



Active Ownership Report 2021

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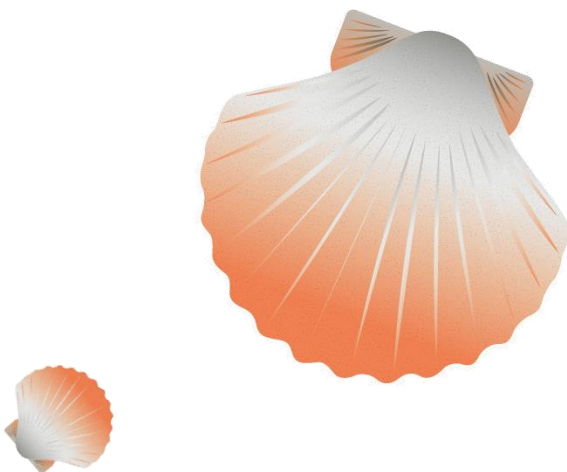
1. Executive summary

Our active ownership efforts last year focused primarily on opportunities for collaborative engagement. To this end, after joining the FAIRR investor network in 2020, we also joined the UN PRI in 2021.

In the meantime, our membership of the FAIRR investor network has already led to two engagement opportunities, one of which directly addresses an issue that is extremely important to us, namely the promotion of more sustainable fish feed. The first round of talks with salmon producers has already been completed. Although producers recognised the importance of sustainable fish feed, we have not yet been able to elicit specific commitments from companies on its future composition.

Through the UN PRI, we also became aware of the opportunity to campaign for a UN treaty on plastic pollution. Fortunately, this initiative has already borne fruit in recent weeks, as at UNEA 5.2 in March 2022 the global community agreed to draft a UN treaty on plastic pollution by 2024.

In other positive news, our portfolios' ESG ratings, and also those of the entire fish & seafood sector, have showed above-average development over the past year compared to the market as a whole.



2. Thematic engagements

Communication of exclusion criteria

Since introducing exclusion criteria to our investment process, every year we contact all the companies in our investment universe which have been affected by the exclusion criteria and tell them why their company was excluded. The intention behind this is to make companies aware of the consequences of their violations and, if necessary, encourage them to rethink.

Overall in 2021, just under 6% of the companies assessed for their sustainability performance were excluded from our investment process due to violations of the exclusion criteria. The majority of violations again related to the UN Global Compact principles, as shown in the table below. Marubeni Corp and BRF SA were able to resolve some existing allegations, while Wilmar International was confronted with new allegations.

Overview of exclusion criteria violations

Exclusion criterion	Type of violation	Number of violations
UN Global Compact	Human rights	4
UN Global Compact	Environment	4
UN Global Compact	Labour standards	1

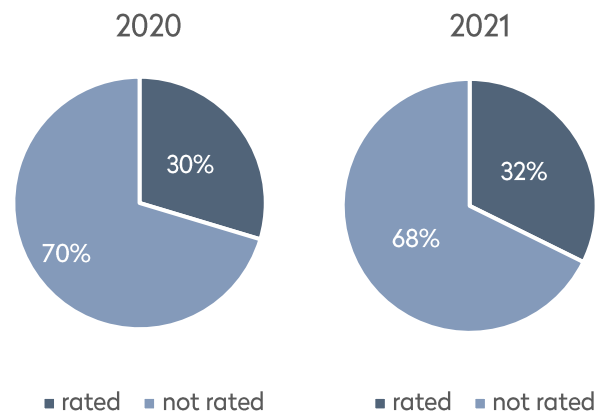
Improvement in availability of ESG ratings

Over the past few years, our efforts to improve the sustainability performance of the fish & seafood sector initially focused on expanding the sustainability data available to us in the form of ESG ratings.

In many respects, the field of sustainability analysis is still being developed worldwide, meaning that sustainability reporting cannot yet guarantee the same level of transparency and standardisation as financial reporting. Providers of sustainability databases can provide a remedy to this, as by using consistent assessment criteria they can create a comparable, albeit subjective, data set which can be used as a basis for investment decisions. However, companies with relatively low market capitalisation (such as those from the fish & seafood sector) are usually only included in sustainability databases at a lower level, meaning that without our intervention, investors such as ourselves would be denied an important basis for decision-making.

