



Sustainability Report

Nordic 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 Nordic 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 Multi-national 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% Alcoholic Beverages
- 5% Gambling
- 5% Tobacco Products
- 5% Oil Sands
- 5% Thermal Coal
- 5% Shale Energy
- 25% Oil & Gas

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

During the second quarter of 2024, no portfolio changes were made.

Direct Engagements

Atlas Copco

Main topics: GHG emissions, SBTi, & supply chain management

During our engagement meeting with the company, Atlas Copco emphasized its commitment to long-term viability by addressing the challenges associated with Scope 3 emissions and the Science Based Targets initiative (SBTi). These efforts include regular re-baselining of targets, emphasizing decarbonization and customer-focused innovations.

The company develops sustainability targets from the bottom up, with each business division identifying potential improvements. These are then integrated into the group's overall goals, ensuring that sustainability factors are considered early in the acquisition due diligence process.

Atlas Copco also discussed the impact of inflation on Scope 3 emissions, recognizing this as an area requiring further development. Its efforts to enhance circularity include piloting new tools and frameworks, with the service business playing a key role in extending the lifecycle of products.

Safety and supply chain management remain critical, with ongoing initiatives to improve safety standards and ensure supplier alignment with the company's sustainability objectives. Atlas Copco remains proactive in engaging with investors and ratings agencies to convey its sustainability efforts accurately. Atlas Copco continues to lead in sustainable industrial practices, underpinned by a comprehensive approach to integrating environmental and social governance across its operations.



Sandvik

Main topics: ESG implementation & GHG emissions

We recently had a meeting with Sandvik's Head of Sustainability, Mats Lundberg, to learn more about how sustainability embeds into the company's core operations, where Mats emphasized practical measures that benefit both the environment and clients. The company's decentralized approach allows flexibility, with business units setting individual targets under a group-level guiding star. This strategy is aimed at significantly reducing emissions by 2030, with plans to electrify 50% of its product portfolio by then.

Efforts to enhance circularity include initiatives such as buying back used products from clients, adding both sustainability and business value. While biodiversity is less material to Sandvik's operations, mainly underground, the company recognizes potential impacts and focuses on promoting biodiversity-friendly mining practices where relevant.

Safety is a priority at Sandvik, with continuous efforts to integrate effective safety measures, especially following acquisitions. The company is also exploring the inclusion of sustainability targets in management compensation packages to reinforce its commitment to long-term goals.

Sandvik participates in the industry collective MASSIVE, which aims to refine the calculation of Scope 3 emissions by focusing on Scope 1+2 emissions for each entity in the value chain. This effort, along with the role of a Sustainability Controller who bridges sustainability and finance, highlights Sandvik's innovative approach to integrating sustainability into all business aspects.

With a large network of suppliers, Sandvik ensures compliance through rigorous audits and maintains high sustainability standards across its supply chain. The company is proactive in meeting market needs, ready with multiple sustainable solutions to shape client demands.

Proxy Voting

Vestas Wind Systems AS

We voted against the Remuneration Policy Proposal at Vestas Wind Systems AS, in accordance with our own policy but against Glass Lewis's recommendation. Our Sustainability Policy evaluates whether a company links compensation to environmental and social criteria. Since Vestas did not incorporate environmental or social considerations in its remuneration scheme, we voted against the proposal, as it fails to adequately incentivize executives to mitigate the company's climate impact.



Yara International ASA

We voted for the Shareholder Proposal Regarding Science-Based Scope 3 Targets at Yara International ASA, in line with our policy that supports shareholder resolutions requesting companies to adopt short-, medium-, and long-term science-based GHG emissions reduction targets, including emissions from the full value chain.

Atlas Copco AB

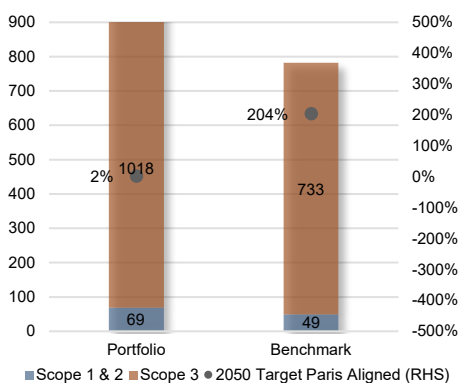
For the proposed remuneration report, we voted against the proposal, as the maximum opportunity under the bonus plan is greater than that of the long-term incentive program. We thus voted against management and in line with Glass Lewis.

