

Q4 2025

# Sustainability Report Healthcare Select



# Our sustainability approach

## Our sustainability philosophy

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### Our 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 general meetings in 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

## Investment screenings

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### 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

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The strategy avoids investments in companies exceeding a certain level of involvement in specific activities:

**25%**

**5%**

**0%**

Oil & Gas (generation of electricity)

Small Arms

Thermal Coal (generation of electricity)

Controversial Weapons

Thermal Coal (extraction)

Alcoholic Beverages

Gambling

Tobacco (companies involved in the distribution or retail sale of tobacco products or in the supply of tobacco)

Adult Entertainment (production, owning or operating establishments)

Tobacco Products (manufacturing)

Oil & Gas (exploration, production, refining, transportation, or storage)

Oil Sands

Shale Energy

## Quarterly highlights

Geopolitical tensions and rearmament characterised 2025 along what we also highlighted in our sustainability report from Q3, the technology megatrend AI. All these areas are exposed to the demand for natural resources or commodities, in particularly rare earths elements (REE).

Back in 2023, we engaged with students from Copenhagen Business School (CBS) on an investment case to explore the implications to our investee companies of critical minerals (CM) and REE. This was part of the minor course Critical Cases in Sustainable Investments that we have supported for the last five years. The students were to delve into current trends and issues surrounding CM and REE and to develop a methodology to map our investee companies' exposure to risks associated with these as well as how to mitigate them. Even though we had no direct investments in REE, many of our investee companies rely on these for production of their own goods.

The focus on CM and REE has only grown since then as these are essential components of many modern technologies, including clean energy technologies from solar panels to electric vehicles (EVs) and are crucial in the production of high-tech technologies, such as semiconductors used in electronic applications and AI systems.

Over the last couple of years prices has increased significantly as extraction and processing of CM and REE are concentrated in only a few countries depending on the specific resource, such as China, Brazil, India, and Australia. This concentration exposes the supply of these raw materials to geopolitical tensions, price volatility, and supply chain risks that companies and we as investors are required to navigate.

Specifically in 2025 we saw multiple implications for REEs. China's restrictions tripled prices and exposed its dominance across the supply chain, not just in mining, but also processing. According to Barclays Research, China extracts 59% of global REEs, produces 69% of REE oxides, and refines 91% of REE and thus controlling some of the most important stages for the REE to be product ready.

REE are a group of 17 metals where the most essential are praseodymium, neodymium, and dysprosium that are used to produce magnets. Magnets make it possible to convert electricity into motion (electric motors) or motion into electricity (generators) and are necessities in many defence appliances. They steer precision-guided missiles, drive drone engines, and stabilise fighter jet control surfaces. Beyond magnets, REEs enable lasers and cooling systems in data centres, i.e. technologies critical for advanced military radars and communications.

According to the Stockholm International Peace Research Institute (SIPRI), global military is projected to keep rising, potentially surpassing USD 6 trillion by 2035, thus signalling a long-term trend of rising defence investment and demand for REE.

REE comes with considerable sustainability risks, including geopolitical tensions, environmental impact of mining, recycling developments, as well as labour and human rights. All matters that must be considered and monitored for investee companies with exposure to REE.

## Portfolio changes

During the quarter, we initiated a new position in the following company.

### **LENZ Therapeutics**

LENZ Therapeutics is a commercial-stage ophthalmology company that recently launched VIZZ, a pharmaceutical eye drop for the treatment of presbyopia. The company addresses a large and underserved market, with an estimated 128 million people affected by presbyopia in the United States alone. Early commercial traction has been encouraging, with approximately 200,000 prescriptions written and more than 6,500 eye care professionals having prescribed VIZZ since its launch in mid-October.

LENZ Therapeutics is not currently covered by Sustainalytics and provides limited public disclosure across environmental and social dimensions. However, the company has established a solid governance framework, including a formal Code of Conduct, a whistleblower policy, and dedicated Audit and Governance Committees, aligned with key UN Global Compact and OECD principles. No material controversies or violations have been identified to date. Governance quality is therefore assessed as strong, which partially offsets more limited disclosure in environmental and social areas at this stage of the company's development.

## Direct engagements

### **Onward Medical**

We held a virtual meeting with CEO Dave Marver in connection with the company's €50 million capital raise completed in October. The discussion focused on the commercial rollout of the ARC-EX neurostimulation system for spinal cord injury in the US market, scalability of the launch, and the company's capital requirements and pathway towards profitability. From an ESG perspective, the engagement informed our assessment of governance discipline around capital allocation, clinical responsibility, and long-term value creation in a highly specialised med-tech segment.

### **Vicore**

We held a virtual meeting with the CEO ahead of a capital raise intended to support an expanded powering of buloxibutid's Phase 2b study in idiopathic pulmonary fibrosis (IPF). The discussion centred on the scientific and clinical rationale for expanding the study, trial design considerations, and anticipated future funding needs. The engagement helped clarify the clinical and strategic rationale behind the study expansion, including trial design considerations and associated execution risks.

### **Novocure**

We held a virtual meeting with senior management, including Chairman William Doyle, following the unexpected leadership transition from recently appointed CEO Ashley Cordova to Frank Leonard, who has been with the company for 15 years and most recently served as President. Management explained that the change reflected a strategic prioritisation of commercial execution ahead of multiple upcoming launches in new indications. From a governance

perspective, the engagement focused on board oversight, leadership continuity, and succession planning during a critical phase of operational execution.