To counteract this, since 2018 we have been investing in the establishment of ESG ratings in the fish & seafood sector via our data provider, ISS ESG. A look at the pie charts below shows that in 2021 we were again able to slightly increase the share of rated companies in our investment universe. However, there is still room for further improvement. In the portfolios themselves, we have already achieved 100% coverage.

ESG rating coverage in the fish & seafood universe



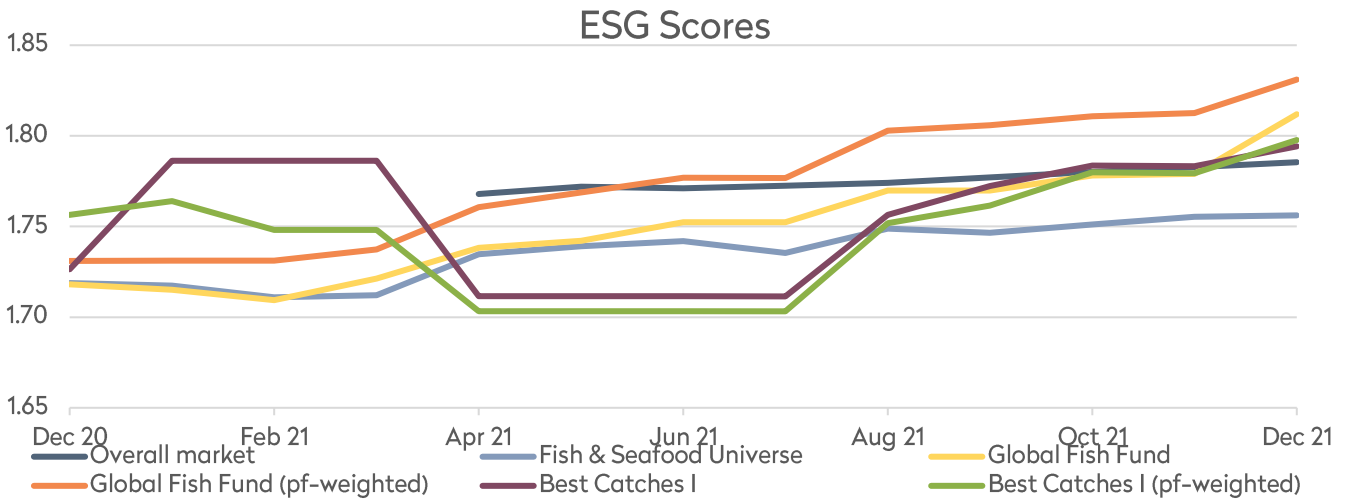
Improvement in quality of ESG ratings

The quantity of available ESG ratings is not the only factor; naturally 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 41 meetings we held with managers last year, we repeatedly called for improvements in ESG ratings.

Fortunately, in 2021 both the fish & seafood sector in general and our portfolios in particular outperformed the market as a whole, as shown in the chart below. The results of this year's **FAIRR Protein Producer Index** also confirm aquaculture's positive development compared to other animal protein producers. The following five companies achieved the strongest growth in the Bonafide Global Fish Fund, with a year-on-year improvement in their ESG ratings of around 10-20%:

- Austevoll Seafood ASA
- Leroy Seafood Group ASA
- SalMar ASA
- Grieg Seafood ASA
- Salmones Camanchaca SA



3. Collaborative engagements

Signing of the UN PRI

By signing the United Nations Principles for Responsible Investment (UN PRI) last year, we joined the world’s largest network of investors for sustainable investment, with around USD 100 trillion in assets under management.

This commits us to implementing the six principles outlined below, and to being active shareholders, supporting community initiatives, and demanding and promoting greater transparency from companies on the topic of sustainability.

- 1 We will incorporate ESG issues into investment analysis and decision-making processes.
- 2 We will be active owners and incorporate ESG issues into our ownership policies and practices.
- 3 We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- 4 We will promote acceptance and implementation of the Principles within the investment industry.
- 5 We will work together to enhance our effectiveness in implementing the Principles.
- 6 We will each report on our activities and progress towards implementing the Principles.

Source: UN PRI

Investor letter campaigning for a UN treaty on plastic pollution

In order to fight environmental pollution, especially of the oceans, last year we signed an **investor letter** initiated by the WWF and the Ellen MacArthur Foundation, calling on the international community to create an international framework for a sustainable plastic cycle.

