

ESG report 2021

ValueInvest Danmark



Contents

- 03. Introduction
- 04. Increasing Focus on Sustainability
- 06. Exclusion
- 08. Proxy Voting
- 13. Engagements
- 16. Environmental Reporting
- 18. Appendix

ValueInvest DANMARK

The investment fund ValueInvest Danmark was founded 16th of April 1998 as a Danish, member-owned investment fund under the supervision of the Danish Financial Supervisory Authority.

Nordic Ecolabelling

The following sub-funds are Nordic Swan Ecolabelled:

- ValueInvest Global
- ValueInvest Global Akkumulerende
- ValueInvest Japan



Nordic Ecolabelling works to reduce the environmental impact from production and consumption of goods with the aid of their logo: the Nordic Swan Ecolabel. This makes it easy for consumers and professional buyers to choose the environmentally best goods and services.

Nordic Swan Ecolabel funds must fulfil requirements within four different sustainability strategies:

- Exclude the worst companies and industries within coal, oil, gas, nuclear, tobacco, weapons, and non-compliance with international norms
- Include more sustainable companies, by rewarding companies with strong sustainability work seen from a ESG and EU Taxonomy perspective. The criteria also have a special focus on sectors with high GHG emissions and / or high risk of biodiversity impact
- Exercise active ownership, by engaging with companies where there is uncertainty as to whether they live up to international norms if the company is not sold
- Publish all holdings in the portfolio and publish an annual sustainability report



The Investment Advisor of ValueInvest Danmark is Macquarie Investment Management Europe S.A. (MIME S.A.) based in Luxembourg.

Introduction

We, as members of the board of directors of Investeringsforeningen ValueInvest Danmark (the “Fund”), are very happy to present the first annual ESG Report. As investment advisor to the Fund, Macquarie Investment Management Europe S.A. (Investment Advisor) will present the key ESG topics of the reporting year including relevant data on proxy voting, engagement, and carbon emission in one report. If you have any questions to the report, including data presented, please contact the Investment Advisor of the Fund: **MAMVIESG@macquarie.com**.



One of the biggest topics of 2021 was climate, specifically carbon emission reductions and Net Zero emissions.

One of the biggest topics of 2021 was climate, specifically carbon emission reductions and Net Zero emissions. As the need for a green transition becomes more and more unquestionable and consumers and investors increasingly are becoming more and more climate conscious, a market demand for companies to improve their climate footprint is created.

As shareholders, we believe we can help reach this global target by engaging with companies invested in to understand their ambitions and reduction targets and possibly influence their environmental agenda.

In December 2020, Macquarie Asset Management (MAM), which the Investment Advisor of the Fund is a part of, announced its commitment to investing and managing portfolios in line with global Net Zero emissions by 2040. To build on its commitment to climate change leadership, MAM has also joined the Net Zero Asset Managers Initiative. The Investment Advisor supports MAM's commitment to Net Zero and believes in creating a positive change on a company and industry level which in return will reflect positively on the company and, by extension, portfolio performance.

As active investors, the Investment Advisor engages in dialogue with companies invested in on climate topics, e.g., initiatives that support the companies' reduction targets and how they plan to reduce emissions in the operation, production, and throughout the value chain.

For the Investment Advisor, another focus area in 2021 was company incentives and their alignment with shareholder interests, including how management and board members are considering ESG/ sustainability in the short- and long term.

Long-term value creation through management incentives that are aligned with shareholders' interests is important. The Investment Advisors' framework for determining strong alignment involves multiple aspects, including transparency on metrics and targets, profitable growth, free cash flow, long-term orientation, management's owner mentality, consideration of all stakeholders, recovery and deferral provisions, and ESG factors.

The above-mentioned topics were the key focus of the engagement and proxy voting activities of the Investment Advisor in 2021. Results from the proxy season and engagement outreach can be found on the following pages of this report.



Increasing Focus on Sustainability

Climate at the Top of the Agenda

2021 was a ground-breaking year when it comes to ESG. Sustainability has been *the* topic, culminating with the 2021 United Nations Climate Change Conference (COP26) taking place in Glasgow in November. Several companies used the conference to announce their support of the carbon reduction goals of the Paris Agreement and ambitions of reaching Net Zero emissions by 2050.

In 2021, Macquarie Asset Management (MAM), which the Investment Advisor of the Fund is a part of, reaffirmed its commitment to managing its portfolio in line with Net Zero emissions by 2040 and became one of the first large asset managers to sign The Climate Pledge, joining a global coalition of more than 100 climate leaders who share the ambition of achieving the goals of the Paris Agreement 10 years early.

The EU Introduces Sustainable Finance Regulation

In Europe, the European Union introduced the Sustainable Finance Disclosure Regulation (SFDR) in March 2021. The regulation was introduced to eliminate greenwashing and is designed to help investors understand, compare, and monitor the sustainability characteristics of investment funds by standardizing sustainability disclosures.

ValueInvest Danmark invests with the intention of promoting the environmental and social characteristics outlined by the ten principles of the UN Global Compact (UNGC). The Fund is subject to article 8 of the regulation and reports on relevant sustainability aspects in the 2021 Annual Report.

On valueinvest.dk, investors can find additional information on how sustainability risks are an integrated part of the investment process and how the Fund promotes environmental and social characteristics.

Good Governance

While environmental topics, especially carbon reduction and Net Zero, were the main trends in 2021, governance issues remain relevant and are essential when identifying ESG risks. Monitoring investee companies, including assessing the corporate governance practices of an investment, is a key component in reducing investment risks. ESG incidents can reveal gaps in a company's management systems and vulnerabilities in corporate strategy – all of which are relevant to company analysis and assessment.

On behalf of the Fund, the Investment Advisor works to ensure compliance with the good governance requirements specified for products subject to Article 8 and Article 9 of the Sustainable Finance Disclosure Regulation. Governance indicators are monitored and if poor governance practices are identified, remediation action is pursued, for instance, with direct engagement, proxy voting, or as a last resort, divestment. Direct engagement can provide additional insights into the quality of management of governance matters and is included in the overall assessment of the company invested in as exemplified by the case study by the Investment Advisor on page 5.

