

The background of the entire page is a photograph of a wind farm. Several large wind turbines are silhouetted against a bright, hazy sky at sunset or sunrise. The foreground is filled with golden-brown fields, likely wheat or corn, under the warm light of the low sun.

# Sustainability Report

Centuria Global Equities

Q2 2024





## Sustainable Philosophy

### 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 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

# C WorldWide Centuria Global Equities

## Quarterly Comments

Sustainability factors have played an increasing role in shaping investment portfolios for several years now, influencing to varying degrees how investors assess risks and opportunities. At the same time, the prioritisation of sustainability factors varies across different frameworks, regions, countries and investor segments. This materiality divergence prompts reflections on whether it is even reasonable to adopt a streamlined global sustainability approach or whether a more bespoke approach serves as a better framework for informed assessments and risk analysis.

Globally, there is no universal approach to assessing sustainability factors. Different regions, countries and investor segments prioritise these factors based on their own socio-economic contexts, regulatory environments, and cultural values. Many European investors focus on environmental considerations due to strict EU climate regulations and heightened public awareness of climate change. Conversely, in emerging markets, social issues such as labour practices and community impact might take precedence due to their immediate local relevance.

The fundamental question remains whether sustainability should be pursued as a standardised, one size fits all approach, or rather as a more nuanced framework for decision-making. While a streamlined approach simplifies comparisons and reporting, it risks overlooking regional nuances and the unique qualities of individual companies. In contrast, a more dynamic and adaptable approach allows tailored assessments, capturing the complexities and multifaceted nature of sustainability risks and opportunities.

At C WorldWide, integrating all material risks, including sustainability-related risks, is fundamental to our investment philosophy and process. We prioritise companies with robust corporate governance, durable, tried and tested business models, backed by experienced management teams. Our 30+ year experience shows such companies are better equipped to manage environmental and social challenges, providing a solid foundation for long-term growth.

By prioritising governance, we ensure our investments are both resilient and adaptable to diverse risks and poised to seize opportunities, regardless of geographical focus. This underscores the critical role of effective leadership and management in navigating sustainability challenges.

The varying emphasis on sustainability factors across regions and frameworks should not hinder progress but be seen as a reflection of the diverse nature of sustainability itself. This diversity enriches our ability to conduct informed assessments and rigorous risk analysis. We advocate for a nuanced, comprehen-



## 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

None of the companies within the portfolio exceeds a certain level of involvement in the activities specified

- 0% Controversial Weapons
- 5% Small Arms
- 5% Adult Entertainment
- 5% Gambling
- 5% Tobacco Products
- 5% Oil Sands
- 5% Shale Energy
- 10% Thermal Coal
- 25% Oil & Gas Production

sive approach to sustainability integration that is both anchored with more local priorities but also aligns with global goals and supports adaptive investment strategies capable of thriving in a dynamic world.

Anticipating the future, embracing the complexities of sustainability integration is key for the finance industry to drive meaningful change and sustainable growth. At C WorldWide, we are committed to evolving our strategies and approach to meet the shifting demands of our stakeholders and the world we operate in.

## Portfolio Changes

### AAK

AAK is a global leader in plant-based oils and fats, specializing in innovative and sustainable solutions for the food, confectionery, and cosmetics industries. Founded in Sweden, the company prides itself on its deep expertise and commitment to health and environmental standards, helping customers worldwide optimize its products using unique value-adding vegetable oil solutions. AAK is the largest palm oil producer in the world and can, as such, be considered controversial if perception is based on the history of palm oil. AAK is committed to 100% verified, deforestation, and conversion-free palm and soy supply chains in 2025. In 2023, AAK 83% of palm and 25% of soy was verified deforestation-free. In addition, EU's deforestation legislation is also being implemented during an 18-month period starting from 2023. We have not identified any major sustainability-related controversies, and we view AAK's overall sustainability risk as medium.

### Davide Campari-Milano

Davide Campari-Milano, commonly known as Campari, is a leading company in the beverage sector. Established in 1860 in Italy, the company has grown to become a major producer of spirits and alcoholic beverages, including its flagship product, Aperol. In 2024, a new remuneration policy was approved for the executive directors to consist of a share-based incentives, combining RSU and PSU, the latter conditional upon the achievement of a financial target (relative TSR) and a sustainability target (renewable energy). We have not identified any major sustainability-related controversies, and we view Campari's overall sustainability risk as relatively low.

