

Active Ownership Update 2023



an ocean of opportunities

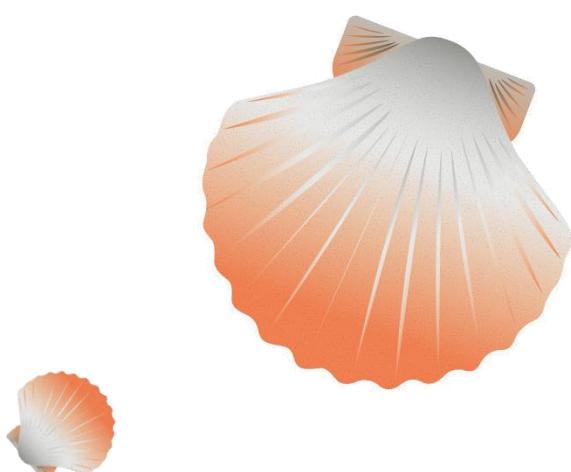
bonafide

Active Ownership Update

2023

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1. Executive summary

Just over half a year after beginning our engagement with binary PAIs, we are already seeing the first successes. For example, the number of binary PAIs with a negative rating has been reduced by an average of around 25%, giving us reason to look to the future with confidence.

When it comes to our ESG ratings, we now also provide an additional benchmark in the form of the “*ESG leaders*”, which reflects the equally weighted ESG rating of all companies achieving the best rating, A.

2. Thematic engagements

Improvement in the quality of ESG ratings

The quantity of available ESG ratings is not the only factor; their quality also plays a decisive role. For companies which already have an ESG rating, we are therefore also committed to improving the quality of the data provided.

In many of the meetings we held with managers last year, we repeatedly called for improvements in ESG ratings.

Our portfolios in particular and the Fish & Seafood sector in general showed a stable evolution compared to the overall market. With a year-on-year improvement in their ESG ratings of around 35%, Elanco Animal Health Inc. achieved by far the strongest growth in the Bonafide Global Fish Fund.

Engagement on binary PAIs

As part of our efforts to consider the adverse impacts of our investment activities under the Disclosure Regulation, last year we conducted an engagement on binary PAIs in our investment universe.

The aim of the engagement was to draw the attention of our investment universe in general to the growing importance of PAIs for the financial industry, and also to initiate improvements in binary PAIs in particular.

In this context, we define binary PAIs as all PAIs that are evaluated on the basis of a simple *true/false* assessment and which therefore tend to offer less room for interpretation than PAIs that are dependent on a reference value.

Binary PAIs cover the following indicators:

- **Exposure to companies active in the fossil fuel sector**
- **Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises**
- **Lack of processes monitoring UNGC and OECD Guidelines compliance**

- **Investments in companies without carbon emission reduction initiatives**
- **Investments in companies without water management policies**
- **Natural species and protected areas**
- **Investments in companies without workplace accident prevention policies**
- **Lack of a supplier code of conduct**
- **Lack of a human rights policy**
- **Lack of due diligence**

In our investment universe as at October 2022, there were a total of 479 breaches of the PAIs listed above by 110 companies. We expect the number of violations to decrease significantly in the medium term.

The first evaluation in June 2023 shows that the respective companies have already been able to reduce the number of binary PAIs with a negative rating by an average of 25%.

