

Q1 2026






# Sustainability Report Healthcare Select







# Our sustainability approach

## Our sustainability philosophy

### Our core beliefs

-  Our active approach to the stewardship of investments ensures sustainability commitments
-  Prioritising pro-active engagement rather than excluding and divesting
-  We emphasize active ownership to influence positive change and progress
-  Investing responsibly is aligned with superior risk-adjusted long-term returns
-  The integration of sustainability factors is key to our long-term investment research process

### Our actions

-  Engaging directly with and voting on general meetings in investee companies
-  Materiality ensures that we prioritise what matters most
-  Researching sustainability factors is fully integrated into our overall investment approach
-  Extensive screening to ensure norm-based alignment

## 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

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

25%

Oil & Gas (generation of electricity)

5%

Small Arms

Alcoholic Beverages

Gambling

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

Thermal Coal (generation of electricity)

0%

Controversial Weapons

Adult Entertainment (production, owning or operating establishments)

Tobacco Products (manufacturing)

Shale Energy

Thermal Coal (extraction)

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

Oil Sands

## Quarterly highlights

We have been writing about the technological megatrend that AI is for a few quarters now, and it keeps developing and allowing for new ways of exploring processes and actions.

AI is being adopted globally at rapid pace, and the latest monthly update to Anthropic's Economic Index report found that adoption of its AI assistant, Claude, has broadened to lower-wage tasks. Anthropic believe this pattern is consistent with an 'adoption curve', where early adopters favour high-value use cases like coding, and later adopters use the models for a wider range of tasks. They also find that global usage remains heavily concentrated in high-income countries.

On the back of this development an AI backlash is emerging. This includes regulations and orders to halt development and to restrict the AI large language models (LLMs) within set limits.

In Europe, the European Parliament adopted its position on a simplification proposal for the EU AI Act. This includes approving a delay to the application of high-risk requirements under the regulation from August 2026 to December 2027. These high-risk applications include the use of AI in critical infrastructure, education, employment, essential services and law enforcement. Members of the Parliament also supported an introduction of a ban on generation of non-consensual sexual and intimate content. Negotiations with the EU Council will now begin on the final form of the text before applied.

In China, algorithmic recommendation systems and generative AI services are required to register with regulators and undergo security assessments, with a clear emphasis on ensuring content aligns with national values and political guidelines. More recently, China has introduced measures targeting AI-generated deepfakes and synthetic media, requiring clear labelling and restricting certain applications outright. Alongside this regulatory tightening, China continues to pursue AI development as a core national strategic priority.

Recently, the US released its national AI legislation framework aimed at safeguarding the public from AI risks while promoting innovation, economic competitiveness, and national security. The framework targets six objectives: protecting children and empowering parents, safeguarding communities from rising electricity prices, respecting intellectual property, preventing censorship and protecting free speech, enabling innovation and ensuring American AI dominance, and building an AI-ready workforce. Separately, there are discussions on a bill that would impose a moratorium on new data centre construction until legislation is enacted to address AI risks. At the state level, more than 100 AI-related laws and regulations were passed across more than 30 states in 2025, covering areas including privacy and child safety.

Further aspects to the AI backlash include focus on load growth from data centres and the perception that this is leading to higher power prices. There are various attempts under way to address this. Six US states have now proposed some form of data centre moratorium, some of which extend through late 2029. This includes cancellation of USD 100 billion of data centre projects.

Consumer and labour market pushback adds further pressure. A Pew Research Center survey from September 2025 found that 50% of Americans are more concerned than excited about AI,

with only 10% feeling the opposite. Concerns extend well beyond energy costs to jobs, privacy, security, child safety, and the environmental footprint of data centres, including high water consumption for cooling.

As investors, we must understand AI's impact on labour dynamics and regulatory risk and embed AI-specific assessments into due diligence to identify holdings most exposed to operational, regulatory, or reputational challenges.

## Portfolio changes

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

### **Valneva**

Valneva, a focused vaccine company with a stable base business and significant potential upside from its Lyme disease program. Recent Phase 3 data were mixed, with clinically meaningful efficacy but a miss on the primary endpoint is creating some regulatory uncertainty while still supporting a potential filing. The large unmet market, limited competition and risk-sharing partnership continue to underpin an attractive asymmetric risk-reward.

