including certified sustainable palm oil. However, certification is not sufficient for the industry to identify issues within palm oil supply. P&G has published its findings in a report recognised by NGOs to take action and make a change. In Malaysia, P&G cooperates with one of its larger palm oil suppliers, FGV. Although FGV is accused of controversial practices, P&G continues to stay engaged to effect change and be more transparent in its development, including working with fair labour associations to continue positive development. Besides the social side of the palm oil industry, P&G uses Earthqualizer satellite mapping to proactively monitor any potential deforestation in the palm oil supply chain beyond the mills to the plantation level.

We also discussed executive management's commitment to sustainable developments in the company. In particular, since last year's shareholder majority vote to increase efforts to mitigate deforestation and associated human impact. In October, P&G launched its ESG Investor Portal, making it easier for stakeholders to find sustainability-related information and report progress. An ESG factor will be applied to the P&G STAR award compensation program for senior executives this fiscal year. The factor will range from 80-120% based on an assessment of progress towards specific long-term sustainability goals. We find that P&G has introduced some good initiatives within its ESG programme that is likely to develop in a positive direction in the future, even though there is still work to be done.

COLLECTIVE ENGAGEMENT

Through our cooperation with Sustainalytics, we are currently actively engaging with the following companies in the Global Equities Ethical portfolio.

Nestlé

Child Labour in Cocoa

The cocoa industry has been criticised for its association with child labour in its supply chain for more than fifteen years, with a particular exposure in the Ivory Coast, Ghana, Nigeria and Cameroon. About 70 per cent of the world's cocoa beans are produced in these countries. Overall, Nestlé has taken several measures concerning the change objectives but lacks an approach to measure and improve farmer income. According to Sustainalytics, Nestlé needs to demonstrate child labour monitoring and remediation systems progress. Moreover, showing how they contribute to an environment that fosters children's rights, especially regarding access to education. Furthermore, Nestlé should demonstrate progress towards a living income for cocoa-growing farmers in Ivory Coast and Ghana.

Amazon.com

Freedom Association

There has been a significant focus on Amazon due to the alleged allegation concerning several anti-union strategies. Since February 2020, at least 37 charges across 20 cities in the U.S. have been filed against Amazon for interfering with workers' rights to organise or form join a union. Amazon has been challenging to engage with. Sustainalytics' collective engagement results in 2021 have been limited due to hesitance regarding the continued productive dialogue established in 2020. The case concerning freedom of association has not been discussed with the company. Sustainalytics will continue to focus on Amazon's disclosure of related key metrics, prioritizations and target-setting. The disclosures are needed to understand to what extent its approach effectively addresses concerns and opportunities to improve, ultimately avoiding reoccurring workforce-related matters.

Occupational Health and Safety

Over the past several years, Amazon has experienced recurring health and safety issues at its operations. Allegations of poor and stressful working conditions have negatively affected the mental state of the company's warehouse workers. Amazon has faced repeated protests by its staff globally regarding dangerous working conditions. In 2021, the company has replied sporadically and has not agreed to continue the dialogue. The company has requested the questions proposed for the next engagement call to decide whether to agree to a conference call. The questions will be sent over and, if the company is not agreeable, further steps will be considered to bring the company into conversation on the substantive issues of the case.

Samsung Electronics
Bribery and Corruption
For several years, Samsung has struggled with accusations regarding a corruption scheme with former high-level executives. The reported practices could violate the U.N. Global Compact Principle 10 on corruption and the corresponding Guideline VII of the OECD Guidelines for Multinational Enterprises. Samsung has carried out various measures to strengthen its governance structure and compliance programme. In general, the company has been open and willing to discuss the issues related to the corruption scandal and its ethics and compliance work with Sustainalytics. The next step is to further assess Samsung based on their 2021 Sustainability Report, leading to potential recommendations and strengthening measures to ensure sustainable progress.

Thermo Fisher Scientific
Involvement with Entities Violating Human Rights
Dialogue with Thermo Fisher has been productive. The company was open to discussion and indicated that it was addressing the concerns raised. A conference call was held with Thermo Fisher in November 2021. The first call focused on the engagement process and building the relationship. The company made clear its interest in engaging openly on the topic and clarified that its initial reticence had to do with understanding the process and Sustainalytics' engagement perspective better. Thermo Fisher stated that internal policy existed but would prepare a version for public disclosure. End of 2021, the company displayed on their website their commitment to conducting business ethically and being aligned with the laws of the countries they operate within. According to their United Nations Global Compact membership, they also established their commitment to the Ten Principles on human rights, labour, and anti-corruption. The next engagement call is expected to be held during the first quarter of 2022.