### Clean Harbors

Clean Harbors from the US is a company known for its environmental, energy, and industrial services. Established in 1980, it is a leading player in providing hazardous waste disposal, emergency response, and environmental cleanup services. The company's extensive portfolio of services includes recycling, industrial cleaning, and waste treatment, which cater to various sectors including chemical, energy, and manufacturing industries. Sustainability is





naturally important to the operations as the company provides environmental services, benefiting from the growing emphasis on sustainability. Our proprietary analysis framework, LISA, indicates an average tenure among both the Board of Directors and in executive management of 12 years, with a board independence of 92%, consisting of 45% female directors, and where 91% of executives hold shares in the company. Long-term incentives vest over three-to-five-years and are based on, among other items, workplace safety (TRIR). Although Clean Harbors has not yet committed to the SBTi, we view the company's overall sustainability risk as medium.

## Direct Engagements

### Givaudan

*Main topics: single-use plastics, deforestation, & biodiversity*

Givaudan, a leader in the fragrance and flavor industry, maintains a cautious approach to its use of plastics, emphasizing the complexity of managing plastic waste and exploring opportunities for upcycling and enhancing biodegradability. Despite its limited scale in single-use plastics, the company is committed to a circular mindset.

In addressing controversies, Givaudan has been managing an ongoing self-triggered investigation regarding possible collusion in the fragrance supply chain. With no substantial findings to date, there have been no operational changes as the company awaits further developments.

Givaudan's strategic integration of sustainability factors into its business operations is highlighted by a 2025 plan that includes specific targets for reducing single-use plastics and improving sustainability in forest management, evidenced by its first CDP Forest reporting in 2023. The company also actively engages in setting living wage standards within its broad supplier base, focusing on long-term relationships and fair practices, particularly with smaller suppliers in emerging markets.

Regarding environmental innovation, Givaudan's approach to 'natural climate solutions' involves meticulous monitoring of new projects with an emphasis on carbon management without relying on carbon credits from offsets. This aligns with the Science Based Targets initiative (SBTi) and supports more sustainable production methods.

Givaudan has not yet committed to reporting on country-by-country taxes but is considering Systematic Carbon Removal (SCR) requirements for future disclosures. The company is also assessing the Taskforce on Nature-related Financial Disclosures (TNFD) framework to enhance its reporting and practices, although resource constraints pose challenges.



## **Proxy Voting**

### **Allegrion plc**

We voted in favor of the Advisory Vote on Executive Compensation, aligning with management and Glass Lewis against our policy. Our decision was based on concerns that the grants under the long-term incentive plan lack sufficient performance-based criteria. The minimum vesting period for awards granted under the plan is too short, and one-off payments have been given, which we do not support. It's important to note that the long-term incentive vesting period is three years, and expanded responsibilities justified the one-off payment.

### **Cognex Corp.**

We voted against management's proposal to elect Sachin S. Lawande, aligning with Glass Lewis and our policy. Our decision was influenced by concerns over adopting a forum selection clause without shareholder approval in the past year and the perceived lack of sufficient gender diversity on the board.

### **A.O. Smith Corp.**

For the Shareholder Proposal regarding Report on Hiring Practices for People with arrest records, we voted in support of the proposal, contrary to management and Glass Lewis's recommendation but in line with our policy. Our decision reflects the commitment outlined in our Sustainability Policy, which seeks to endorse shareholder proposals that improve transparency on human rights-related risks, empowering stakeholders to assess the company's practices in this area.

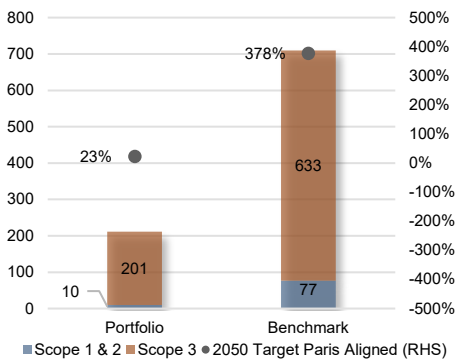
### **Global Payments, Inc.**

We voted with management and Glass Lewis in the election of M. Troy Woods. We would typically mandate voting against the board chair for companies on the Climate Action 100+ focus list or identified by SASB as having significant greenhouse gas (GHG) emissions risks when GHG targets are not established. However, in this case, we found that there were not sufficient criteria to warrant voting against.

