

A landscape photograph showing several wind turbines in a field of golden wheat under a warm, sunset sky. The turbines are silhouetted against the bright light, and the foreground is filled with the texture of the wheat.

Sustainability Report

International Equities

Q1 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 International Equities

Quarterly Comments

Can AI bridge the gap in ESG data transparency and measurability, thus offering a solution to the longstanding challenges faced by investors?

For years, Sustainability-related data has been discussed for its opacity and lack of comparability, potentially hindering effective decision-making and risk management. However, with the advent of AI, we find ourselves at a crossroads, presented with an opportunity to reassess the way we source and analyse Sustainability-related information.

At its core, AI has the potential to empower investors by extracting actionable insights from complex datasets, thereby enabling more informed decision-making processes. Through advanced algorithms, AI can uncover patterns and correlations within Sustainability data, providing a deeper understanding of companies' performance. AI-driven analytics offer the potential to enhance the reliability and accuracy of Sustainability ratings and assessments.

Nevertheless, as we embrace the potential of AI, it is essential to stay mindful and aware of potential challenges. The black-box nature of AI algorithms raises concerns regarding accountability, fairness, and ethical implications. Bias in data collection and algorithmic decision-making can exacerbate existing inequalities and perpetuate systemic injustices. The increasing reliance on AI can, therefore, inadvertently lead to a sense of complacency, where human judgment and intuition are overshadowed by algorithmic outputs.

While AI can enhance decision-making processes, it should not replace human judgment and intuition entirely. A balanced approach that combines AI capabilities with human expertise and judgement is crucial for maximising the benefits of data analytics.

We are tasked with navigating these uncharted waters with caution and foresight. Our commitment to innovation and progress compels us to explore the potential of AI in enhancing our efforts in integrating material sustainability-related risks and opportunities. However, we must also remain vigilant, ensuring that our pursuit of technological advancements is guided by principles of transparency, accountability, and ethical integrity.

One thing seems sure. The convergence of AI and Sustainability represents a paradigm shift in the way we approach sustainable finance.



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

Portfolio Changes

Schneider Electric

2024-02-05: Virtual

Main topic: Decarbonization & Biodiversity

SSE Schneider Electric is a French multinational company that specializes in energy management and automation solutions. The company has operations in over 100 countries and offers integrated solutions across multiple market segments, including residential, buildings, data centers, infrastructure, and industrials. Schneider Electric has a strong focus on sustainability and has embedded sustainable development into its strategy. The company is proactive and committed to reducing its environmental footprint while making energy safer, more reliable, efficient, and productive. Schneider Electric has been listed for many years in three investment indexes that rank socially responsible corporations and has received a low-risk rating from Sustainalytics, indicating strong management of sustainability issues. The company is committed to the SBTi.

Direct Engagements

SSE

2024-02-05: Virtual

Main topic: Decarbonization & Biodiversity

SSE recently announced a 'Net Zero Transition Plan' which it aims to achieve through the Net Zero Action Plan (NZAP) put in place two and a half years ago. The plan involves aligning the group towards low-carbon energy and consists of three pillars: thermal-, renewable-, and flexible generation. The company has a 20.5bn GBP investment plan over five years, primarily in the energy transmission business, with the aim of doubling the capacity in the renewables business.

In terms of decarbonisation progress, the company never had a set target but rather a picture of the future. It aims to achieve reductions in Scope 1 emissions over the coming years, engage with at least 50% of suppliers by spend, and set SBT targets by 2024. The company has eliminated coal usage and closed its last coal plant in 2020.

One of SSE's major projects is Dogger Bank, the world's largest wind park. The project is split into three phases; Phase A is expected to be fully operational by the end of 2024, with phases B and C following 12 months each. The company is also investing in the grid, with returns spread out over a period of 40 years.

SSE is also working on biodiversity, with the goal that all terrestrial major projects should be positive for biodiversity and result in a 10% increase after completion. On TNFD, SSE is still evaluating and identifying its impact and dependencies.



HOYA

2024-03-11: In person meeting

Main topic: Corporate Governance & SBTi

Iberdrola HOYA is a global medical technology company that specialises in healthcare and information technology. During the meeting, several topics were discussed, including the company's focus on sustainability.

HOYA has 12 divisions that run independently, but it has recently been split into three virtual companies: MedTech, IT, and Health. This new structure helps share knowledge across divisions and will help streamline the sustainability processes.

In terms of sustainability, HOYA is working with the Science Based Targets initiative (SBTi) to address difficulties with measuring Scope 3 emissions. The new organisational structure allows for better collection of Scope 3 data, but there are still challenges and limited data within clients and suppliers. HOYA has good coverage in materials and transport and aims to have full Scope 3 coverage in 12-18 months.