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Case study

Seven & i Holdings

Seven-Eleven Japan announced that due to an error in the salary calculation formula, the company may have underpaid employees for overtime work. Media reported that the miscalculation has affected 30,000 part-time employees since March 2012, according to the available records. Reportedly, the underpayment amounted to JPY 490 million (USD 4.5 million). According to the company, the payroll issue was discovered by the Labour Standards Inspection Office in 2019, but the company did not address the problem publicly, as Seven-Eleven Japan focused on its labour shortages issue. Seven-Eleven Japan is owned by Seven & i Holdings Co. Ltd.



Research

As part of the pre-investment due diligence, the ESG profile including governance practices of Seven & i are assessed. As parent of the global convenient stores 7-Eleven, Seven & i is especially exposed to human capital risks, including employee relation and remuneration risks through its subsidiaries in Japan and the US.



Monitoring

The ESG profile, including possible incidents as well as policy developments of Seven & i are monitored and assessed on an ongoing basis. As part of the monitoring practices, Seven & i is flagged due to a potential breach of the Investment Advisor's good governance principles.



Remediation

The Investment Advisor conducts further research on the issue. A Thorough engagement note is written, including a summary and analysis of the incident as well as questions and concerns to Seven & i.



Escalation

An engagement call is conducted with Seven & i where the Investment Advisor is able to clarify questions raised. Conclusions from the meeting left the Investment Advisor feeling comfortable and it was concluded that:

- The underpayment occurred because of a calculation error due to a misinterpretation of the applicable law and insufficient control systems.
- The error was discovered when a franchisee received a notification from the Labour Standard Inspection Office in September 2019.

During the conference call, Seven & i confirmed:

- All staff affected by the miscalculation are paid, no deadline applies.
- Measures to prevent similar incidents from occurring again have been implemented, including strengthening of internal training of labour-related laws, internal control system, and external third-party audits.

This case study was selected to illustrate the investment team's research processes and factor analysis only. This is not a recommendation to buy or sell any security. Opinions may change at any time. This should not be construed as an investment recommendation. The example provided is for illustrative purposes only and not indicative of securities in which the team may invest. Further case studies are available upon reasonable request.

Further engagement activities are reported on page 13 and 14.

Nordic Eco Label

Just before Christmas, in December 2020, all sub-funds of ValueInvest Danmark received the Nordic Eco Label. The label ensures that the portfolios are screened against certain criteria and eliminates e.g., tobacco, controversial weapons, and also to a

large extent fossil fuels and conventional weapons. Further, a majority of the companies invested in have strong ESG profiles, others are improving, while all are complying with international norms, meaning that they are screened for human rights violations, severe environmental damage, and corruption, for example. The Nordic Eco Label supports the existing ESG practices of the Fund.

Exclusion

1) Conventional weapons include small arms and light weapons as well as (non-weapons of mass destruction) bombs, shells, rockets, missiles, warships, military aircraft, tanks etc.

The exclusion criteria of the Fund are either product based or conduct based as described below.

Product-based exclusion includes production of tobacco, production of antipersonnel landmines, production of cluster munitions, production of nuclear, chemical and/or biological weapons. Further, the Fund does not invest in companies which themselves or through entities they control derive 5% or more of their revenue from the production or sale of conventional weapons¹⁾. The Fund does not invest in companies which themselves or through entities they control derive more than 5% of revenue from extracting coal, natural gas, crude oil, uranium, and/or refines coal, natural gas, crude oil or uranium for fuel. Further, the Fund does not invest in energy companies who, themselves or through entities they control, generate power (more than 5%) from fossil fuels such as natural gas, fossil oil and/or uranium.

Conduct-based exclusion includes serious violation of human rights, severe environmental damage, gross corruption, serious violation of individuals' rights in situations of war or conflict, as well as other particularly serious violations of fundamental ethical norms.

Screening and Exclusion

Pre-investment: The initial screening which includes the elimination of tobacco companies as well as other excluded sub-industries, excludes 4-5% of the investable universe.

To assist with assessing adherence to the UNGC principles (and other global norms), the Investment Adviser monitors the ESG policies, practices, and conduct of the companies invested in.

The Investment Advisor utilises third-party data and conducts in-house research and every investment is analysed from an ESG-perspective, including business involvement screening, ESG policies and practices, and an assessment of any conduct or practice relating to the principles of the UNGC.

Post-investment/monitoring: On a weekly basis, the Investment Adviser receives alerts from third-party ESG data providers via e-mail and is notified of any changes in the ESG ratings/assessments, any controversies/ incidents or breaches of global norms, including respect for human rights, labour compliance, and UNGC adherence.

If there is any doubt as to whether a company adheres to the UNGC, or if any practices indicate a violation of a Conduct Based Exclusion, the case is discussed by the Investment Advisor's Portfolio Managers and ESG team and an escalation plan is drafted e.g., engagement, proxy voting or divestment recommendations.

Possible Human Rights Violations

The following clarification was published on the Fund's website during the holding period. The stock was sold in March 2021. The divestment was not motivated by ESG factors.

Case study

G4S

Potential Human- and Labour Rights abuses in the Middle East

The Security company G4S experienced increased attention in late 2019, as Norge's Bank Investment Management (NBIM) excluded G4S after alleged Human Rights abuses against migrant workers in Qatar and the United Arab Emirates (UAE). NBIM's Council of Ethics did not describe the circumstances as forced labour but highlighted that the conditions restricted the freedom of the workers. Several other pension funds followed NBIM's example and consequently excluded G4S from their portfolios.

ESG Analysts from MSCI ESG conclude that the conditions could potential be a violation of the principles of the UN Global Compact, which is why the Investment Adviser of the Fund is engaging with G4S on the subject.

