



ESG Report
C WorldWide Nordic
Q2 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, as well as 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	21	53	43
		Exposure	
Management	Low	Medium	High
Strong	3%	63%	7%
Average	13%	10%	0%
Weak	0%	3%	0%

Source: Sustainalytics, June 2021

QUARTERLY HIGHLIGHTS

The debate on environmental issues, excluding climate, has been moving from being mostly single issue focused (e.g., deforestation, water, plastic waste etc.) to increasingly being seen through a more holistic and systemic lens. This has largely been driven by rising acknowledgement of the importance of biodiversity and more broadly natural capital and its interconnectedness with climate change and the inherent feedback loop between these.

Over the past year we have seen several developments and new initiatives pointing in this direction. In June last year, De Nederlandsche Bank became the first central bank to highlight biodiversity as a material financial risk, estimating that the Dutch financial sector alone has USD 600 billion of exposure to biodiversity risks.

We have also seen key tools and frameworks, like those increasingly adopted for climate change, being designed for natural capital. Most prominent examples include:

- 1) The Taskforce on Nature-related Financial Disclosures (TNFD) launched in June 2021 with the goal to build a framework similar to the TCFD (Taskforce on Climate-related Financial Disclosures) to measure and address financial risks derived from biodiversity loss.



2) The Science Based Targets Network initiated the creation of science-based targets for nature, like the science-based climate targets (SBTi) that have become the gold standard when it comes to setting climate targets.

3) Finally, we have also seen an emergence of tools to help investors assess biodiversity risk and natural capital footprint at the investment and portfolio level. One of the more popular is the ENCORE framework developed by the Natural Capital Finance Alliance.

We think it is inevitable that we will see an increase in the adoption and push for the use of tools like this, much like calculating portfolio carbon footprints is common today. Based on our own initial (and fairly simple) analysis using the ENCORE tool we present a few observations:

- The idea behind ENCORE is quite powerful. Assessing investments at the sub-industry level on the degree of dependency on ecosystem services on the one hand (e.g., surface water, soil quality), and on the other hand, the environmental impact resulting from the output from production processes on natural resources (e.g., emissions, and waste).
- However, from a practical perspective it is still too early for the analysis to be directly applicable to our portfolio. Firstly, the model does not cover all sub industries and secondly, many environmental factors are very company specific and dependent on the geographic location (e.g., high water stress areas) of the company's operations, which is not captured in the model.
- That said, one conclusion to be drawn is that water is one of the most important nature-based inputs to the portfolio at the aggregate level.

DIRECT ENGAGEMENT

We participated in several engagement calls during the quarter. These includes meetings with Sandvik, Nibe and Assa Abloy

Assa Abloy

We participated in a follow up ESG meeting with Assa Abloy's Director of Sustainability Charles Robinson, who explained how and why they have set their targets based on Science Based Targets framework and how they did an extensive analysis based on peer group companies to help make this decision.

Once again, we were left with a comfortable feeling that Assa Abloy is doing their ESG work in a way that both secure future growth and minimise the risk in their business. Said in another way, Assa Abloy is really trying to make ESG an integrated part of the future.

When it comes to the EU taxonomy, Assa Abloy is still analysing product to product how aligned they are in relation to the taxonomy and it seems that



selected products like Doors are aligned, while others are not. All in all, Assa Abloy does not expect a high alignment figure.

Assa Abloy will start reporting according to the TCFD standards already now and so far, the work with TCFD has led to that the standard has become an integrated part of Assa Abloy's risk management.

All in all, we were left with the impression that Assa Abloy is doing a good and promising ESG work.

Nibe

We participated in our first dedicated ESG meeting with Nibe. CFO Hans Backman backed by Head of Sustainability Kenneth Magnusson left us with the impression that Nibe still has some way to go before they truly find their right approach towards ESG issues.

We believe that one of the reasons for this is that Nibe to some extent "born green" with their sales and expertise within heat exchangers and therefore has made their ESG approach more like a "top down" than "bottom up" analysis. This might have been a bit of a sleeping pillow for Nibe, that in the coming 1-2 years has to work with their products to become more EU taxonomy aligned.

That said, the starting point for Nibe is very good, not least as the company for many years has had focus on the S and G part of ESG, and since 2014 has signed the UN Global Compact and recently has committed itself to 6 of the UN's 17 SDGs.

