

A landscape photograph showing several wind turbines in a field of golden wheat under a warm, hazy sunset sky. The turbines are silhouetted against the bright light of the setting sun, creating a serene and sustainable atmosphere. The foreground is filled with the texture of the wheat, and the background shows rolling hills and more turbines in the distance.

Sustainability Report

Emerging Markets Equities

Q4 2023



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 Emerging Markets Equities

Quarterly Comments

Balancing Corporate Profits with Social Responsibility

Many investors are increasingly seeing the need to navigate the complex intersection between financial objectives, investment returns and societal impact.

There are multiple global initiatives addressing these trends. One example is the Just Transition's fundamental framework which believes that the move towards a lower-carbon economy should be characterised by inclusivity and fairness. Their belief is that energy transition should not only be guided by economic and environmental factors but also by social justice, job creation, and the development of community resilience. Although we agree with their ambitions, the transition will look and be applied differently depending on respective country or regional starting point.

Asset managers such as us are also confronted with the challenge of navigating policy and regulatory uncertainties in the rapidly evolving landscape of environmental policies. This is embedded in our on-going thematic work categorized under "Big Government". This demands ongoing awareness and monitoring of governmental initiatives, a precondition to making well-informed and long-term investment decisions. The reason is that the regulatory environment significantly shapes the feasibility and success of investments in environmentally conscious sectors. How governments shift from policy support to policy headwind, depending on opinion polls, thereby adding another layer of complexity.

Our investment approach is to strike the right balance between financial returns and social responsibility demands, a holistic approach. Our investment objectives remain unchanged, and we continue to prioritize financially driven return outcomes.

During the final quarter of 2023, we focused on finalising the integration of our stewardship risk tool, LISA (Long-term Investments in Sustainable Assets), which includes, but is not limited to, the analysis of the mandatory principal adverse impact indicators (PAI). These are also factors that are part of other frameworks, like Just Transition, that include social equity, economic stability, and environmental sustainability. For example:

- An evaluation of the potential impact on employment where companies can be assessed on their implications on job markets, especially within industries undergoing significant transformations.
- An evaluation of skill development and training programs. Companies can be assessed on how they facilitate the transition of workers from declining industries to emerging, sustainable sectors, promoting retraining and upskilling for a more inclusive and equitable transition.
- An evaluation of any potential environmental impact. The ecological consequences of investments must be thoroughly examined, focusing



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% Military Contracting
- 5% Small Arms

on reducing carbon emissions, promoting sustainable resource use, and aligning with broader environmental conservation objectives.

Portfolio Changes

GMM Pfaudler Ltd.

GMM Pfaudler Ltd stands out as an attractive inclusion in investment portfolios, not only due to its strong performance but also its robust alignment with ESG principles. With a focus on manufacturing corrosion-resistant glass-lined equipment and fluoropolymer products for industries like pharmaceuticals and speciality chemicals, the company demonstrates a steadfast commitment to sustainable practices. Its global operations and diverse clientele strategically position GMM Pfaudler to adapt to market dynamics while contributing to ESG practices globally. The proactive approach in conducting a thorough materiality assessment underscores the company's dedication to stakeholder engagement and its acute awareness of pivotal factors influencing its business. GMM Pfaudler's commitment to long-term value creation, complemented by transparent and ethical business practices, renders it an appealing choice for investors seeking opportunities aligned with ESG criteria.

HPSP

The company employs high-pressure gas annealing technology aimed at enhancing semiconductor device performance and reducing defects on the semiconductor surface. This technology has the potential to reduce carbon emissions in the semiconductor industry by improving energy efficiency and device performance. However, a significant drawback is that high-tech companies consume substantial amounts of water, raising concerns about water intensity and emissions to water.