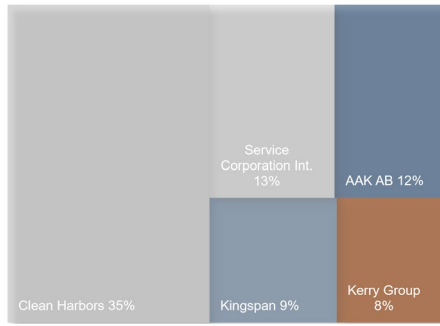
A full list of all meetings voted is available upon request or can be retrieved directly from the C WorldWide website.

**Sustainalytics Portfolio Risk Rating: Low**  
Benchmark: MSCI All Country World Index

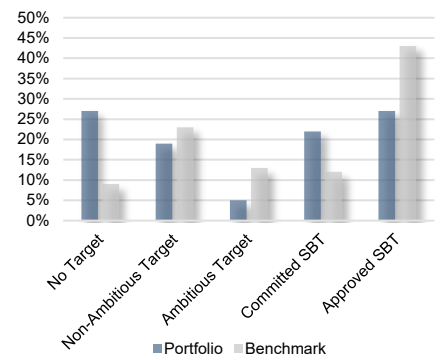
## Emissions Exposure & SDS (tCO<sub>2</sub>e)



## Top 5 Contributors to Portfolio Emissions

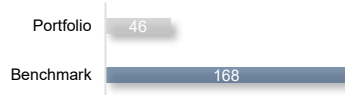


## Climate Target Assessment



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.

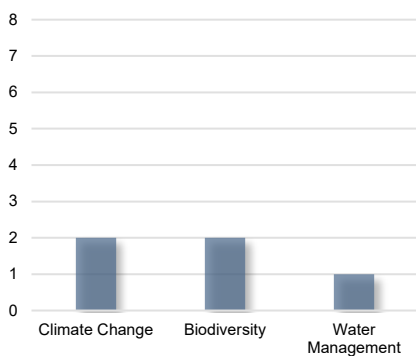
## Carbon Intensity (tCO<sub>2</sub>e/mill. USD revenue)



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.

Source: ISS Data Desk (Climate Assessment). Based on a portfolio Value of 1,000,000 USD. Portfolio as of 30th of June 2024

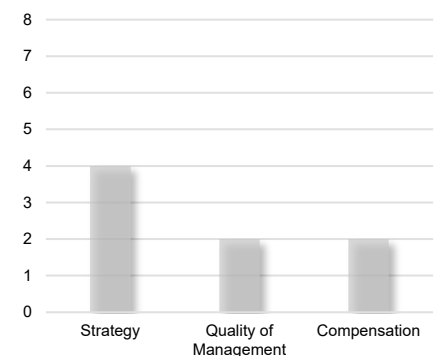
## Direct Engagement Topics Environment



## Social



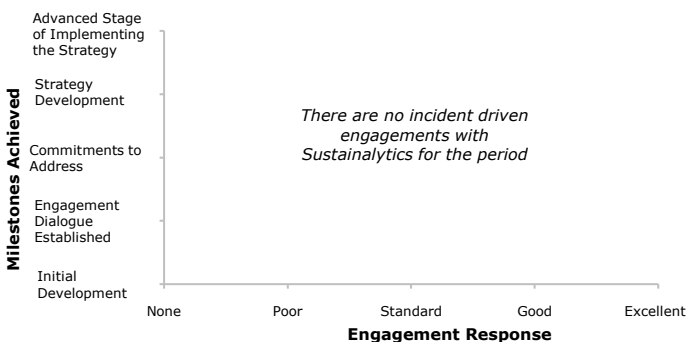
## Governance



**Total direct company engagements for the portfolio: 5**

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.

Source: Sustainalytics. Portfolio as of 30th of June 2024

## Proxy Voting

Meetings Voted	100%	24
Proposals Voted	100%	283
Proposal Voted Against Management	13%	
Proposal Categories (Top 3)	65%	Board Related
	12%	Audit/Financials
	11%	Compensation

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.

Source: Glass Lewis Proxy Voting. Portfolio as of 30th of June 2024

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# Active Investments

C WorldWide Asset Management Fondsmæglerselskab A/S is a focused asset manager. Our objective is to deliver consistent, long term capital growth for clients through active investments in listed equities on global stock exchanges.

Our clients are primarily institutional investors and external distribution channels. Our product range includes discretionary asset management services and commingled fund products.

The combination of a unique investment philosophy based on careful stock picking and long-term global trends coupled with a stable team of experienced portfolio managers, has since 1986 resulted in world-class investment performance.

Please find more of our Sustainability Reports on [cworldwide.com](http://cworldwide.com)

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