## Proxy voting

### **AstraZeneca**

We voted in favour of adopting amended articles of association to enable AstraZeneca's harmonised listing structure, including a direct NYSE listing of ordinary shares while maintaining UK governance and shareholder rights.

### **Medtronic**

We voted largely in favour of the board, auditor appointment, capital and share issuance authorities, and routine governance items, while opposing the election of Kendall J. Powell and the advisory vote on executive compensation. Our opposition reflected independence concerns (Powell's affiliate relationship via his daughter and compensation committee role) and misaligned pay structures with insufficient long-term performance conditions and short vesting.

### **Novo Nordisk**

Following a highly public and contentious governance process in which the Novo Nordisk Foundation drove a comprehensive board overhaul after strategic and performance disagreements, shareholders were asked to approve a new board slate. We supported the proposed board, recognising that at this stage it represented the only viable path to restore stability, clarity of governance, and forward momentum for the company.

### **Asker Healthcare**

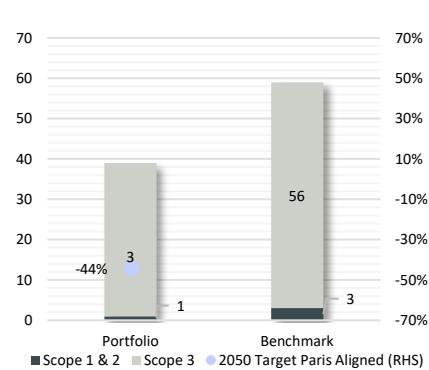
We voted in favour of all proposals presented at Asker Healthcare's extraordinary general meeting, reflecting our full support for the company's governance and board-related resolutions.

## C WorldWide Healthcare Select

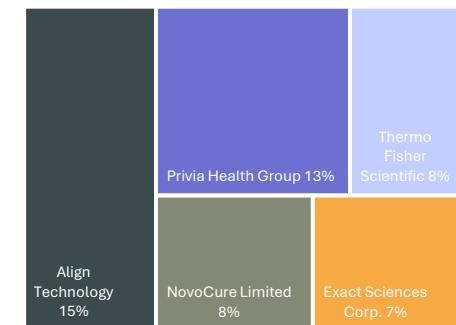
**Sustainalytics Portfolio Risk Rating: Medium**

**Benchmark: MSCI World Healthcare Index**

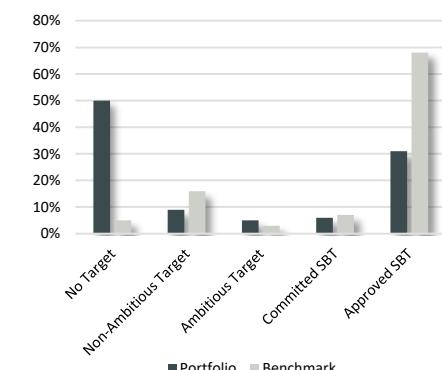
### Emissions Exposure & SDS (tCO<sub>2</sub>e)



### Top 5 Contributors to Portfolio Emissions



### Climate Target Assessment

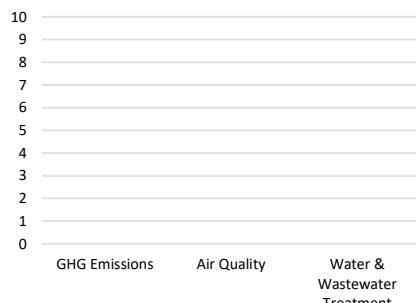


The above graph summarises the portfolio's carbon footprint compared with the benchmark. The Sustainability Development Scenario (SDS) pathway on the right-hand side of the graph is fully aligned with the Paris Agreement. The graph indicates whether the portfolio and benchmark are expected to over-undershoot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

Source: ISS Data Desk (Climate Assessment). Based on a portfolio Value of 1,000,000 USD. Portfolio as of 31<sup>st</sup> of December

### Direct Engagement Topics

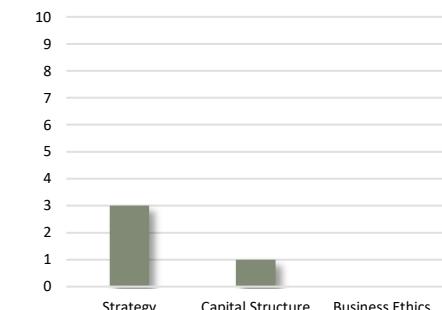
#### Environment



#### Social



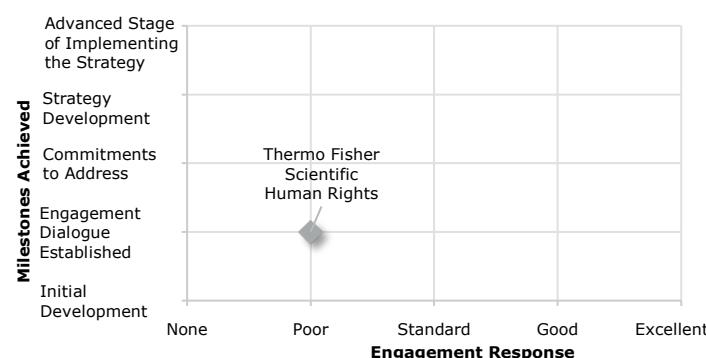
#### Governance



### Total direct company engagements for the portfolio: 3

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 %	4
Proposals Voted	100 %	32
Proposal Voted Against Management	6%	2
Proposal Categories (Top 3)	44 %	Board Related
	16 %	SHP: Governance
	16 %	Capital Management

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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