PT Map Aktif Adiperkasa TBK

PT Map Aktif Adiperkasa TBK appears to be a suitable candidate for inclusion in an investment portfolio from an ESG perspective for several reasons. Firstly, the company operates in the Multiline and Specialty Retailers & Distributors industry, which inherently involves managing global supply chains to meet consumer demands while focusing on cost efficiency. Despite the industry's generally low margins and reputational risks, PT Map Aktif Adiperkasa TBK demonstrates a commitment to sustainability by actively supporting the United Nations' 17 Sustainable Development Goals (SDGs), covering environmental, social, and economic challenges. This commitment extends to the integration of ESG considerations into every business decision, emphasizing a holistic approach beyond economic performance.

Moreover, PT Map Aktif Adiperkasa TBK's achievement of EDGE Assess certification in 2019 showcases its dedication to gender equality. As one of only nine certified companies in Indonesia, this demonstrates a proactive stance in promoting diversity and inclusivity. Furthermore, the company's commitment to community education aligns with ESG principles by recognizing the transformative power of education in lifting individuals out of poverty and contributing to the national economy. This emphasis on education not only benefits the community but also supports the development of future human resources, aligning with sustainable and socially responsible business practices. In summary, PT Map Aktif Adiperkasa TBK's comprehensive approach to ESG consid-



erations, including sustainability goals, gender equality certification, and contributions to education, makes it a compelling choice for inclusion in an ESG-focused investment portfolio.

Direct Engagements

Innodisk

We engaged in discussions with the company regarding two key material issues: 1) product security and 2) product design & lifecycle management. Innodisk, as a hardware-focused company dealing with a substantial amount of data, developed a "Zero Trust Security" framework in 2022, with a focus on mitigating information security risks through intelligent innovation. The steps taken to build this zero-trust architecture include deploying information security protection within R&D, manufacturing, and backend operations. Lean IT service operation methods, anchored in data management and service timeliness, are implemented alongside effective education and training plans to enhance employees' information literacy.

Innodisk has consistently maintained an A level under third-party verification, demonstrating its commitment to information security. As a hardware-focused company that also provides solutions, the product life cycle, particularly for main products like SSDs, is crucial. Innodisk emphasizes improving product life cycles, catering to industrial customers seeking long life cycles over frequent model updates. After the end of a product's life cycle, Innodisk assists customers in responsible disposal, leveraging its facilities for handling PCBA components composed of metal, plastic, and gold. Despite not having specific ESG KPIs for the management team, the company's core focus remains on meeting customer demands and industrial standards.

Proxy Voting
As always, Q2 is the peak proxy voting period. Most of our holdings held AGMs throughout the quarter.

Proxy Voting

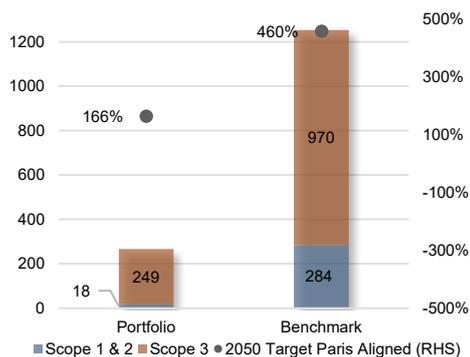
As Q4 unfolded, proxy voting activity continued at a subdued pace, in line with the trend from the previous quarter. Limited to only a few companies conducting their AGMs within the portfolio, the conclusion of the quarter signified a period of modest engagement in proxy voting as the year drew to a close.

Aavas Financiers Ltd.

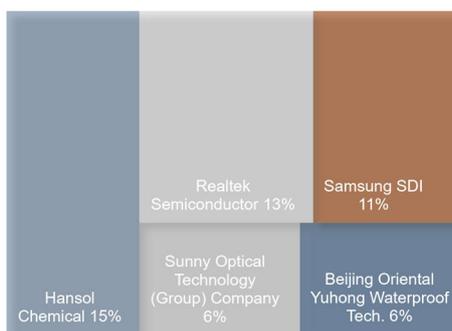
Against management and aligned with Glass Lewis, we voted against the approval of AAVAS Financiers Limited Performance Stock Option Plan 2023. The rationale is that the minimum vesting period for awards granted under the plan is too short.