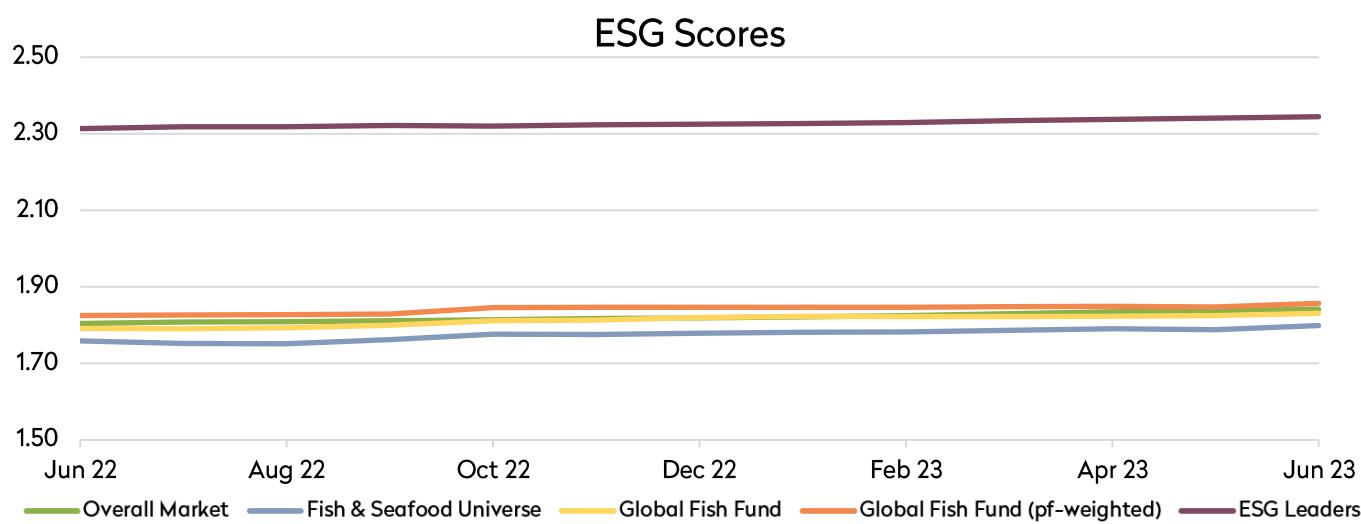
3. Collaborative engagements

Signing of an investor letter for more sustainable agricultural subsidies

Together with the FAIRR investor network, we have signed an **investor letter** lobbying the G20 finance ministers to design agricultural subsidies in a more sustainable manner.

The core demands of the investors to the G20 include:

- The use of a measurable, performance-based framework to provide financial support to member states and farmers to help with the cost of providing public goods or environmental services.
- An end to incentives prioritising the yield of certain products at the expense of the climate and the environment and a shift to new monetary incentives for sustainable agriculture.



- The decoupling of subsidies from production metrics for single commodity transfers with high greenhouse gas emissions.
- An increase in the funding available for equitable transition mechanisms, or funds to release the necessary financial resources to support stakeholders affected by reforms.

Support for the Business Coalition for a Global Plastics Treaty

In order to prevent our oceans from becoming even more polluted by plastic, in 2021 we signed an investor letter calling on the United Nations to create an international framework for a sustainable, circular economy for plastic. The UN has since begun work to develop the concept, and it is due to be completed by 2024.

In order to provide ongoing support for future treaty negotiations, the investor letter we signed in 2021 has given rise to the **Business Coalition for a Global Plastics Treaty**, in which Bonafide is also involved as a supporter. The coalition aims to provide a unified voice for companies, financial institutions and NGOs and represent their views in the treaty negotiations.

The coalition will thus support the following key elements in the negotiations leading up to 2024:

- A timetable for phasing out problematic plastics
- Incentives for the expansion of the circular economy
- Mechanisms to ensure earmarked funding for the collection and recycling of plastics after their use
- Tools to support implementation and monitor progress

The second round of negotiations was held in June 2023 within the framework of the United Nations. With 135 of the 180 states present, a large majority spoke out in favour of creating globally binding rules. A first draft treaty is now expected for the third round of negotiations in November.

4. Company-specific engagements

Company visits and meetings with management

As active owners and responsible investors, we place particular importance on carrying out a detailed analysis of the companies we invest in. This includes meetings with management and on-site visits. In many cases, our overall image and analysis may change if we have had the opportunity to visit the company in person and see how it operates. In particular, sustainability commitments are much easier to understand on site. We report on all company visits via our **blog**. In the reporting period, we held meetings with numerous management teams, visited companies in Norway and Chile and expanded our international network.

Below is an overview of the portfolio companies with which we were in personal contact or visited during the reporting period:

Portfolio-Unternehmen	Treffen mit dem Management	Unternehmensbesichtigung
Austevoll	X	
Akva	X	
Thai Union	X	
SalMar	X	
Bakkafrost	X	X
Nomad Foods	X	
Hofseth BioCare	X	

5. Conflicts of interest

In accordance with the existing legal provisions, Bonafide prevents the occurrence of conflicts of interest and always safeguards the interests of its funds. Only in exceptional cases is a disclosure made to the funds, if a conflict of interest cannot be prevented despite all available measures having been taken.