By engaging with the company, the Investment Adviser seeks to:

- reise concern about the current labour practices we are witnessing across the company (historically and currently)
- gain insight into the labour practices and policies at G4S
- understand the current measures the company is taking to avoid circumstances like the ones in the Middle East

By engaging with the company, where some of the allegations were rejected, it is evident that:

- G4S collaborates with a local partner in Qatar and does not have any direct management control (contrary to the United Arab Emirates)
- G4S strives to improve conditions in both regions, i.e., through an **Employee Action Plan**, which has been prepared in collaboration with several stakeholders and employee representatives

- G4S has set up a **Migrant Worker Coordinating Programme** under local management
- The Global Leadership Team is rolling out **Modern Slavery programmes** that includes rights for migrant workers
- G4S is implementing **whistle-blower programmes**
- G4S seeks to increase control of the supply chain by implementing new monitoring processes

Consequently, certain issues presented by NBIM's Council of Ethics were rejected and it is the Investment Advisor's opinion that G4S actively seeks to improve existing and future labour rights as well as gain control of its supply chain.

The Investment Advisor is confident that G4S can improve the conditions and prevent issues from occurring. The Investment Advisor will continue the engagement dialogue with G4S to ensure progress and to gain insight into new migrant worker initiatives. G4S points out that it can take years before the improvements are effective.

This case study was selected to illustrate the investment team's research processes and factor analysis only. This is not a recommendation to buy or sell any security. Opinions may change at any time. This should not be construed as an investment recommendation. The example provided is for illustrative purposes only and not indicative of securities in which the team may invest. Further case studies are available upon reasonable request.



Proxy Voting

2) <https://www.unpri.org/pri-blog/agm-season-2021-an-analysis-of-trends/8077.article>

3) <https://glasslewis.com/wp-content/uploads/2021/10/Continental-Europe-2021-Proxy-Season-Review-GL.pdf>

4) Ibid

5) Glass Lewis meeting research

The Investment Advisor exercises the Fund's voting rights through proxy voting. The Investment Advisor votes according to the Fund's guidelines and casts the votes on behalf of the Fund, utilising a third-party Proxy Voting Service and research provider and pursues to proxy vote at all general meetings as below:

Proxy Voting: from policy to casting votes



2021 Key Trends

2020 marked the switch to online Annual General Meetings (AGM's) that had to be organised while coping with the rise of a global pandemic. 2020 AGM's were characterised by shorter agendas and a limited variety of proposals and shareholder resolutions.

In 2021, both investors and companies had adjusted to the new format which resulted in a rise in shareholder resolutions being filed. *The 2021 AGM season demonstrated an increasing comfort amongst investors to utilise voting as a tool to provide accountable feedback to management²⁾.*

Notable topics of the 2021 proxy season, where the ongoing pandemic as well extraordinary weather events are expected to have increased investor attention, included the social and economic effects of COVID-19 as well as the importance of company climate action.

A summary of key topics is presented below.

Executive remuneration

In Europe, the Shareholder Rights Directive II (SRD II), which sets out to strengthen the position of shareholders, is close to fully implemented across the European Union. In 2021, new shareholder votes on executive remuneration were introduced. In the Belgium market, companies must include a proposal on binding policy vote, and in Germany and Norway an advisory policy vote must be included³⁾.

According to the Proxy Advisor, compared to 2020, there was no noticeable change in the number of rejected remuneration proposals in Europe. The main driver for rejected proposals in 2021 appears to be discretion, particularly in relation to the board's attempts (or lack thereof) to adjust remuneration outcomes in the context of the organisational impact of COVID-19⁴⁾.

REJECTED PROPOSAL

Amadeus

Amadeus IT Group S.A. (Spain)

Proposal: Approval of Remuneration Report (advisory vote)

Spanish companies are required to submit their remuneration report for non-binding shareholder approval annually, in addition to receiving binding shareholder approval of the remuneration policy at least every three years.

This annual advisory proposal is intended to provide shareholders with a voice on the implementation of the remuneration policy during the year under review and current fiscal year. While this is a non-binding proposal, if it is not approved by a majority of shareholders the Company will be required to submit its executive remuneration policy to a binding vote at the next annual general meeting⁵⁾.

Result: 38.2% shareholder votes for, 61.8% against. Due to several concerns, e.g., due to poorly justified COVID-19 adjustments, the proposal was not approved by shareholders.

source: Glass Lewis

6) "Critical Mass on Corporate Boards: Why Three or More Women Enhance Governance" by Vicki W. Kramer, Alison M. Konrad and Sumru Erkhut (2006). The view is corroborated in an MSCI report, "The Tipping Point: Women on Boards and Financial Performance" published December 2016, concluding "that having three women on a corporate board represents a "tipping point" in terms of influence, which is reflected in financial performance".

Gender Diversity

In recent years, many European legislators and governance experts have advocated for more female representation on the boards of public companies. This effort has materialised in the form of new recommendations and legal requirements in a number of markets across Europe.

In the US, progress on overall board gender parity remains slow and incremental.

Japan remains a laggard in promoting gender diversity at board and senior management level. According to Glass Lewis, more than 40% of companies with a two-tier board structure and one-tier board with one committee structure have no female directors. However, this year saw notable progress with a majority of companies electing at least one woman.

Looking at the Fund's portfolios, the picture is a bit more optimistic, as presented in the figures below.

During the 2020 proxy season, the Investment Advisor of the Fund contacted all investee companies to encourage nominating more female directors at Board-level. Scholarly research suggests that companies perform better when they are led by a

group of diverse board members who complement each other. The Investment Advisor hence encouraged leadership that is varied in every way - in gender, race, economic background and ideology, and agrees with a number of studies that describe the positive impact of gender diversity and supports the premise that a minimum of three women on a board / at least 30% representation reflects positively on financial performance⁶⁾.