Sandvik

We participated in our first dedicated ESG meeting with Sandvik, where Mats W. Lundberg, Head of Sustainability, gave insights into Sandvik's current work within ESG.

Back in 2019 Sandvik made a materiality analysis of the company and decided to focus on four pillars: climate, recycling, employees' wellbeing and fair play towards suppliers and customers.

As Sandvik is a company of engineers, it was decided from the beginning that ESG should be measurable. This means that quarterly Sandvik discloses reports showing its progress towards the targets set.

Among those targets are that before 2030 90% of product materials can be recycled, and that Scope 1, 2 and 3 emissions of CO₂ must be halved. Focus right now is dialogue with suppliers that play an important role in reaching these targets.

All in all, we were left with the impression, that Sandvik might have started a bit late on its ESG work but now sees it as an important and integrated part of its business.



COLLECTIVE ENGAGEMENT

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

Volvo

Operations in territories with human rights risk

Volvo's construction equipment and armoured trucks have been involved in incidents regarding alleged violations of human rights in Palestine and Egypt, respectively. After an initial conference call in 2019, Volvo declined a follow-up call and referred to its latest sustainability report. The company said it remains available to respond to follow-up questions in writing. Volvo's change objection is to use its leverage with importers and distributors in high-risk locations to reduce the risk of its products getting implicated in human rights violations. Volvo should establish clear criteria to identify high-risk countries and collaborate with local business partners to conduct human rights due diligence. In June 2021 Sustainalytics will evaluate the company's progress against the change objective.

NEW POSITIONS DURING Q2 2021

Green Hydrogen Systems

We participated in the IPO of Green Hydrogen Systems (GHS) in Denmark, which we believe will be one of the leading players in delivering electrolyzers to the production of hydrogen.

GHS has a technology, high pressure alkaline, which because of its fast ramp up and high efficiency is very suitable for producing hydrogen from energy sources with variable loads like wind and solar. Furthermore, the production process is independent from scarce and price-sensitive materials like iridium and platinum unlike some of the other electrolyser technologies like polymer electrolyte membrane (PEM).

GHS does not yet have an ESG risk rating in Sustainalytics, but issues to consider are human capital, product governance, and business ethics.

CLIMATE IMPACT

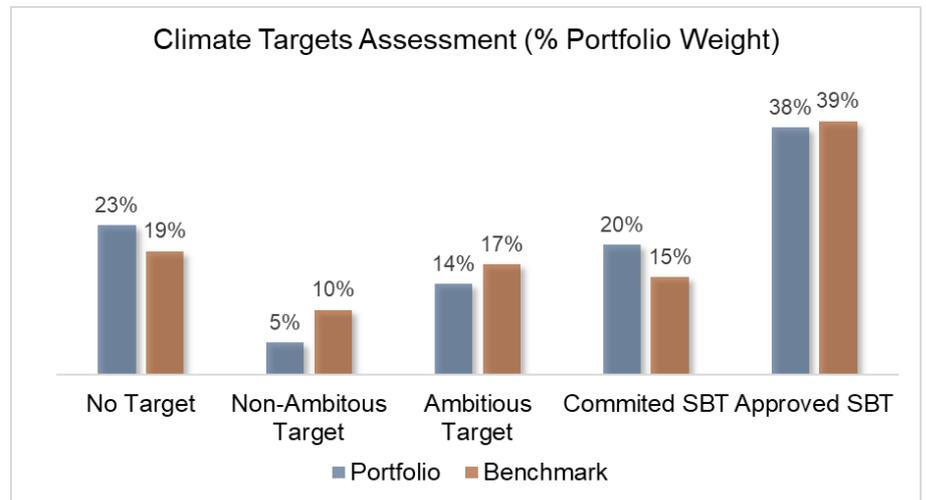
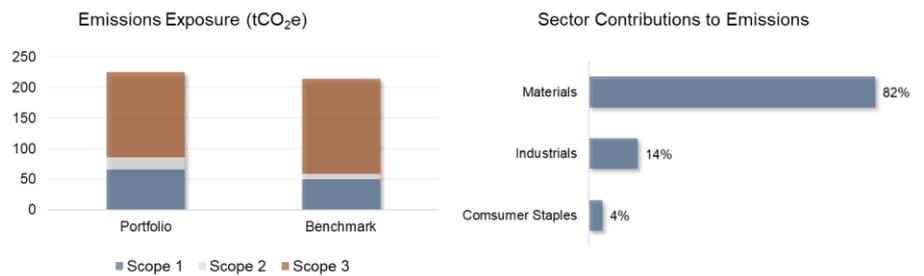
Our approach to a more sustainable future matters now more than ever. We use data from Science Based Targets Initiative (SBT) and the Transition Pathway Initiative (TPI) to assess the impact of climate risk in our portfolio.