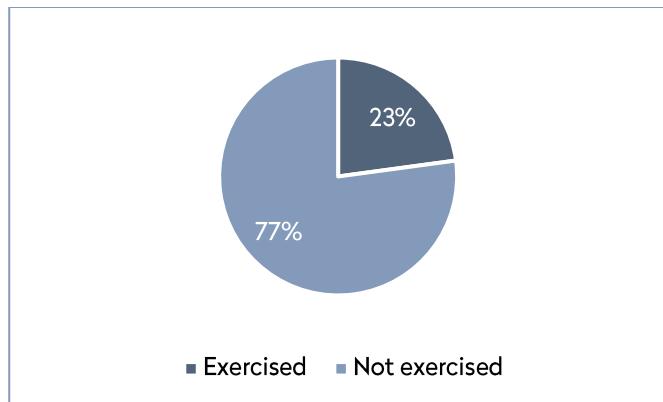
No unresolved conflicts of interest arose during the reporting period.

6. Exercising of voting rights

During the reporting period, Bonafide exercised voting rights in accordance with the requirements of the fund prospectuses and the principles for exercising voting rights in the context of active ownership in conjunction with the funds as follows. In general, we follow the recommendations of voting advisors, each of which is reviewed by Bonafide in relation to the principles of active ownership and from which we may deviate in justified cases.

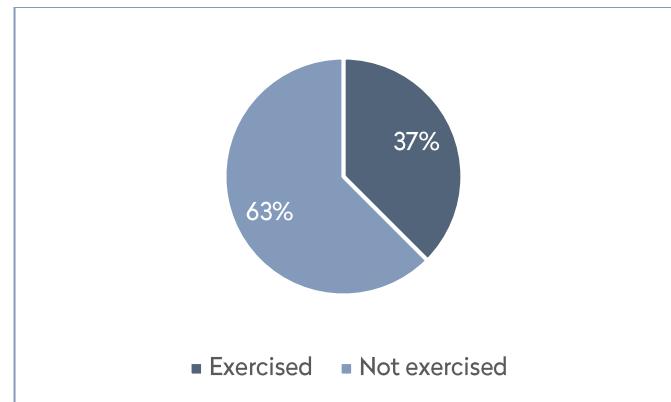
Voting behaviour at the level of the Bonafide Global Fish Fund

Proportion of voting rights exercised:

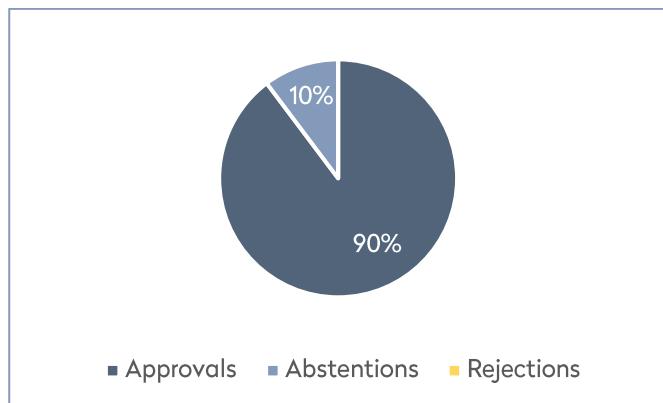


Voting behaviour at the level of the Bonafide Investment Fund – Best Catches I

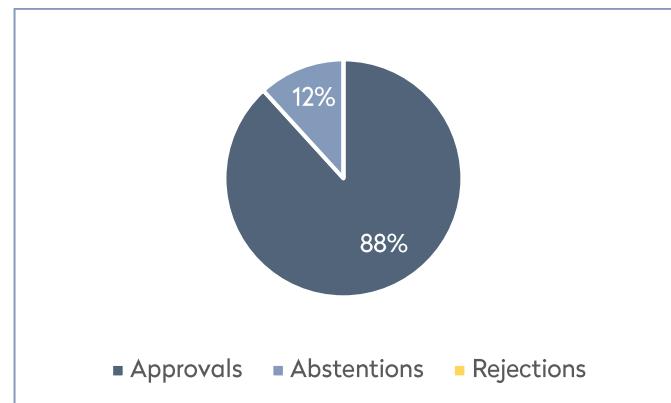
Proportion of voting rights exercised:



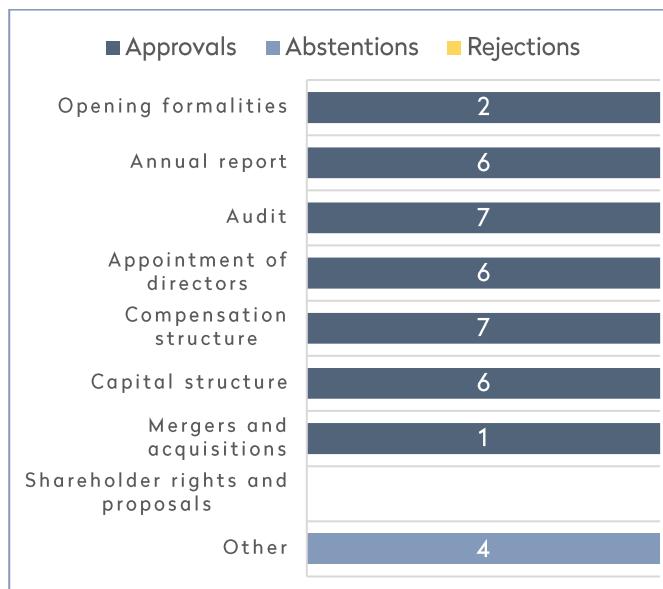
Voting behaviour:



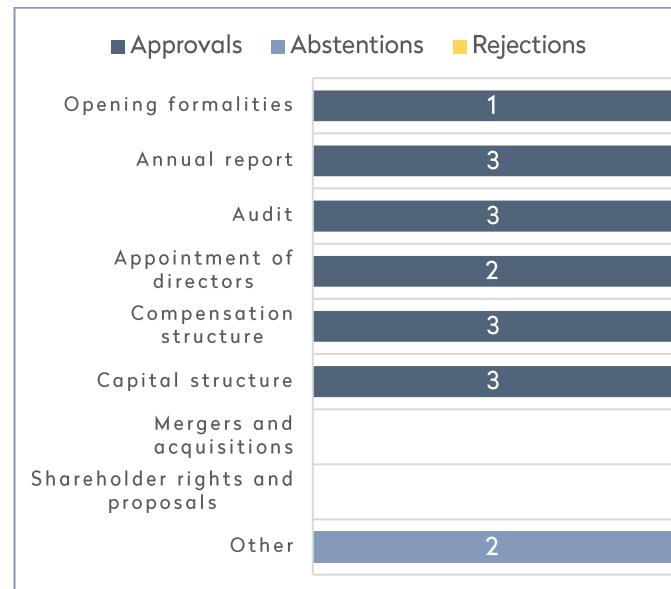
Voting behaviour:



Voting behaviour by subject area:



Voting behaviour by subject area:



Voting behaviour at the company level

	Opening formalities	Shareholder rights and proposals							Notes	Global Fish Fund	Best Catches I
		Annual report	Audit	Appointment of directors	Compensation structure	Capital structure	Mergers and acquisitions	Other			
Blumar SA	✓	✓		✓					⚠ Abstention due to insufficient information	✓	
Multiexport Foods SA	✓	✓		✓	✓				⚠ Abstention due to insufficient information	✓	✓
Salmones Camanchaca	✓	✓	✓	✓	✓				⚠ Abstention due to insufficient information	✓	✓
Compania Pesquera Camanchaca SA	✓	✓	✓	✓	✓	✓			⚠ Abstention due to insufficient information	✓	
Hofseth Biocare ASA	✓	✓	✓	✓	✓	✓				✓	✓
AKVA Group ASA	✓	✓	✓	✓	✓	✓	✓			✓	
High Liner Foods Incorporated		✓	✓							✓	
Kyokuyo		✓	✓	✓	✓					✓	

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Risk warning

Please note that the value of an investment can both increase and decrease. Past performance is no indication of the future performance of investments. Foreign currency investments are subject to additional currency fluctuations. High-volatility investments can be subject to extreme market fluctuations. These market fluctuations may amount to the value of the invested amount or even surpass this. The preservation of invested capital therefore cannot be guaranteed.

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