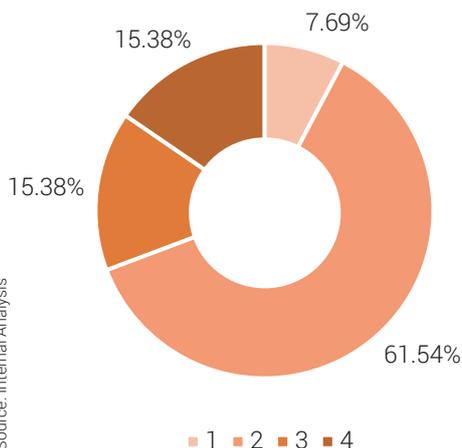
In 2021, the Investment Advisor again addressed gender diversity in their proxy voting activities, following up on any progress or lack hereof from the previous year.

Say on Climate

Environmental shareholder resolutions received record voter support and gained significant press attention, especially in the US. But 2021 was also characterised by an increase in the environmental resolutions filed in Japan. While most resolutions did not gain majority votes, according to the PRI, their filings still represent a growing comfort in Japan to use shareholder resolutions to communicate investors' expectations of companies.

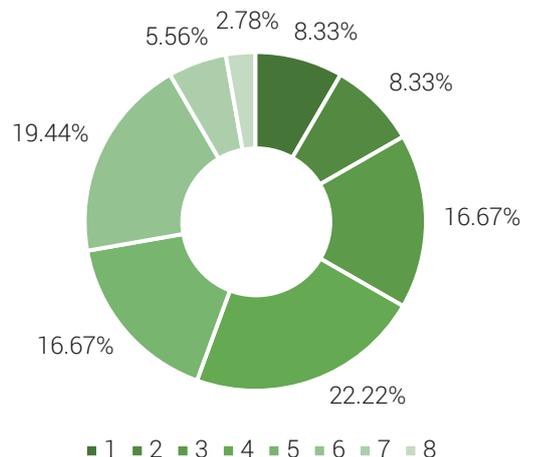
In general, 2021 showed a significant percentage of votes cast in favour of ESG-related resolutions.

Female Directors Japan Portfolios



Source: Internal Analysis

Female Directors Global Portfolios



Voting trends analysed across all three ESG pillars have shown growth year-on-year, including 34 majority votes - a significant increase since last year. According to Glass Lewis, the proposals related to *Say on Climate* took two main forms: (i) a request that shareholders approve a policy that would create the framework for the adoption of a Say on Climate vote; and (ii) a request that shareholders approve a company's climate transition plan.

vice president Francisco Camacho in September 2020. Additionally, in October, CFO Cécile Cabanis announced her resignation. In response, the board appointed Cabanis as vice chair of the board on December 14, 2020.

Ultimately, questions around CEO Emmanuel Faber's leadership, as well Danone's governance structure, were raised by shareholder activist Bluebell Capital. Bluebell focused on Danone's financial performance, which it found was underwhelming compared to its sector peers.

By March 2021, the board announced the separation of the roles of chair and CEO, with Faber proposed to stay on as chair. However, following further pressure, the board turned against Faber, announcing that he would leave Danone and that Véronique Penchienati-Bosetta would become interim CEO.

At the AGM, a non-voting resolution was proposed by five shareholders representing 0.7% of Danone's share capital, which asked the board members to present their views on four questions related to the "Local First" plan, its "Entreprise à Mission" (mission-led company) status, the achievement of the goals set out by the 2015. Paris Agreement, and finally on Danone's governance. The board addressed each of these points. Further, Cabanis' re-election to the board received 18.3% opposition⁷⁾.

source: Glass Lewis

REJECTED PROPOSAL

H&M

H&M Hennes & Mauritz AB (Sweden)
Shareholder proposal

Proposal: That the Company issue a climate report annually for advisory shareholder approval.

While we believe shareholders should clearly communicate their requirements to the board, including any comprehensive climate reporting, significant concerns were raised regarding the provisions of this proposal that would allow shareholders to have a vote on the company's climate strategy. Further concerns regarding the mechanism under which this requested vote is taking place, and not the reporting that would be required of the company, supported a vote against this proposal.

Result: 2.6% of shareholders voted for, 96.6% against, 0.7% abstained from voting.

Significant votes/proposals

Danone 29 April 2021, Annual Meeting

Proposal: Elect Cécile Cabanis (18% against)
In November 2020, Danone announced its "Local First" strategic plan that would reorient Danone from a category-led to a geography-led company by giving more autonomy to its local business units and decreasing spending to return to previous levels of growth and profitability while also enacting €1 billion worth of cost reduction measures by 2023. Further, it would also cut around 2,000 jobs. The plan, however, divided Danone's management, resulting in the resignation of executive

adidas 12 May 2021, Annual Meeting

Proposal: Elect Jackie Joyner-Kersey as Supervisory Board Member (0.29% against)

Last year, adidas faced criticism by employees and the public in the United States in connection with allegations of racial discrimination within its workforce, followed by a demonstration of poor sensitivity by top management in handling this issue and a series of tone-deaf marketing initiatives. At the 2021 AGM, adidas nominated Jacqueline Joyner-Kersey, a black former track and field athlete, to join the supervisory board, receiving high support from shareholders. In addition to being a six-time Olympic medallist, Joyner-Kersey is also

7-8) <https://glasslewis.com/wp-content/uploads/2021/10/Continental-Europe-2021-Proxy-Season-Review-GL.pdf>

the founder of the non-profit organisation 'Athletes for Hope' and has been described by adidas as an active promoter of social projects "which focus on supporting children and young people through sports as well as on promoting equal opportunities, and diversity and inclusion". While not explicitly stated by adidas, given Ms. Joyner-Kersee's skills and background, her nomination appears to be the latest step in adidas' response to the above allegations, as well as bringing useful diversity of thought and highly relevant skills to the board; previously, the board had also appointed a new CHRO and created a new management committee led by the CEO with a focus on inclusion and equality⁸⁾.