Hexagon AB

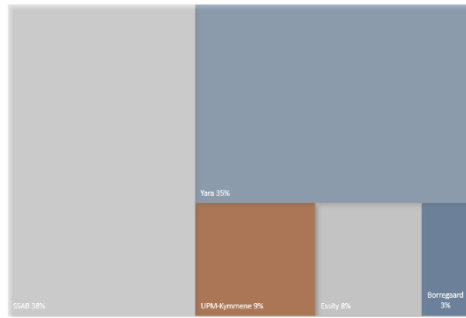
We voted for the proposal to elect Gun Nilsson, following the Glass Lewis recommendation. The nominee is independent of the company and management, and we have no objections to a member representing a major shareholder. The Swedish code stipulates that at least one audit committee member who is independent of the company and management should also be independent in relation to major owners. Erik Huggers fulfills this requirement.

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

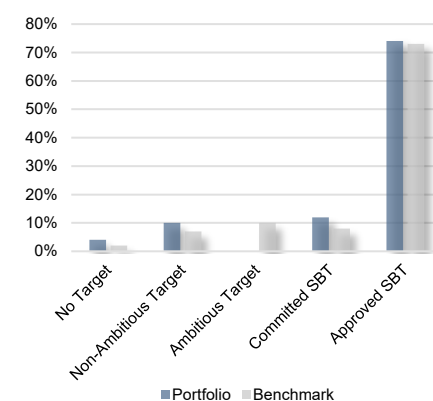
Emissions Exposure & SDS (tCO₂e)



Top 4 Contributors to Portfolio Emissions

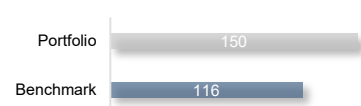


Climate Target Assessment



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.

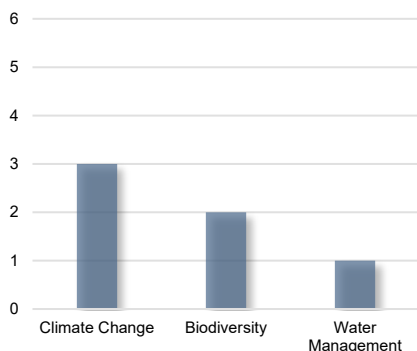
Carbon Intensity (tCO₂e/mill. USD revenue)



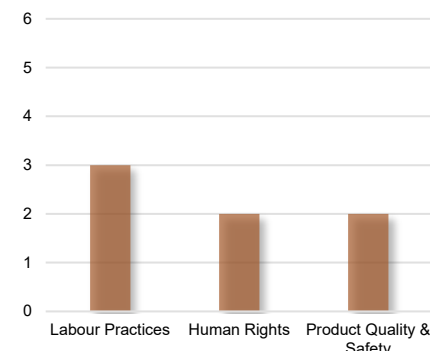
The above graph shows how many of the companies in the portfolio have set climate targets and how ambitious these are. Having ambitious targets, being committed to Science-Based Targets (SBT) or having approved SBT shows close alignment with the Paris Agreement.

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

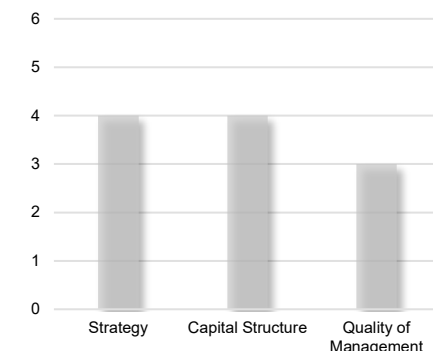
Direct Engagement Topics Environment



Social



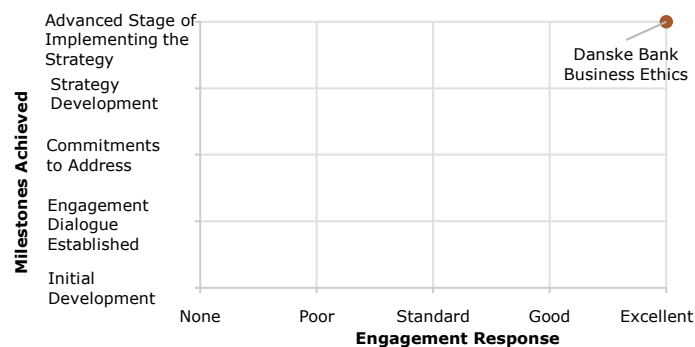
Governance



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.

Proxy Voting

Meetings Voted	100%	15
Proposals Voted	100%	386
Proposal Voted Against Management	9%	
Proposal Categories (Top 3)	51%	Board Related
	16%	Audit/Financials
	15%	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: Sustainalytics. Portfolio as of 30th of June 2024

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

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