

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 Norwegian 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
- 5% Adult Entertainment
- 5% Alcoholic Beverages
- 5% Gambling
- 5% Tobacco Products
- 5% Thermal Coal, thermal coal extraction
- 5% Thermal Coal, generation of electricity from thermal coal
- 5% Oil Sands
- 5% Shale Energy

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 Storebrand

During the quarter we met with a number of Nordic financial institutions, among them Storebrand, whose investment portfolio is strategically built around sustainable investments, which also include Article 9 funds. This approach reflects the company's commitment to responsible investment practices. In terms of executive compensation, Storebrand adopts a remuneration model, where no variable pay is provided. Instead, a third of the C-suite's salary is paid in shares, aligning executive incentives with the company's long-term performance. Sustainability is a key performance metric for Storebrand's leadership, further reinforcing its commitment to environmental and social responsibility development.

Frontline

Sustainability continues to rise as a material risk for the shipping industry, and thus, we met with Frontline to discuss changes in fuelling, IMO impact, circularity, and business ethics.

Frontline is investing in dual-fuel LNG propulsion, a technology that, despite its higher upfront cost (~USD5–6 million per vessel), ensures compliance with emerging decarbonisation pathways. Only 2,500 of the world's 100,000 commercial ships currently support dual-fuel propulsion, giving Frontline a strategic edge as the global fleet transitions toward low-emission operations.

While Cyprus, where Frontline is domiciled, has not joined the Global Carbon Tax Initiative, Frontline remains focused on compliance with International Maritime Organisation (IMO) standards, which continue to shape industry



access and trading legitimacy. The company supports the IMO's efforts to encourage a global fleet renewal cycle but also highlights that the initiative might not work as companies will just redomicile to areas where the IMO requirements are not in force. Frontline has a somewhat younger fleet (5-6 years average) compared to the markets average of 11 years.

The company maintains a strict approach to vessel retirement and prefer to sell aging ships (15-17 years) to an operator with contract that the ship will not be flipped or sold to the black market. When ships must be scrapped, recycling is conducted in Turkey, foregoing higher profits available in markets like Bangladesh but in favour of safer and somewhat more environmentally responsible practices.

Proxy Voting

For the Norwegian portfolio, we cast a total of 24 votes across management and shareholder proposals for Gjensidige Forsikring ASA and SpareBank 1 SMN.

At **Gjensidige Forsikring ASA**, we voted on 19 management proposals. Of these, we supported 16 and opposed 3, with all decisions made in accordance with Glass Lewis recommendations and our internal policy. We opposed one election proposal due to the company's insufficient response to prior shareholder dissent. Additionally, we voted against both the remuneration report and remuneration policy proposals, as the company does not have a formal long-term incentive plan in place. An important governance expectation from our perspective.

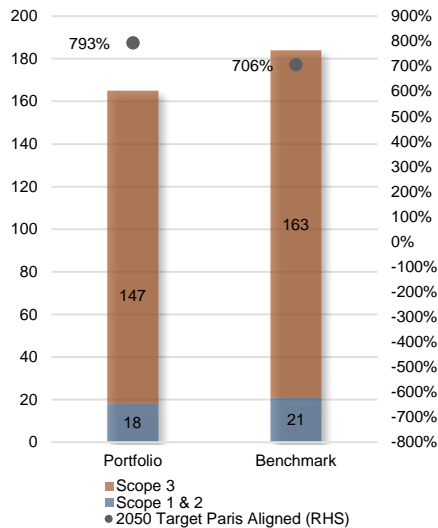
At **SpareBank 1 SMN**, we voted on four management proposals, supporting all of them in alignment with management's recommendation, Glass Lewis, and our internal policy. We also voted on one shareholder proposal regarding the election of shareholder representatives. Although management's stance on this item was undetermined, we ultimately voted against the proposal as it did not align with our governance principles.

C WORLDWIDE NORWEGIAN EQUITIES

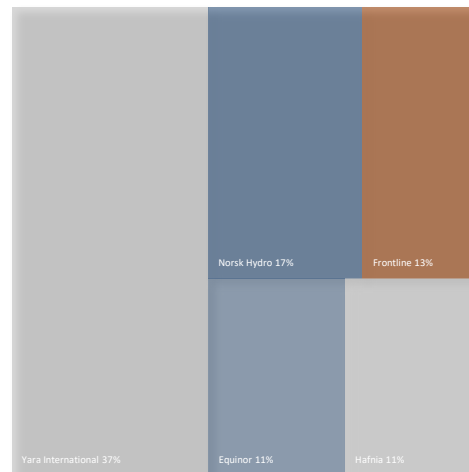
Sustainalytics Portfolio Risk Rating: Medium

Benchmark: Oslo Børs Fondsindeks NOK

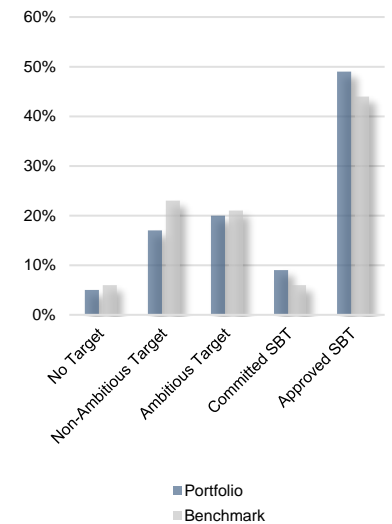
Emissions Exposure & SDS (tCO₂e)



Top 5 Contributors to Portfolio Emissions

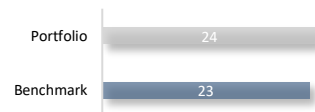


Climate Target Assessment



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.

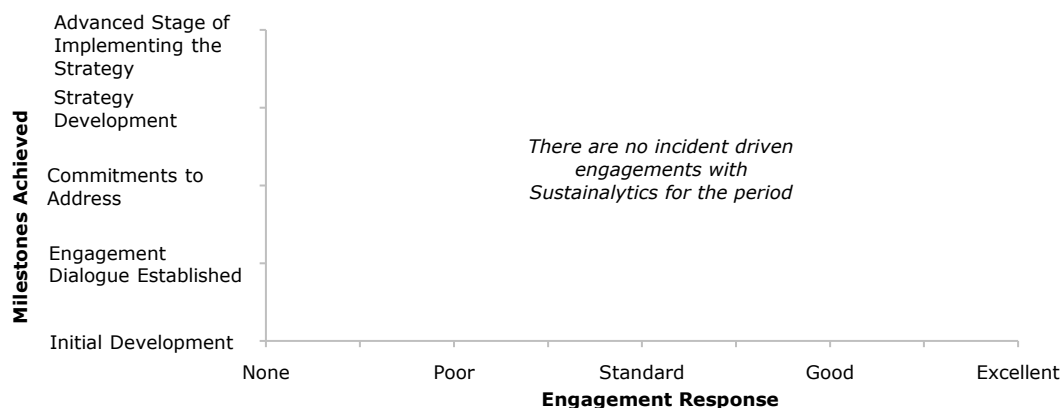
Carbon Intensity (tCO₂e/mill. USD revenue)



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 NOK. Portfolio as of 31st of March 2025

Collective Engagement



The graph to the left 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

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