Amadeus IT Group 16 June 2021, Annual Meeting

Remuneration Report: 61% against

Remuneration Policy: 12% against

Proposal: AMS became the first ever IBEX 35 company to have a remuneration proposal rejected, as only 38% of votes cast supported the remuneration report put up for shareholder vote this year. After being heavily impacted by the COVID-19 pandemic, AMS made changes to the metrics of its annual bonus plan and adjustments to its in-flight

long-term incentive plans. The board decided to change the metrics set at the beginning of 2020 (Revenues, EBITDA and Adjusted EPS) to objectives which were intended to better reflect its business priorities in a pandemic scenario. In addition, the remuneration committee decided to assume target achievement for the third year of its 2018 LTI cycle, without proposing any reduction to the plan's payout potential. While the remuneration report was rejected, AMS's forward-looking remuneration policy garnered above-average support, with 88% supporting the plan.

Results from 2021 Proxy Season

For both ValueInvest Global, Global Akkumulierende and Japan, the voting rate was 100%.

Below, the total number of proposals and votes cast are presented, including votes against management.

2021 shareholder meetings by region and country

Region	Country Of Origin	Voted	Unvoted
Total for all Regions		39	0
Canada & United States		11	0
	United States	11	0
Europe		21	0
	Denmark	1	0
	France	6	0
	Germany	3	0
	Netherlands	1	0
	Spain	1	0
	Sweden	4	0
	Switzerland	2	0
	United Kingdom	3	0
Japan		7	0
	Japan	7	0

ValueInvest Global og ValueInvest Global Akkumulierende

Region	Country Of Origin	Voted	Unvoted
Total for all Regions		25	0
Japan		25	0
	Japan	25	0

ValueInvest Japan

	Mgmt Proposals	SHP Proposals	Total Proposals
For	616	3	619
Against	79	13	92
Abstain	1	1	2
Mixed	0	0	0
Take No Action	14	1	15
Unvoted	0	0	0
Totals	710	18	728

ValueInvest Global og ValueInvest Global Akkumulierende

	Mgmt Proposals	SHP Proposals	Total Proposals
For	261	0	261
Against	55	0	55
Abstain	0	0	0
Mixed	0	0	0
Take No Action	0	0	0
Unvoted	0	0	0
Totals	316	0	316

ValueInvest Japan

Votes by proposal category

Proposal Category Type	For	Against	Abstain	Take No Action	Unvoated	Mixed	Total
Totals	619	92	2	15	0	0	728
Audit/Financials	91	0	0	1	0	0	92
Board Related	360	36	0	12	0	0	408
Capital Management	32	32	0	0	0	0	64
Changes to Company Statutes	26	1	0	0	0	0	27
Compensation	96	10	0	1	0	0	107
Meeting Administration	10	0	0	0	0	0	10
Other	1	0	1	0	0	0	2
SHP Compensation	1	2	0	1	0	0	4
SHP Environment	0	1	0	0	0	0	1
SHP Governance	2	6	1	0	0	0	9
SHP Social	0	4	0	0	0	0	4

ValueInvest Global og ValueInvest Global Akkumulerende

Proposal Category Type	For	Against	Abstain	Take No Action	Unvoated	Mixed	Total
Totals	261	55	0	0	0	0	316
Audit/Financials	22	0	0	0	0	0	22
Board Related	212	55	0	0	0	0	267
Changes to Company Statutes	9	0	0	0	0	0	9
Compensation	18	0	0	0	0	0	18

ValueInvest Japan



Engagements

As long-term investors, the Investment Advisor of the Fund motivates companies to implement fundamental changes and improve company practices over time. This includes engaging with companies in the following ways:

Thematic engagement

Focusing on ESG issues that are constituting the most material risks to the holdings.

Event-driven engagement

Driven by an ESG-related incident or controversy.

Collaborative engagement

Collaborating with other investors on aligned goals.

Proxy voting engagement

Engaging with and notifying boards and/or management of proxy voting motivations, votes against management, and policies.

Engagement subjects are identified by monitoring the companies invested in and identifying practices that need improvement, controversies or issues that need to be addressed, or by wanting to work with companies to improve certain ESG standards that are relevant to their industry/sector.

Engagements are carried out by the Investment Advisor as a collaboration between Portfolio Managers, contributing with in depth knowledge of the company and sector/industry it operates in, and the ESG team, contributing knowledge on the

topic of engagement. The ESG team coordinates the company dialogue and reports on engagement objectives and results. Whether the engagement objectives are met, and any further cause of action is a joint decision between Portfolio Managers and the ESG team.

Carbon Reduction

The engagement activities on carbon reduction and Net Zero show that the majority of investee companies have carbon reduction targets in place. Those that have not, are actively working on implementing targets.

ValueInvest Global / Global Akkumulerende

95% of companies have implemented reduction targets
90% of reduction targets are aligned with the Paris agreement and/or approved by the SBTi
75% of companies have pledged to reach net zero emissions by 2050 the latest

ValueInvest Japan

92% of companies have implemented reduction targets
69% of reduction targets are aligned with the Paris agreement and/or approved by the SBTi
58% of companies have pledged to reach net zero emissions by 2050 the latest

2021 Engagement Topics and Results

- 1 Net Zero and carbon reduction targets was a key engagement topic during proxy season 2021. The Investment Advisor approached all portfolio companies on their reduction targets and how they plan to reduce emissions in the operation, production and throughout the value chain, as well as their ambition toward Net Zero
- 2 Incentives were highlighted as an engagement topic during proxy season 2021. As the Investment Advisor approached companies on their incentive framework, it was important to address both alignment with shareholder interest as well as integration of sustainability metrics/targets in the companies short and/or long-term incentives
- 3 As an ally of the World Benchmarking Alliance (WBA), in 2021 the Investment Advisor assisted the WBA in developing their Food and Agriculture Benchmark as well as reaching out to relevant portfolio companies to encourage them to join the WBA and G7 initiative calling on major food and agricultural firms to make a commitment towards a more sustainable food system.

