



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

Navigating Varied Outcomes From Shared Challenges

The European Commission has implemented two measures to tackle climate change and achieve net zero emissions by 2050: the EU Emission Trading System (ETS) and the Carbon Border Adjustment Mechanism (CBAM). These measures will make companies reduce emissions and ensure similar carbon pricing for both local and imported products.

The EU ETS aims to make companies accountable for their greenhouse gas (GHG) emissions, particularly in the heavy industry sector (e.g. steel, aluminium, cement, hydrogen, and fertilisers), which accounted for 22% of GHG emissions in the EU in 2021 and for a quarter of global emissions. Over the next 15 years, emission limits and free allowances will decrease to zero. CBAM, started in 2023, prevents companies from relocating outside the EU to avoid emission costs when free carbon allocations end in 2026. Unlike the US's Inflation Reduction Act (IRA), which provides tax credits and subsidies, CBAM incentivises decarbonisation through charging importers of key sectors for the embodied emissions of their products.

European industries stand in front of a critical decision. Companies can spend money now to cut emissions, even though it will hurt profits in the short to mid-term, or wait and buy carbon credits later. Both options hold the risk of lower earnings and valuations.

Estimates indicate that nearly 9,000 industrial sites, including those in building materials, chemicals, mining, and steel sectors, need to adapt by: (1) electrifying their processes, (2) developing greener products, (3) investing in carbon offsets, or (4) buying carbon credits.

At time of writing, the carbon price (EUR 66 per metric ton of CO_{2e}) does not strongly encourage decarbonisation. In April 2024, BloombergNEF estimated the price of carbon will reach EUR 146 by 2030 and EUR 186 by 2034. Utilities are already paying for their emissions, but sectors like cement, aluminium, fertilizer, hydrogen, iron, and steel are not yet charged.

Investment considerations

Looking specifically at our equity portfolio exposures to these matters, the obvious area of focus would be the exposure to industrial gases and their sensitivity to different carbon pricing scenarios.

Considering a high-level uncertainty surrounding politically driven impacts, the current analysis indicates a well contained effect on our holdings in the industrial gas sector, predominantly because chemicals are a small part of their



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, assault weapons
- 5% Small Arms, small arms or key components to small arms
- 5% Adult Entertainment
- 5% Alcoholic Beverages
- 5% Gambling
- 5% Tobacco Products
- 5% Oil & Gas, oil and gas exploration, production, refining, transportation, or storage
- 25% Oil & Gas, generation of electricity from oil or gas
- 5% Thermal Coal, thermal coal extraction
- 5% Thermal Coal, generation of electricity from thermal coal
- 5% Oil Sands
- 5% Shale Energy

overall business, and the chemical sector sees the biggest impact from lower free carbon allowance, as the CBAM takes effect.

BofA Global Research has conducted scenario analysis with carbon credit costs from EUR 100-200 to show how much higher carbon credit costs (%/EBITDA) the Industrial gases companies would incur, ranging from 0.3% to 3.6% (depending on company exposure and carbon credit cost).

On the other hand, selected companies in the diversified chemical area could see cost impact in the range of 36-73% (%/EBITDA), based on same analysis.

We remain committed to closely monitoring these developments to ensure we are informed and prepared to navigate these complex challenges.

Portfolio Changes

There were no changes to the portfolio during the quarter.

Direct Engagements

Alfa Laval

Main topic: Climate, Marine Matters, DEI

We met with Alfa Laval to get an update on current sustainability affairs, specifically climate and diversity matters. Alfa Laval is working to reach carbon neutrality through the whole value chain, which at current state is very much achievable. Specifically, for scope 1 and 2 the neutrality level will probably be reached before 2030.

The marine business is key to Alfa Laval and they want to be part of the solution for cleaner oceans. In doing so, the industry needs to come together. Alfa Laval has contributed to Maersk's introduction of the world's first methanol-fuelled container vessel by providing solutions for methanol as fuel. The tanks on these vessels are so huge that new larger pumps are required. This is a first step to meet evolving environmental marine regulation, but the industry will take a long time to adjust to clean vessels. Alfa Laval is focused on reducing scope 3, but the majority of vessel companies are not, as traditional fuels are still cheaper and easier to manage. The goal for Alfa Laval however is to enable a more sustainable shipping industry.

On diversity, Alfa Laval find it difficult to attract female employees, which in large part is due to the sector the company is in. Nonetheless, Alfa Laval is sponsoring university programs to raise awareness of its business among female students and have different initiatives and programmes targeted at females in technical positions to try to increase the level of females from current 22% to its goal of 35% in 2025. Alfa Laval is aware that this target is not being met and are continuing its initiatives to raise awareness that include education and training, culture and leadership, people processes, local activities, targets and data, and communication.



Novonesis

Main topic: Post-merger Challenges and Opportunities

We met with Novonesis to discuss the business following the merger with Chr. Hansen and how the organisation or culture has changed. Sustainability has been key to both organisations before the merger and still is. When the first day of the new merged company arrived, it didn't feel like the first day as preparations had been ongoing for 12 months, thus systems and processes were already established. Further the culture in the two companies today is much more aligned than if the merger had happened five years ago. Any uncertainty among employees has been resolved by basically focusing on operations to continue smoothly rather than promoting sell-synergies and taking on new projects for the new company. Employee satisfaction also came to expression in Novonesis' employer engagement surveys where scoring is above industry benchmarks, and voluntary employee turnover is lower than at any of the two legacy companies. Employees remain a key priority for development at Novonesis.