To accelerate our contribution to change, we recently joined the Climate Action 100+ (CA100+). 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 official supporter in June 2020.



The following tables summarize the current climate risk assessment of the portfolio.

	Emission Exposure		Relative Emission Exposure	Sustainable Development Scenario*
	tCO ₂ e		tCO ₂ e/mill. USD revenue	
	Scope 1 & 2	Incl. Scope 3	Carbon Intensity	
Portfolio	86	225	223.3	+39.5%
Benchmark	59	214	157.1	+159.8%
Net Performance	-46%	-4.8%	-42.1%	-



Source: ISS, June 2021

Currently 72% of the portfolio’s value is aligned with international climate goals. This includes ambitious targets set by the companies as well as committed and approved Science Based Targets (SBT).

QUARTERLY VOTING STATUS

The second quarter of the year is traditionally the proxy voting season. This was not the case last year due to Covid-19, but for sure this was the case this



year. The majority of our portfolio companies held their AGMs during the quarter.

A large amount of the resolutions we voted against or abstain considered executive remuneration and incentive programmes, as well as the board composition of dependent/non-independent members, which in Sweden has a different structure compared to other Nordic countries.

Rockwool

For Rockwool we supported the shareholder proposals on increased disclosures. Both about assess the environmental and community impacts from siting of manufacturing facilities, especially due to the recent focus on Rockwool's new facility in West Virginia., as well as increased disclosure on political contributions.

NEL

For NEL, we voted against the long-term incentive programme (LTIP), as the share option programme offered is shorter than 3 years. Additionally, we voted against the re-election of Charlotta Falvin, due to overboarding.

Aker Horizons

For the EGM in Aker Horizons, we voted against the new board composition as all members of the board would be non-dependent, which contradicts good governance practices. However, Aker Horizons is 80% owned by Aker, which until recently did an individual listing of Aker Horizons. We thus think that governance issues will adjust to market standards the coming years.

Bravida

The company propose the Equity Plan Financing be approved, however we voted against these three items on the agenda. The LTIP does not clearly state the targets that would trigger the bonus. Additionally, the board propose an alternative financing plan if the first proposal is not approved. The inclusion of this item is a way to increase the likelihood that the financing of the proposed LTIP 2021 will be approved. The proposal represents an alternative way of funding the programme, should the stricter majority requirements for a direct transfer to employees stipulated by law not be attained. We would prefer the company to focus on making the plan more acceptable to shareholders rather than giving itself a back-up plan, and thus voted against this item.

Tomra

The remuneration was suggested increased by 38% which at first can seem high but compared to the level of international peers is in line with what would be expected. Contrary to ISS recommendations we thus voted for this item.

Additionally, we voted for the board as we believe they have provided solid results.



Yara

We voted against the suggested remuneration policy. Performance is measured against targets for the past three years implying the use of backward-looking criteria. Such structure implies that incoming executive could theoretically be awarded bonuses based on the company's performance during a period on which this person has had no influence. Moreover, the company has failed to provide the target level of the performance criteria applicable to its LTIP. Furthermore, Yara's remuneration policy allows for uncapped sign on bonuses.

Atlas Copco

We voted for all items on the agenda for Atlas Copco, which also mean we voted against recommendations from ISS to not support specific re-elections of directors and approving the remuneration report.

We think the main investor, Investor AB, and represented in the board, is serving the company well with a generational mindset. Hence, we would like to support the nomination committee's suggestion.

In addition, and more specifically, we disagree with ISS view that Staffan Bohman have a non-independent status and hence the company board structure is complying, as over half of the shareholder-elected board members are independent (excluding employee representatives).

The outstanding strategic work and progress makes the increase in Mats Rahmströms salary understandable. We see his package as fair in a global comparison.