NEW POSITIONS DURING Q4 2021

During the quarter, we initiated positions in Adobe and Assa Abloy.

Adobe
Adobe provides content creation, document management, and digital marketing and advertising software and services to creative professionals and marketers for creating, managing, delivering, measuring, optimising, and engaging with compelling content on multiple operating systems, devices and media. The company is particularly well-known for its Photoshop and Acrobat products. The company has a low ESG risk score and no significant controversies. Key ESG topics to consider are corporate governance, human capital, and data privacy and security.

Assa Abloy
Assa Abloy has the world's most extensive installed base of locks, protecting some of the most security-sensitive buildings, including the European Parliament in Brussels. The company's product base is centred on electromechanical locks, which require identification to unlock with a key card, biometric scan, or PIN. Assa Abloy's products are sold directly to security systems integrators, locksmiths, hardware stores, and original equipment manufacturers. The company has a low ESG risk score and no evidence of controversies. Key ESG topics to consider are corporate governance, the environmental and social impact of its products, and carbon emission management.

CLIMATE IMPACT

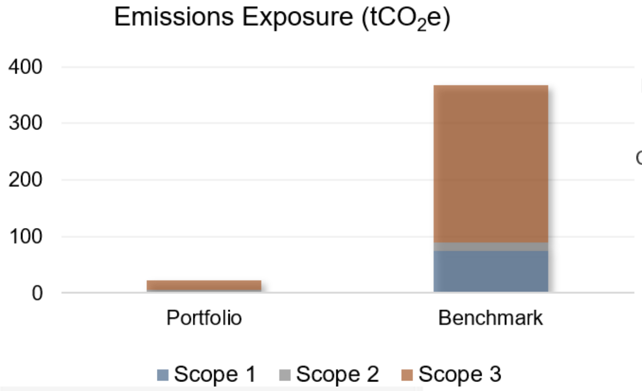
Our approach to a more sustainable future matter now more than ever. We use data from the Science Based Targets Initiative (SBTi) and the Transition Pathway Initiative (TPI) to assess the impact of climate risk in our portfolio.

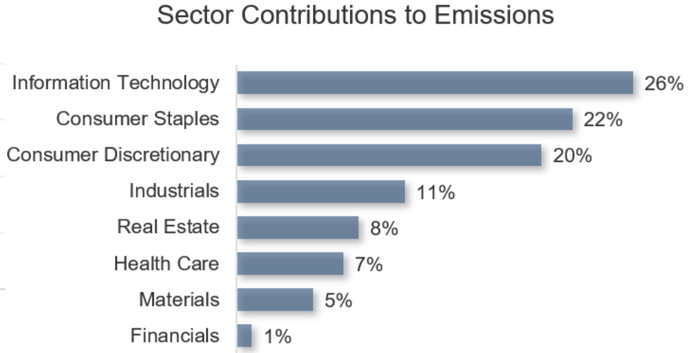
We recently joined the Climate Action 100+ (CA100+) to accelerate our contribution to change. CA100+ is an active ownership network led by shareholders to improve the world's largest emitters' effort in addressing climate change. Our membership is aligned with our support of the Taskforce on Climate-related Financial Disclosure (TCFD), of which we became an official supporter in June 2020.