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

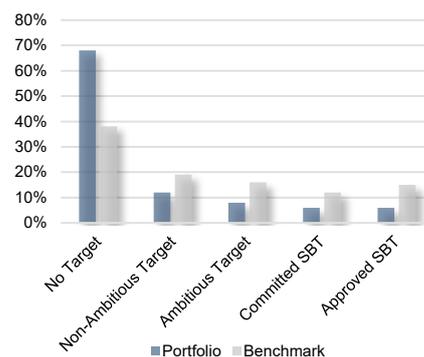
Emissions Exposure & SDS (tCO₂e)



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.

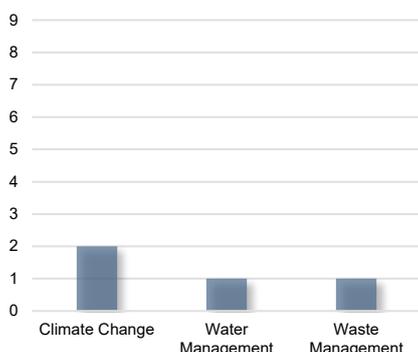
Carbon Intensity (tCO₂e/mill. USD revenue)



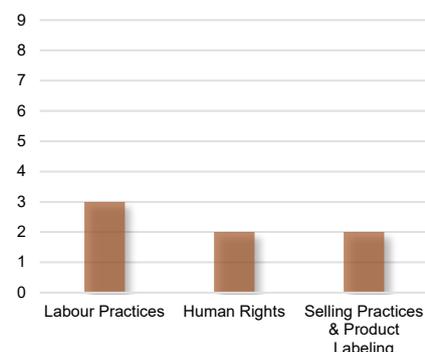
The above graph shows how many of the companies in the portfolio have set climate targets and how ambitious these are. Having ambitious targets, being committed to Science-Based Targets (SBT) or having approved SBT shows close alignment with the Paris Agreement.

Source: ISS Data Desk (Climate Assessment). Based on a portfolio Value of 1,000,000 USD. Portfolio as of 31st of December 2023

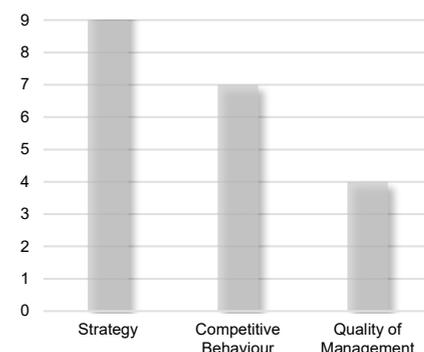
Direct Engagement Topics Environment



Social



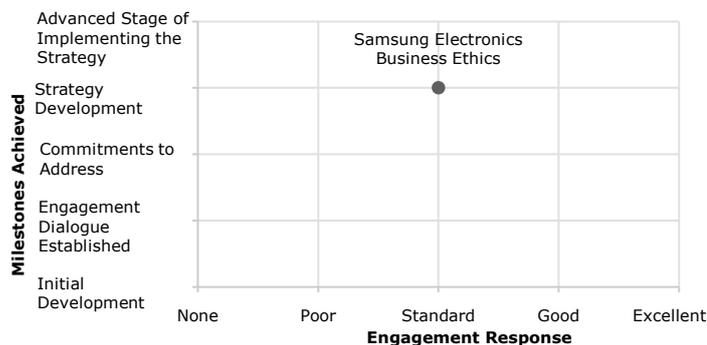
Governance



Total direct company engagements for the portfolio: 13

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%	10
Proposals Voted	100%	24
Meetings with at least one vote against management	4%	
Proposal Categories (Top 3)	25%	Board Related
	13%	Capital Management

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 31st of December 2023

Source: Glass Lewis Proxy Voting. Portfolio as of 31st of December 2023

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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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