The aim of the framework is to create uniform data conditions at the international level which can be used to set effective, clearly measurable targets and to provide targeted support for critical markets.

We can already report the first step towards achieving this, as at UN Environment Assembly 5.2 in March 2022 the United Nations agreed to draw up a UN treaty on plastic pollution by 2024.

The Marine Stewardship Council (MSC) also wants to make a larger contribution to plastic-free oceans in the future by revising its standards and increasing its focus on plastic avoidance.



Source: WWF

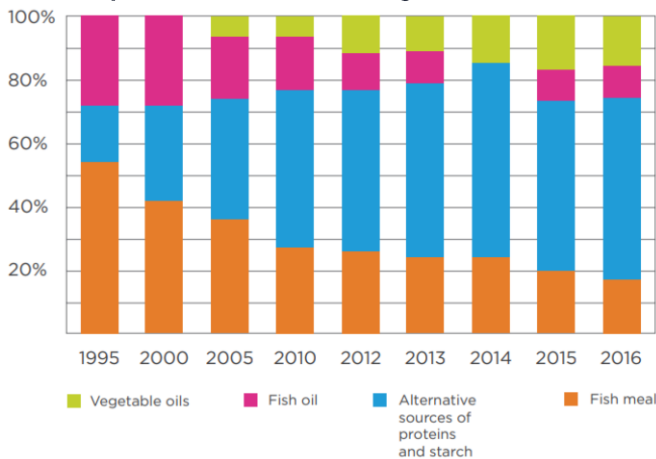
Supporting FAIRR's Aquafeed engagement for more sustainable fish feed

Fish feed is responsible for almost 50% of production costs and 60-90% of greenhouse gas emissions in salmon farming, meaning that it is a central issue for aquaculture from both a financial and a sustainability perspective. We are therefore happy to support FAIRR's Aquafeed engagement, the goal of which is to work towards the most sustainable feed supply possible.

The engagement's aim is to encourage companies to become increasingly aware of the risks posed by soya and wild fish in fish feed. Strategies include the increased use of off-cuts and alternative feeds such as algae oil in the coming years to further reduce dependence on soya and wild fish. Uniform key performance indicators will be used to measure the success of these strategies.

Some progress has already been made in this area. For example, soya has been certified as deforestation-free for European fish farmers for many years. And since salmon farming began in the 1970s, the composition of feed has increasingly moved away from particularly high-value fish and especially fish oil, as the chart below shows.

Feed composition in salmon farming



Source: GSI

The results of phase 1 of the engagement shows that companies are also well aware of the importance of feed. As expected, producers were still very reluctant to commit specifically to the use of alternative feeds, such as algae oil, due to unanswered questions about their costs, availability and also compatibility.

Aquafeed engagement - Phase 1 results

	Met with Investors	C-suite attendees	Set targets
Bakkafrost	✓	✓	✗
Grieg Seafood	✓	✗	✗
Leroy Seafood Group	✓	✗	✗
Mowi	✓	✗	✓
Multi X	✓	✗	✗
SalMar	✓	✗	✗
Salmones Camanchaca	✓	✓	✗
Tassal	✗	✗	✗

Source: FAIRR

To date, Bonafide has been actively involved in this engagement, mainly in the context of providing FAIRR with feedback and holding talks with reluctant companies.

Investor letter to the G20 regarding the publication of agriculture-specific targets for the reduction of greenhouse gas emissions

As part of another FAIRR initiative, *Where's The Beef*, we also sent an investor letter last year urging the G20 nations to announce sector-specific greenhouse gas reduction targets for agriculture at the COP26 climate conference.

Although the agricultural sector is responsible for almost a third of global greenhouse gas emissions, only a handful of the G20 nations have so far announced sector-specific emissions targets, as is the case, for example, in the energy and transport sectors. Since we fear that developments and investments will be unnecessarily delayed unless there are specific goals, we are also supporting this call for increased transparency.