Nibe Industrier

As for many other Swedish companies, the board is to be re-elected as one item of the entire board, rather than individually. ISS recommended to vote against the board, however we think Nibe Industrier has been doing fantastic with the current board and thus voted for the re-election.

For further details on the abovementioned voting items, please see the table below. A full list of all votes cast during the quarter is available upon request.



Company	Date	Type	Proponent	Proposal number	Votable proposal	Proposal text	Management recommendation	Voting policy recommendation	Vote instruction	Vote against management
Rockwool International A/S	07-04-2021	Annual	Management	Yes	4	Approve Remuneration Report (Advisory Vote)	For	Against	Against	Yes
Rockwool International A/S	07-04-2021	Annual	Management	Yes	7.b	Reelect Rebekka Glasser Herlofsen as Director	For	Abstain	Abstain	Yes
Rockwool International A/S	07-04-2021	Annual	Share Holder	Yes	9.d	Assess Environmental and Community Impacts from Siting of Manufacturing Facilities	Against	For	For	Yes
Rockwool International A/S	07-04-2021	Annual	Share Holder	Yes	9.e	Disclose Report on Political Contributions	Against	For	For	Yes
Storebrand ASA	08-04-2021	Annual	Management	Yes	8	Approve Remuneration Policy And Other Terms of Employment For Executive Management	For	Against	Against	Yes
NEL ASA	15-04-2021	Annual	Management	Yes	9	Approve Remuneration Policy And Other Terms of Employment For Executive Management	For	Against	Against	Yes
NEL ASA	15-04-2021	Annual	Management	Yes	10.1	Approve Equity Plan Financing Through Issuance of Shares	For	Against	Against	Yes
NEL ASA	15-04-2021	Annual	Management	Yes	11.1	Approve Equity Plan Financing Through Repurchase of Shares	For	Against	Against	Yes
NEL ASA	15-04-2021	Annual	Management	Yes	12.3	Reelect Charlotta Falvin as Director	For	Against	Against	Yes
Aker Horizons AS	20-04-2021	Extraordinary Shareholders	Management	Yes	4	Elect Lise Kingo, Lone Fonss Schroder, Auke Lont as New Directors; Elect Lene Landoy as New Deputy Director	For	Against	Against	Yes
Scatec Solar ASA	20-04-2021	Annual	Management	Yes	9	Approve Remuneration Policy And Other Terms of Employment For Executive Management	For	Against	Against	Yes
Scatec Solar ASA	20-04-2021	Annual	Management	Yes	16	Authorize Share Repurchase Program and Reissuance of Repurchased Shares in Connection with Acquisitions, Mergers, Demergers or Similar	For	Against	Against	Yes
Scatec Solar ASA	20-04-2021	Annual	Management	Yes	17	Approve Equity Plan Financing Through Share Repurchase Program	For	Against	Against	Yes
Scatec Solar ASA	20-04-2021	Annual	Management	Yes	18	Authorize Share Repurchase Program and Reissuance or Cancellation of Repurchased Shares	For	Against	Against	Yes
Scatec Solar ASA	20-04-2021	Annual	Management	Yes	20	Approve Equity Plan Financing Through Issuance of Shares	For	Against	Against	Yes
Bravida Holding AB	26-04-2021	Annual	Management	Yes	19.a	Approve Performance Share Matching Plan LTIP 2021 for Key Employees	For	Against	Against	Yes
Bravida Holding AB	26-04-2021	Annual	Management	Yes	19.b	Approve Equity Plan Financing	For	Against	Against	Yes
Bravida Holding AB	26-04-2021	Annual	Management	Yes	19.c	Approve Alternative Equity Plan Financing	For	Against	Against	Yes
Alfa Laval AB	27-04-2021	Annual	Management	Yes	11.2	Reelect Dennis Jonsson as Director	For	Against	Abstain	Yes
Alfa Laval AB	27-04-2021	Annual	Management	Yes	11.7	Reelect Jorn Rausing as Director	For	Against	Abstain	Yes