2021 Engagements

Company	Engagement type	Engagement topic	Engagement description	Engagement status
All holdings	Proxy Voting Engagement	Incentives Plans Carbon reduction targets/net zero	Net Zero and carbon reduction targets was a key engagement topic during proxy season 2021, as well as the companies' incentives framework and integration of sustainability metrics.	Both topics are subject to further engagement / monitoring going forward.
Danone Kirin Holdings Ajinomoto Asahi Group Itochu Seven & I Diageo General Mills Ingredion Conagra Brands Lamb Weston	Collaborative	World Benchmarking Alliance, encouraging companies to commit towards a more sustainable food system	As an ally of the World Benchmarking Alliance (WBA), Macquarie assisted the WBA in developing their Food and Agriculture Benchmark as well as reaching out to relevant portfolio companies to encourage them to join the WBA and G7 initiative calling on major food and agricultural firms to make a commitment towards a more sustainable food system.	Finalised
Seven & I	Event-driven	Good Governance practices	Good Governance engagement on controversies relating to underpayment and wage fraud by subsidies.	Finalised
Intertek	Pre-investment due diligence	Product exclusion - Request for further disclosure on sustainability, customers, and services offered.	Pre-investment engagement call addressing services offered to the oil, gas, coal, and nuclear sector as well as their sustainability philosophy and strategy.	Finalised
Fresenius Medical Care	Roadshow	Governance	Roadshow engagement call covering the company's new business model, incentives, and sustainability strategy.	Finalised
Parker-Hannifin	Event-driven	Acquisition, incl. product involvement military/ weapons	Request for information on military and weapon revenue following the announcement of the offer to acquire Meggitt Plc.	Finalised
Next	Event-driven	Labour Rights Human Rights Supply Chain Management	Request for update on initiatives to address working conditions at supplier. Due to lacking commitment from a spinning mill with poor working conditions, Next decided to pull their business from them. Next has been working collaboratively with a number of relevant stakeholders in order to bring sustainable changes to these challenging issues.	Finalised
Nestlé	Thematic	Human Rights Access to water	Request for dialogue on Nestlé's water activities in Canada and the relationship with First Nations. Later, Nestlé announced that it has reached an agreement to sell its regional spring water brands, purified water business and beverage delivery service in the U.S. and Canada	Finalised

Case study

Nestlé



Screening

Company ambitions

Nestlé will halve their GHG emissions by 2030 and reach Net Zero by 2050. They will support farmers and suppliers to advance regenerative agriculture, planting 20 mio. trees every year for the next 10 years, complete their transition to 100% renewable electricity by 2025, and focus on carbon neutral brands. Nestlé has more than 2000 brands, which plays a critical role in the journey to become carbon neutral.



Monitoring

Engagement story

As part of the Investment Advisor's proxy voting engagement letter to Nestlé, initiatives toward Net Zero were addressed and at a meeting with the Head of Governance, Head of ESG, and Head of Investor Relations, Nestlé shared how they plan to reach Net Zero by 2050, including how they are focusing on reduction not offsetting (e.g. compensating for your own emissions by funding carbon reduction objects).



Engagement

Highlights

Nestlé works with farmers, suppliers, industry, employees, consumers, governments, NGO's, and communities where they operate, to forge new and deeper levels of engagement on climate issues as well as advocate for clear standards that support sector-wide efforts. Nestlé does not only focus on CO2, but climate wide initiatives and reduction targets throughout their entire value chain.



Proxy voting

Next

The Investment Advisor maintains an open dialogue with Nestlé on their climate targets and initiatives throughout their value chain and brands. Establishing an ongoing dialogue enables active shareholders to influence the companies invested in on a variety of topics. By engaging with Nestlé on this topic, the Investment Advisor gained insight into climate issues and risks from a management and governance perspective.

This case study was selected to illustrate the investment team's research processes and factor analysis only. This is not a recommendation to buy or sell any security. Opinions may change at any time. This should not be construed as an investment recommendation. The example provided is for illustrative purposes only and not indicative of securities in which the team may invest. Further case studies are available upon reasonable request.

Environmental reporting

9) MSCI: Carbon Footprinting 101 (September 2015)

10) <https://www.airliquide.com/sustainable-development/environmental-data>

The Fund is committed to measuring and disclosing the carbon footprint of the portfolios. The Investment Advisor is a signatory to the Montreal Carbon Pledge, launched by the PRI in 2014. The Pledge commits signatories to measure and disclose the carbon footprint of their equity portfolios. This will help investors to understand, quantify and manage climate-change related impacts, risks, and opportunities.

The Fund reports on Carbon Footprint (tons CO₂/\$M invested), Carbon Intensity (tons CO₂/\$M sales) and Weighted Average Carbon Intensity (tons CO₂e/\$M sales, by portfolio weight); the metric recommended by the Task Force on Climate-Related Financial Disclosure (TCFD).

Carbon Intensity expresses the carbon efficiency of the portfolio and allows investors to measure the volume of carbon emissions per dollar of sales generated by portfolio companies. The Weighted Average Carbon Intensity measures a portfolio's exposure to carbon intensive companies, and the Carbon Footprint is the total carbon emission of a portfolio, normalised by the market value and can be explained with a simple example:

If an investor's position in a company is equal to 1% of the company's total market capitalization, then the investor owns 1% of the company, and is consequently responsible for 1% of the company's carbon emissions (tons CO₂e)⁹.

Progress

ValueInvest Global / Global Akkumulierende

Looking at the total emission, the companies in the global portfolios lowered their combined emission by 2,851,181.00-ton CO₂. The carbon emission of the portfolios hence decreased by 4% compared to 2020.

Consequently, in 2021, the carbon intensity, the weighted average carbon intensity, and the carbon footprint of the portfolios decreased compared to 2020.

On a company level, similar to previous years, the largest emitter of the portfolios was Air Liquide. The company is responsible for 40% of the portfolio's total emission. The Industrial Gasses company operates not only company specific plants, but also customer plants, adding to the overall emission of the company.