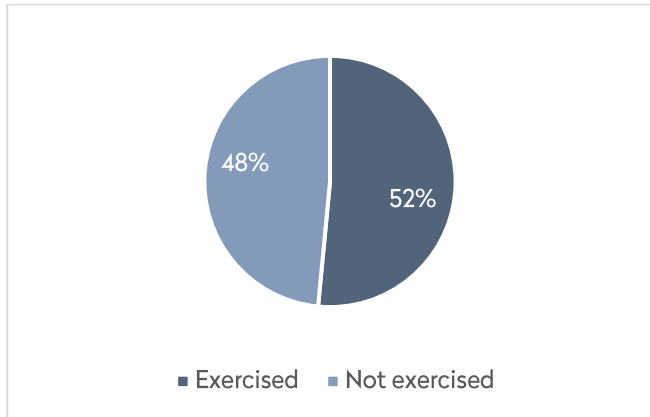


4. Exercising of voting rights

Based on the guidelines included in the fund prospectus and the Active Ownership Principles, Bonafide exercised its voting rights in cooperation with the funds in 2021 as follows. In general, the recommendation of the proxy advisor, which is being screened by Bonafide based on its Active Ownership Principles and which may be deviated from in certain cases, will be followed.

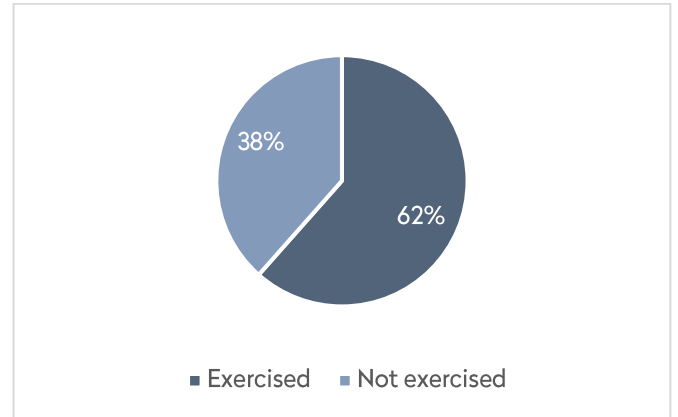
Voting behaviour at the level of the Bonafide Global Fish Fund

Proportion of voting rights exercised:

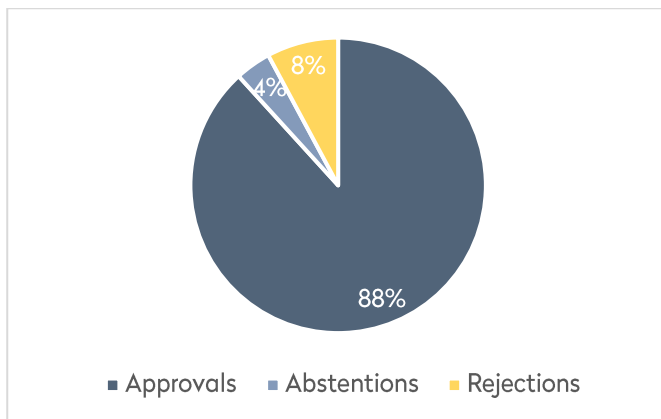


Voting behaviour at the level of the Bonafide Investment Fund - Best Catches I

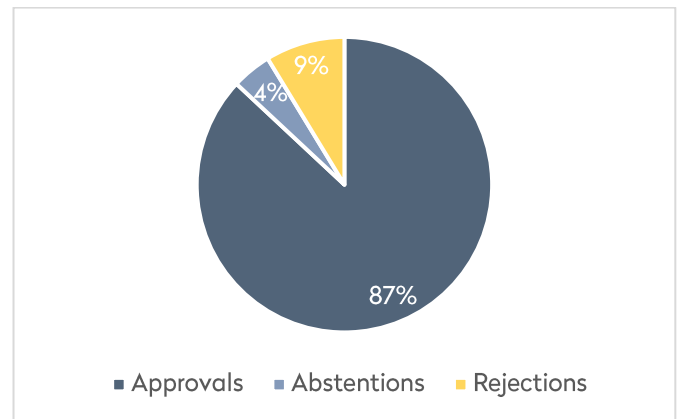
Proportion of voting rights exercised:



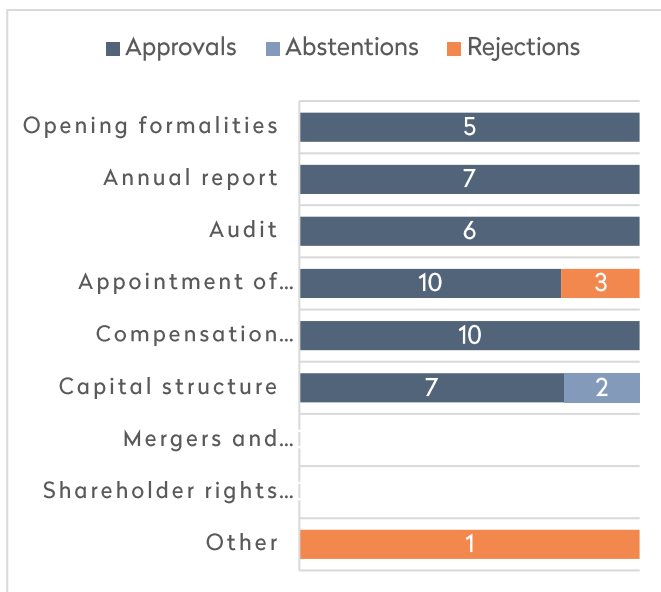
Voting behaviour:



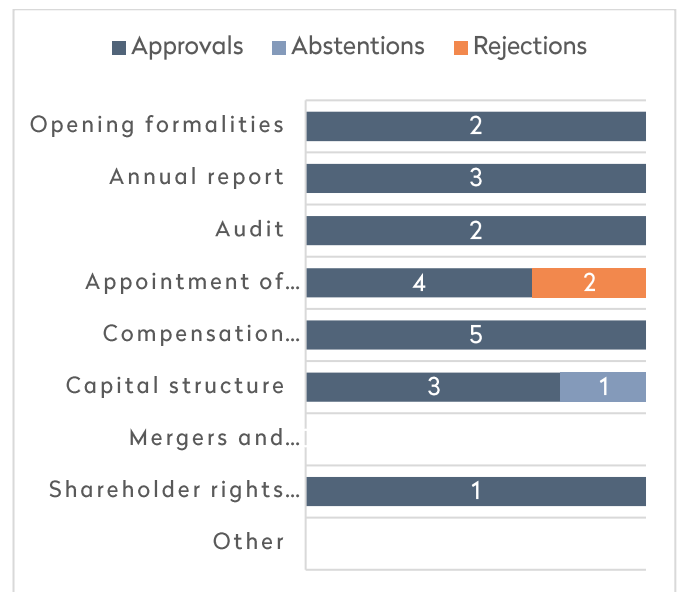
Voting behaviour:



Voting behaviour by thematic area:



Voting behaviour by thematic area:



Voting behaviour at the company level

	Opening formalities	Annual report	Audit	Appointment of directors	Compensation structure	Capital structure	Mergers and acquisitions	Shareholder rights and proposals	Other	Notes	Global Fish Fund	Best Catches I
AKVA Group ASA	✓	✓	✓	✓	✓	✓					✓	
AKVA Group ASA *	✓			⚠		✓		✓		BoD: Board candidate unknown at time of voting Shareholder rights: Violation of the principle of "One share, one vote"	✓	
Austevoll Seafood ASA	✓	✓	✓	✓	✓	✓					✓	✓
Blumar SA		✓	✓	✓	✓				⚠	Abstention due to insufficient information	✓	
Clean Seas Seafood Limited				✓	✓						✓	✓
Clean Seas Seafood Limited *						⚠				Abstention due to a conflict of interest	✓	✓
Compania Pesquera Camanchaca SA		✓	✓	✓	✓				⚠	Abstention due to insufficient information	✓	
Feed One Co., Ltd.				✗		✓				Rejection of non-independent auditors	✓	
Grieg Seafood ASA	✓			✓					✓		✓	
Hofseth Biocare ASA	✓	✓	✓	✓	✓	✓					✓	✓
Hofseth Biocare ASA *	✗			✗						Technical error of third party	✓	✓
Kyokuyo Co., Ltd.				✓	✓	✓			✓		✓	
Multiexport Foods SA		✓			✓			✓	✗	Rejection due to insufficient information	✓	✓
Nippon Suisan Kaisha, Ltd.				✗		✓				Rejection of non-independent auditors	✓	✓
Salmones Camanchaca SA		✓	✓	✓	✓				⚠	Abstention due to insufficient information	✓	
Salmones Camanchaca SA *						⚠				Abstention due to insufficient information	✓	
Tassal Group Limited				✓	✓						✓	✓

* extraordinary general meeting

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