Valneva's principal adverse impacts mainly relate to greenhouse gas emissions, energy use and resource intensity from vaccine manufacturing and global supply chains, including cold-chain logistics. As production scales, Scope 3 exposure through outsourced manufacturing and raw material sourcing remains the most material environmental risk, though this is increasingly mitigated through emissions measurement, supplier assessments and reduction targets. Social and governance PAIs primarily concern product safety, ethical clinical conduct and compliance risks, which are managed through strict regulatory oversight, pharmacovigilance systems and strengthened Board-level governance frameworks.

## Direct engagements

### **Novo Nordisk**

We had in-person meetings with CEO Mike Doustdar and Chief Scientific Officer Dr Martin Holst Lange in Copenhagen. Discussions focused on the increasingly complex obesity market, including the growing role of digital platforms such as HIMS. The discussion highlighted governance and patient safety considerations around compounding practices, API sourcing and upfront payment models, particularly in a regulatory environment where enforcement remains inconsistent. Novo is actively addressing these challenges, including through legal action, but this remains an area of ongoing focus.

Strategically, the company is broadening its narrative beyond weight loss towards longer-term cardiometabolic outcomes, while continuing to invest in oral GLP-1s. At the same time, visibility on volumes and pricing is more limited, placing greater emphasis on disciplined execution and communication. Internally, Novo is taking steps to improve efficiency and oversight, including workforce reductions, a review of external consultants and more granular commercial analytics.

Overall, while Novo remains strongly positioned, the evolving competitive landscape and regulatory complexity reinforce the importance of robust governance and responsible commercial practices.

### **MEDS**

We met with CEO Björn Thorngren and CFO Mendola Nicholas, with the discussion centered on Q4 sales weakness around Black Friday and the company's move to a larger warehouse in Eskilstuna. The new location improves national logistics, making major cities such as Gothenburg reachable within shorter delivery times, while supporting future growth through increased capacity. From a sustainability perspective, the move primarily strengthens operational resilience and distribution efficiency, with execution of the transition remaining a key area to monitor.

### **Coherus, Karyopharm & Vaxcyte**

In connection with the annual JPMorgan Healthcare Conference in San Francisco, we met with three portfolio holdings. Discussions focused on upcoming clinical data, study recruitment and broader biotech sentiment. A key focus was on financial resilience, as all three companies remain unprofitable and reliant on external funding, highlighting governance considerations around capital allocation, funding strategy and the ability to sustain development through varying market conditions.

### **Novocure**

We had a digital meeting with Chairman William Doyle, CEO Frank Leonard and CFO Christoph Brackmann ahead of the resolution of the recent compliance issue related to the company's US Medicare billing re-validation process, which had led to a temporary suspension of billing privileges. The discussion focused on the nature of the administrative lapse, remediation steps and expected timelines for resolution.

## Proxy voting

### **AstraZeneca**

We voted in favour of all proposals, including the re-election of directors, the remuneration report and performance share plan, as well as the auditor appointment, capital authorities and other routine governance items, reflecting our view that governance structures and incentive frameworks remain broadly appropriate and aligned with long-term shareholder interests.

### **Novo Nordisk**

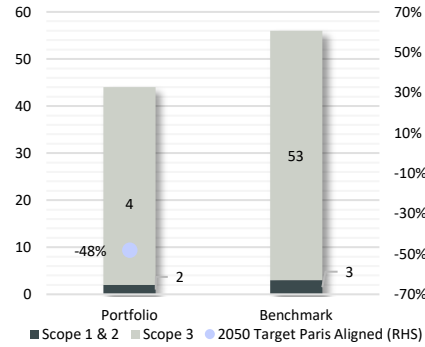
Following a highly public and contentious governance process in which the Novo Nordisk Foundation drove a comprehensive board overhaul after strategic and performance disagreements, shareholders were asked to approve a new board slate. We supported the proposed board, recognising that at this stage it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