While Air Liquide is the largest emitter of the portfolio, it also is one of the most innovative companies when it comes to carbon emission, carbon reduction, and carbon capture. *Air Liquide innovates with technologies to improve energy and industrial efficiency, both within assets and with its customers, thus avoiding greenhouse gas emissions¹⁰.*

In March 2021, the Group announced the strengthening of all of its sustainable development goals, including "act for a low-carbon society", in line with the Paris Agreement, by setting a carbon neutrality target by 2050, with two major intermediate steps:

Carbon Footprint of the three funds of ValueInvest Danmark

	ValueInvest Global	ValueInvest Global Akk.	MSCI Verden	ValueInvest Japan	MSCI Japan
Carbon Footprint	51.34	51.66	59.92	139.42	127.87
Weighted Average Carbon Intensity	101.11	98.35	129.49	113.49	72.05
Carbon Intensity	87.97	87.53	194.83	103.31	109.26

MSCI ESG 31.12.2021

11) Air Liquide: 2021 Results

the start of the reduction of CO2 emissions in absolute value around 2025 then a -33% decrease in its CO2 emissions from scopes 1 and 2 by 2035 compared to 2020. Moreover, the Group maintained its target set in 2018 to reduce its carbon intensity by -30% compared to 2015 by 2025¹⁾. As mentioned further above, 95% of the companies in the global portfolios have implemented carbon emission reduction targets. Going forward, an overall decrease of the portfolio carbon footprint is expected.

ValueInvest Japan

Looking to Japan, the companies in the portfolio increased their combined emission by 1,664,279.00-ton CO2. The carbon emission of the portfolio hence increased by 6% compared to 2020. While the portfolio companies combined may have emitted more carbon in 2021, and the carbon footprint as well as intensity and weighted intensity of the portfolio has increased, the total carbon emission of the portfolio (absolute greenhouse gas emissions associated with the portfolio) has decreased.

The largest emitter of the portfolio is, similar to 2020, Nippon Sanso Holdings. The Industrial Gases company did however lower their total emission, compared to last year. Similar to Air Liquide in the global portfolio, Nippon Sanso operates in a carbon heavy industry but is committed to contributing to the realisation of a carbon neutral society. The company's current reduction target is to lower their scope 1 + 2 carbon emission 15% by 2030, compared to 2018.

Other Environmental Topics

Every portfolio company analysis of the Investment Advisor includes an assessment of possible environmental initiatives which support the principles of the UNGC. These include water reduction targets, toxic emission & waste reduction targets and initiatives, recycling & packaging initiatives, eco-design, deforestation initiatives, and/or minimizing environmental impact through products and services offered. All of the portfolio companies have one or more of these initiatives and/or targets in place.



Appendix

Carbon Emissions



Carbon Emissions: ValueInvest Global

Currency: USD

Company	Emissions (t)	Carbon Intensity	Weighted Av Int	Carbon Footprint	Total Emissions
Portfolio Total	68,694,669.00	87.53	98.04	51.34	26,646.85
Benchmark total	4,574,439,127.00	194.83	129.49	59.92	31,101.53
3M	5,280,000.00	164.10	4.12	51.58	672.50
ADIDAS	62,882.00	2.60	0.08	1.14	17.64
AMADEUS IT GROUP	15,068.00	5.70	0.23	0.49	10.33
ASAHI GROUP HOLDINGS	830,111.00	42.30	0.64	42.06	328.81
CLOROX	259,543.00	38.60	0.83	12.26	137.23
CONAGRA BRANDS	888,705.00	79.50	1.89	54.68	673.58
DANONE	1,680,673.00	58.20	2.01	39.07	699.17
DIAGEO	710,986.00	49.00	2.02	5.61	120.29
ESSITY	2,652,000.00	178.90	4.88	115.26	1,630.76
FRESENIUS MEDICAL CARE	769,400.00	35.20	1.25	40.35	746.60
GENERAL MILLS	830,000.00	45.80	1.25	20.52	290.07
HENNES & MAURITZ	576,525.00	26.40	0.43	20.01	167.62
HENRY SCHEIN	27,519.00	2.70	0.09	2.56	42.53
INGREDION	3,457,700.00	577.50	15.61	538.58	7,557.40
INTERTEK GROUP	185,992.00	49.60	0.50	15.00	78.11
KAO	899,000.00	67.20	1.40	36.14	391.23
KIMBERLY CLARK	3,779,939.00	197.50	7.11	79.31	1,481.26
KNORR BREMSE	53,000.00	7.00	0.11	3.34	28.16
KONINKLIJKE AHOLD DELHAIZE	3,399,000.00	37.20	1.23	93.96	1,606.85
L'AIR LIQUIDE	27,471,000.00	1,096.00	40.14	331.20	6,296.61
LAMB WESTON HOLDINGS	322,836.00	87.90	3.89	35.07	804.65
LAWSON	27,700.00	4.10	0.06	5.82	42.29
MERCK & CO	1,130,800.00	23.60	0.73	5.80	92.56
NESTLE	5,200,000.00	54.50	2.20	13.24	277.78
NOVO NORDISK	45,000.00	2.20	0.07	0.23	3.48
ORANGE	1,273,080.00	24.60	0.55	44.58	521.79
PARKER-HANNIFIN	504,643.00	36.80	0.41	12.47	71.38
PFIZER	1,206,037.00	28.80	1.18	3.68	78.04
PUBLICIS GROUPE	47,497.00	3.60	0.04	2.75	14.17
ROCHE HOLDING	788,207.00	11.90	0.32	2.17	30.03
SAP	222,337.00	6.60	0.21	1.27	21.23
SECURITAS	150,900.00	11.50	0.34	31.41	489.07
SEVEN & I HOLDINGS	3,655,792.00	59.30	1.07	93.76	877.21
SMITH AND NEPHEW	72,945.00	15.10	0.61	4.75	100.27
SODEXO	128,314.00	5.60	0.18	9.86	164.58
THE SWATCH GROUP	89,538.00	14.10	0.39	5.72	81.55