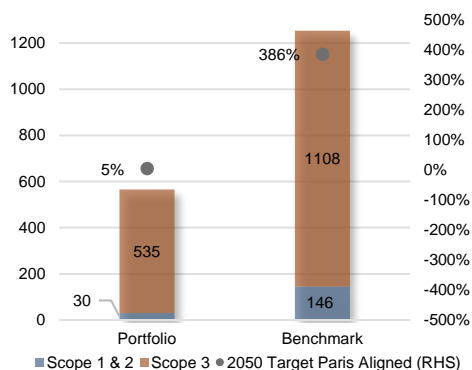
Proxy Voting

Bank Central Asia Tbk PT

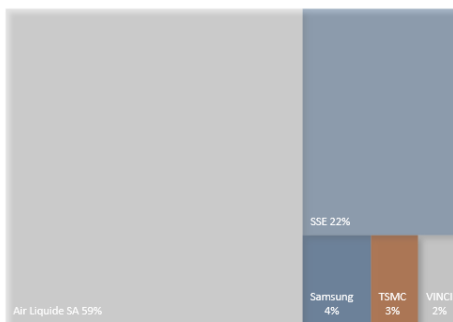
For the proposed directors' and commissioners' fees we voted against the proposal due to excessive bonus, in line with Glass Lewis and against management.

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

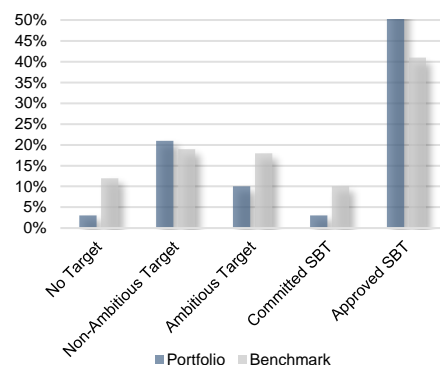
Emissions Exposure & SDS (tCO₂e)



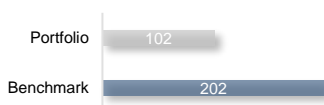
Top 5 Contributors to Portfolio Emissions



Climate Target Assessment



Carbon Intensity (tCO₂e/mill. USD revenue)

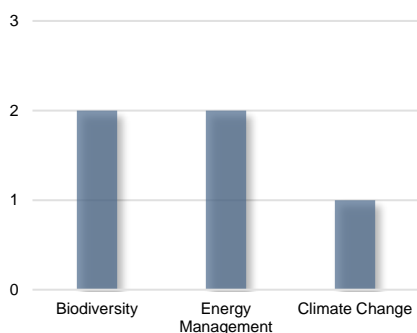


The above graph summarises the portfolio's carbon footprint compared with the benchmark. The Sustainability Development Scenario (SDS) pathway on the right-hand side of the graph is fully aligned with the Paris Agreement. The graph indicates whether the portfolio and benchmark are expected to over-/undershoot against the allocated carbon budget until 2050.

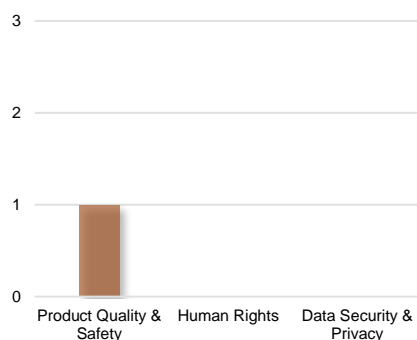
The above graph shows how many of the companies in the portfolio have set climate targets and how ambitious these are. Having ambitious targets, being committed to Science-Based Targets (SBT) or having approved SBT shows close alignment with the Paris Agreement.

Source: ISS Data Desk (Climate Assessment). Based on a portfolio Value of 1,000,000 USD. Portfolio as of 31st of March 2024

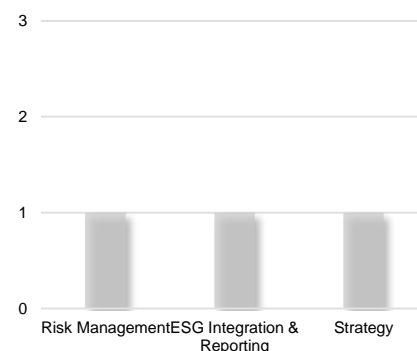
Direct Engagement Topics Environment



Social



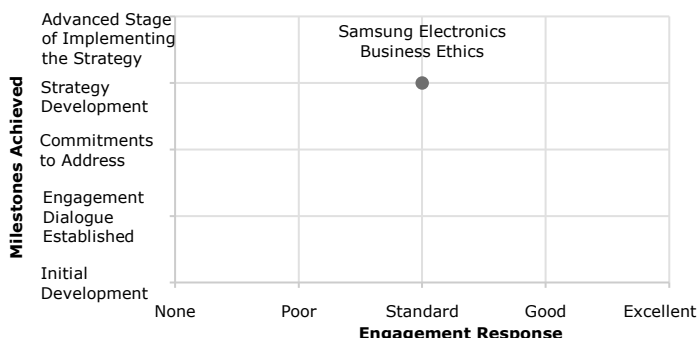
Governance



Total direct company engagements for the portfolio: 2

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%	1
Proposals Voted	100%	6
Meetings with at least one vote against management	0%	
Proposal Categories (Top 3)	67%	Audit/Financials
	17%	Compensation
	17%	Other

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 March 2024

Source: Glass Lewis Proxy Voting. Portfolio as of 31st of March 2024

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Active Investments

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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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