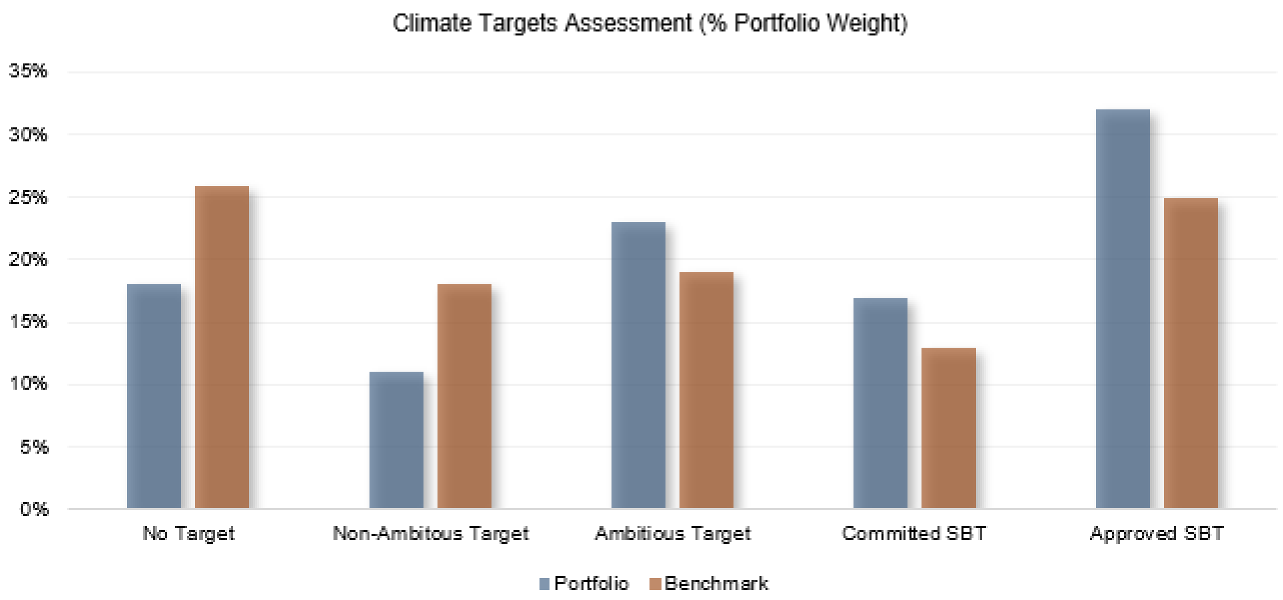
The tables on the next page summarise the current climate risk assessment of the portfolio. Firstly, we show the portfolio's carbon footprint compared with the benchmark. Secondly, we show how the portfolio aligns with the 2050 target of the Paris Agreement of a 1.5-degree net-zero scenario. Finally, we show the sectors contributing to GHG emissions based on the current portfolio.

Besides the climate risk assessment, we also show how many of the companies in the portfolio have climate targets and how ambitious these are. Currently, 72% of the portfolio's value is aligned with international climate goals. This includes ambitious targets set by the companies and committed and approved Science Based Targets (SBT).

	Emission Exposure tCO_2e		Relative Emission Exposure tCO_2e/mill. USD revenue	Sustainable Development Scenario
	Scope 1 & 2	Incl. Scope 3	Carbon Intensity	2050 Target Paris Aligned
Portfolio	6	23	27.36	-48.78%
Benchmark	90	367	202.99	+195.07%
Net Performance	93.9%	93.6%	86.5%	-







QUARTERLY VOTING STATUS

A few US AGMs were on the agenda during the fourth quarter.

Procter & Gamble
Following last year's majority supported shareholder proposal for P&G to increase actions to mitigate deforestation and associated human rights risks, there has not been much progress in the last 12 months. Hence, we voted against the re-election of the Governance and Public Responsibility Committee Chair Angela Braly (former ExxonMobil director) due to a lack of progressive change. We discussed the matter with P&G following the AGM, as also mentioned in the Engagement section above.

Microsoft
Microsoft saw five shareholder proposals on its latest AGM. The majority are within social issues and governance. We voted against four of the five proposals, as detailed below.

Report on gender/racial pay gap
The U.S. has a different gender and racial statistics approach than the EU. The proposal suggests a very U.S. centric and somewhat politicised approach. It can lead to other variables being missed why one person has one pay and another has another. As there is no clear evidence that Microsoft is a laggard in this area, we voted against the proposal.

Report on effectiveness of workplace sexual harassment policies
As Microsoft has already announced they will start to report on this item , support for this proposal seems redundant; hence we voted against it.

Report on Implementation of the Fair Change Business Pledge
As Microsoft already addresses many of the requirements under this pledge, support for this proposal would make sense regarding further enhancement of existing D&I initiatives, and we voted for the proposal.

Report on lobbying activities aligned with company policies
This proposal is a good idea, but it could be easy for Microsoft to report the lobbying activities that fit its policies. A better option may be that an independent entity makes this comparison. We thus voted against the proposal.

Company	Type	Date	Proponent	Proposal Number	Proposal text	Voting policy recommendation	Vote instruction	Vote against management
The Procter & Gamble Company	Annual	12 October 2021	Management	1b	Elect Director Angela F. Braly	Against	Against	Yes
Microsoft Corporation	Annual	30 November 2021	Share Holder	8	Report on Implementation of the Fair Chance Business Pledge	For	For	Yes

C WORLDWIDE ASSET MANAGEMENT FONDSMAEGLERSELSKAB A/S
Dampfaergevej 26 · DK-2100 Copenhagen
Tel: +45 35 46 35 00 · E-mail: info@CWorldWide.com · CVR-nr. 78 42 05 10
www.cworldwide.com