Source: MSCI ESG 31.12.2021

Carbon Emissions: ValueInvest Global Akkumulierende

Currency: USD

Company	Emissions (t)	Carbon Intensity	Weighted Av Int	Carbon Footprint	Total Emissions
Portfolio Total	68,694,669.00	87.53	98.35	51.66	7,958.78
Benchmark Total	4,574,439,127.00	194.83	129.49	59.93	9,231.07
3M	5,280,000.00	164.10	4.16	51.58	201.57
ADIDAS	62,882.00	2.60	0.08	1.14	5.26
AMADEUS IT GROUP	15,068.00	5.70	0.23	0.49	3.07
ASAHI GROUP HOLDINGS	830,111.00	42.30	0.61	42.06	93.04
CLOROX	259,543.00	38.60	0.80	12.26	39.12
CONAGRA BRANDS	888,705.00	79.50	1.79	54.68	189.36
DANONE	1,680,673.00	58.20	2.01	39.07	208.26
DIAGEO	710,986.00	49.00	2.06	5.61	36.26
ESSITY	2,652,000.00	178.90	4.79	115.26	475.01
FRESENIUS MEDICAL CARE	769,400.00	35.20	1.26	40.35	222.62
GENERAL MILLS	830,000.00	45.80	1.27	20.52	87.94
HENNES & MAURITZ	576,525.00	26.40	0.46	20.01	53.41
HENRY SCHEIN	27,519.00	2.70	0.09	2.56	12.82
INGREDION	3,457,700.00	577.50	15.85	538.58	2,277.52
INTERTEK GROUP	185,992.00	49.60	0.50	15.00	23.27
KAO	899,000.00	67.20	1.44	36.14	119.20
KIMBERLY CLARK	3,779,939.00	197.50	6.97	79.31	430.97
KNORR BREMSE	53,000.00	7.00	0.12	3.32	8.61
AHOLD DELHAIZE	3,399,000.00	37.20	1.26	93.96	490.92
L'AIR LIQUIDE	27,471,000.00	1,096.00	40.35	332.40	1,885.31
LAMB WESTON HOLDINGS	322,836.00	87.90	3.91	35.07	240.28
LAWSON	27,700.00	4.10	0.05	5.82	12.02
MERCK & CO	1,130,800.00	23.60	0.74	5.80	27.99
NESTLE	5,200,000.00	54.50	2.23	13.24	83.61
NOVO NORDISK	45,000.00	2.20	0.07	0.23	1.05
ORANGE	1,273,080.00	24.60	0.53	44.58	147.54
PARKER-HANNIFIN	504,643.00	36.80	0.40	12.47	21.02
PFIZER	1,206,037.00	28.80	1.13	3.68	22.28
PUBLICIS GROUPE	47,497.00	3.60	0.04	2.75	4.31
ROCHE HOLDING	788,207.00	11.90	0.32	2.17	9.04
SAP	222,337.00	6.60	0.20	1.28	6.02
SECURITAS	150,900.00	11.50	0.34	31.41	144.43
SEVEN & I HOLDINGS	3,655,792.00	59.30	1.12	93.76	273.33
SMITH AND NEPHEW	72,945.00	15.10	0.61	4.75	29.59
SODEXO	128,314.00	5.60	0.18	9.90	48.85
THE SWATCH GROUP	89,538.00	14.10	0.38	5.72	23.91

Source: MSCI ESG 31.12.2021

Carbon Emissions: ValueInvest Japan

Currency: USD

Company	Emissions (t)	Carbon Intensity	Weighted Av Int	Carbon Footprint	Total Emissions
Portfolio Total	25,767,574.00	103.31	113.49	139.42	1,010.26
Benchmark Total	601,416,123.00	109.26	72.05	127.87	926.55
ADEKA	143,000.00	50.80	3.05	61.70	26.82
AEON DELIGHT	67,713.00	24.00	0.78	42.63	9.98
AIN HOLDINGS	114,113.00	42.00	1.44	64.61	16.07
AIR WATER	1,819,425.00	242.80	13.07	512.50	199.98
AJINOMOTO	1,910,600.00	197.00	14.37	114.35	60.42
ASAHI GROUP	830,111.00	42.30	1.95	42.06	14.05
ASTELLAS PHARMA	122,596.00	10.80	0.37	4.05	0.99
BRIDGESTONE	3,435,435.00	118.40	5.27	111.79	36.03
HOUSE FOODS GROUP	64,606.00	23.70	0.36	25.41	2.82
ITOCHU TECHNO-SOLUTIONS	54,915.00	12.20	0.35	7.11	1.48
KAO	899,000.00	67.20	2.38	36.14	9.26
KDDI	1,260,163.00	26.00	0.46	18.70	2.40
KIRIN HOLDINGS	882,588.00	49.30	1.70	60.09	15.04
KURARAY	3,045,193.00	580.30	21.12	987.32	260.38
KURITA WATER INDUSTRIES	26,546.00	11.00	0.57	4.81	1.80
LAWSON	27,700.00	4.10	0.18	5.82	1.82
MAKITA	65,143.00	14.30	0.38	5.48	1.07
NIPPON CORP	269,988.00	84.50	3.54	237.74	72.14
NIPPON SANSO HOLDINGS	5,395,000.00	728.60	30.06	569.76	170.34
NSK	823,556.00	121.70	2.96	232.67	41.01
RINNAI	103,767.00	33.30	1.28	22.97	6.42
SECOM	187,270.00	20.00	0.21	11.55	0.88
SEVEN & I HOLDINGS	3,655,792.00	59.30	3.58	93.76	41.00
TERUMO	286,727.00	51.60	0.90	8.93	1.13
TIS	66,627.00	16.40	0.94	8.90	3.68
TOYO SUISAN	210,000.00	54.50	2.23	44.65	13.23

Source: MSCI ESG 31.12.2021

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