Alfa Laval AB	27-04-2021	Annual	Management	Yes	11.1	Reelect Dennis Jonsson as Board Chairman	For	Against	Abstain	Yes
Sandvik Aktiebolag	27-04-2021	Annual	Management	Yes	16	Approve Performance Share Matching Plan for Key Employees	For	Against	Against	Yes
Assa Abloy AB	28-04-2021	Annual	Management	Yes	14	Approve Performance Share Matching Plan LTI 2021	For	Against	Against	Yes
Hexagon AB	29-04-2021	Annual	Management	Yes	13	Approve Performance Share Plan for Key Employees	For	Against	Against	Yes
Tomra Systems ASA	04-05-2021	Annual	Management	Yes	7	Approve Remuneration Policy And Other Terms of Employment For Executive Management	For	Against	Against	Yes
Yara International ASA	06-05-2021	Annual	Management	Yes	4	Approve Remuneration Policy And Other Terms of Employment For Executive Management	For	Against	Against	Yes
Munters Group AB	19-05-2021	Annual	Management	Yes	18	Approve Remuneration Policy And Other Terms of Employment For Executive Management	For	Against	Against	Yes
Bravida Holding AB	26-04-2021	Annual	Management	Yes	12.a	Reelect Fredrik Arp as Director	For	Against	For	No
Bravida Holding AB	26-04-2021	Annual	Management	Yes	12.b	Reelect Cecilia Daun Wennborg as Director	For	Against	For	No
Bravida Holding AB	26-04-2021	Annual	Management	Yes	13	Reelect Fredrik Arp as Board Chairman	For	Against	For	No
Alfa Laval AB	27-04-2021	Annual	Management	Yes	11.2	Reelect Dennis Jonsson as Director	For	Against	Abstain	Yes
Alfa Laval AB	27-04-2021	Annual	Management	Yes	11.7	Reelect Jorn Rausing as Director	For	Against	Abstain	Yes
Alfa Laval AB	27-04-2021	Annual	Management	Yes	11.1	Reelect Dennis Jonsson as Board Chairman	For	Against	Abstain	Yes
Atlas Copco AB	27-04-2021	Annual	Management	Yes	9.a1	Reelect Staffan Bohman as Director	For	Against	For	No
Atlas Copco AB	27-04-2021	Annual	Management	Yes	9.a3	Reelect Johan Forssell as Director	For	Against	For	No
Atlas Copco AB	27-04-2021	Annual	Management	Yes	9.a7	Reelect Hans Straberg as Director	For	Against	For	No
Atlas Copco AB	27-04-2021	Annual	Management	Yes	9.a8	Reelect Peter Wallenberg Jr as Director	For	Against	For	No
Atlas Copco AB	27-04-2021	Annual	Management	Yes	9.b	Reelect Hans Straberg as Board Chairman	For	Against	For	No
Atlas Copco AB	27-04-2021	Annual	Management	Yes	11.a	Approve Remuneration Report	For	Against	For	No
Assa Abloy AB	28-04-2021	Annual	Management	Yes	10	Reelect Lars Renstrom (Chairman), Carl Douglas (Vice Chair), Eva Karlsson, Lena Olving, Sofia Schorfling Hogberg and Joakim Weidemanis as Directors; Elect Johan Hiertonsson and Susanne	For	Against	For	No
INVISIO AB	28-04-2021	Annual	Management	Yes	12.1b	Reelect Charlotta Falvin as Director	For	Against	For	No
Hexagon AB	29-04-2021	Annual	Management	Yes	10.3	Reelect Sofia Schorfling Hogberg as Director	For	Against	For	No
Hexagon AB	29-04-2021	Annual	Management	Yes	10.7	Reelect Gun Nilsson as Director	For	Against	For	No
Hexagon AB	29-04-2021	Annual	Management	Yes	10.9	Reelect Gun Nilsson as Board Chairman	For	Against	For	No
Tomra Systems ASA	04-05-2021	Annual	Management	Yes	9	Approve Remuneration of Directors	For	Against	For	No
Tomra Systems ASA	04-05-2021	Annual	Management	Yes	11	Reelect Jan Svensson (Chairman), Bodil Sonesson, Pierre Couderc, Bjorn Matre and Hege Skryseth as Directors	For	Against	For	No
NIBE Industrier AB	11-05-2021	Annual	Management	Yes	12	Reelect Georg Brunstam, Gerteric Lindquist, Hans Linnarson (Chair), Anders Palsson, Jenny Sjodahl and Jenny Larsson as Directors	For	Against	For	No

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