C WorldWide Healthcare Select

Sustainalytics Portfolio Risk Rating: Medium

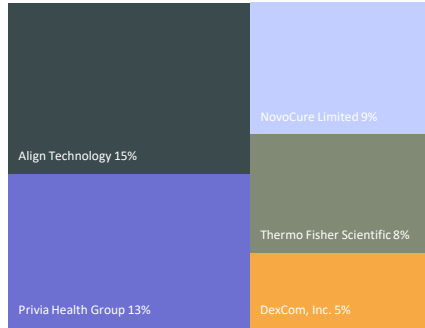
Benchmark: MSCI World Healthcare Index

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

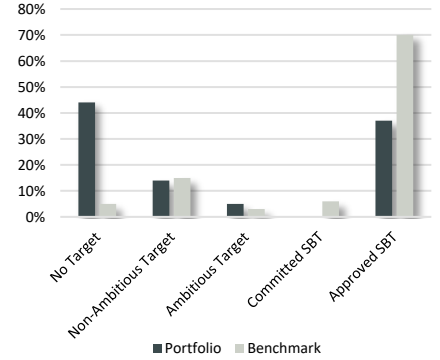


The above graph summarises the portfolio's carbon footprint compared with the benchmark. The Sustainability Development Scenario (SDS) pathway on the right-hand side of the graph is fully aligned with the Paris Agreement. The graph indicates whether the portfolio and benchmark are expected to over-/undershoot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

Top 5 Contributors to Portfolio Emissions



Climate Target Assessment



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.

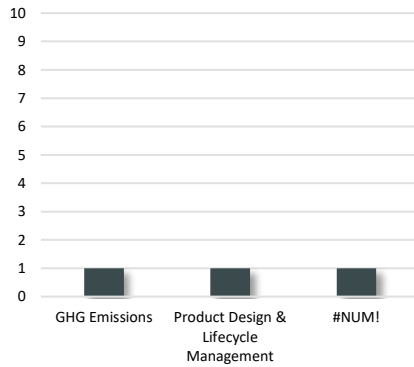
Carbon Intensity (tCO<sub>2</sub>e/mill. USD revenue)



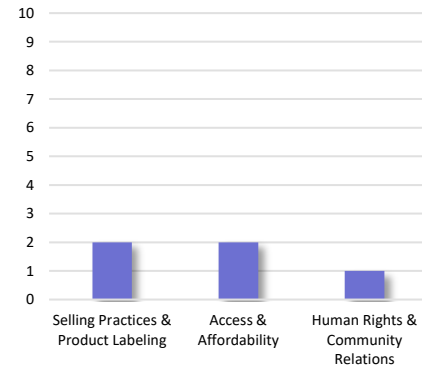
Source: ISS Data Desk (Climate Assessment). Based on a portfolio Value of 1,000,000 USD. Portfolio as of 31<sup>st</sup> of March

Direct Engagement Topics

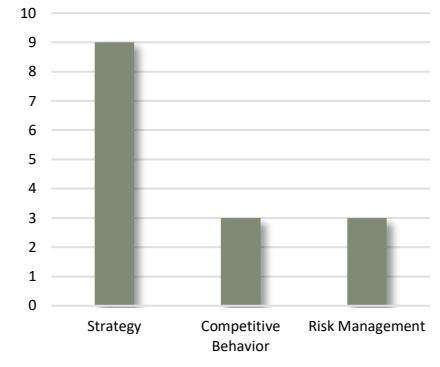
Environment



Social



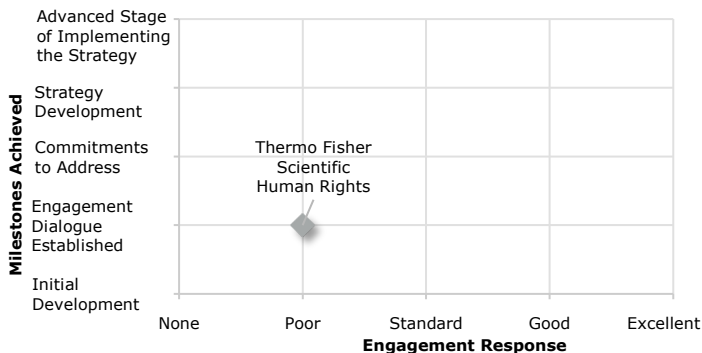
Governance



Total direct company engagements for the portfolio: 10

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%	3
Proposals Voted	100%	22
Proposal Voted Against Management	14%	3
Proposal Categories (Top 3)	36%	Board Related
	18%	Compensation
	14%	Audit/Financial

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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