Finally, we discussed Novonesis' footprint in Russia. Novozymes exited Russia early after the invasion in 2022, but Chr. Hansen were still in Russia at the time of the merger. The goal is to have exited Russia completely by H1 2025.

Mowi

Main topic: Product Optimisation, Environmental Footprint of Operations

We last met with Mowi in November last year and this meeting was a continuation of this dialogue on current developments within sustainable matters at the company.

Borne by the current trend of healthy lifestyle and healthier eating, especially that to include proteins and healthy fats in your diet is to some extent driving Mowi's growth. Nonetheless, salmon is still only 1% of the world's protein source, where demand continues to be higher in Europe than in the US even though this market is increasing.

We discussed the salmon farming at sea vs. at land, the use of antibiotics, medications and chemicals and how this potentially impact the aquaculture. Mowi is increasingly using post smolt in its production which means that the fish will be planted at sea at a later life-stage and hence be more resistant against sickness as well as it reduces the time in seawater. A full lifecycle for salmon is ~3 years. With longer life on land infections and sickness are reduced and contamination and spreading of diseases in the open water are then also reduced. Mowi's feed for the fish are based on wheat and are good for both fish and the environment, nonetheless Mowi wish to continue the development of feed and use alternative feed materials to further reduce any negative impact to the sea. One of the key focus areas for Mowi is animal welfare, and the company operates with a global standard across sites, which also means that even if local codes are less stringent the Mowi standard will apply to its operations.



Proxy Voting

While the number of AGMs held in the third quarter of 2024 was significantly lower than in the previous two quarters, proxy voting remained active.

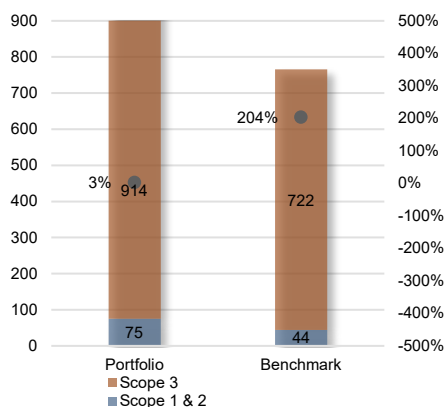
Addtech B

We voted on various proposals, particularly on nominee elections.

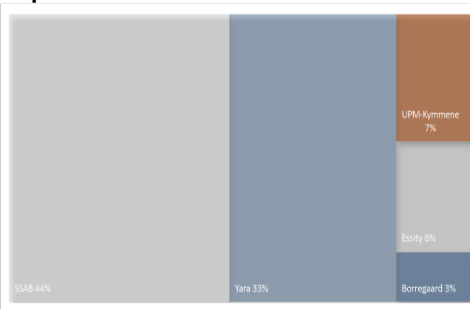
For the proposed election of Niklas Stenberg, Annikki Schaeferdiek, Kenth Eriksson, Ulf Matts-son, we voted with management and Glass Lewis recommendation in favour of the nominee. All Board members, with the exception of Niklas Stenberg who is employed by the Company as CEO, are independent in relation to the Company. Of the members who are independent in relation to the Company, Kenth Eriksson, Ulf Mattsson and Annikki Schaeferdiek are also independent in relation to the Company's major shareholders. Accordingly, it is deemed that the Board of Directors meets the requirement that at least two of the Board members who are independent of the Company shall also be independent of major shareholders.

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

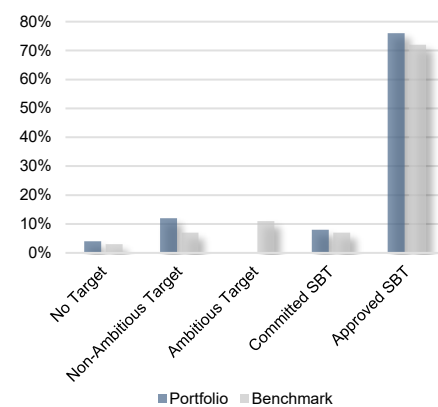
Emissions Exposure & SDS (tCO₂e)



Top 4 Contributors to Portfolio Emissions

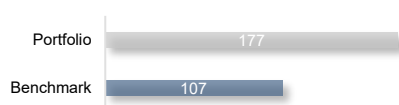


Climate Target Assessment



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)

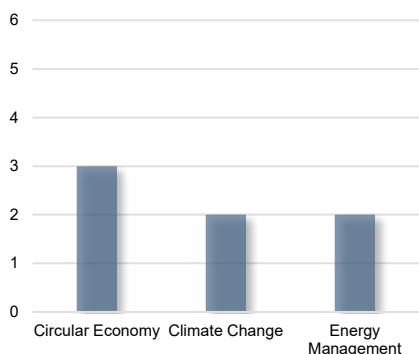


The above graph shows how many of the companies in the portfolio have set climate targets and how ambitious these are. Having ambitious targets, being committed to Science-Based Targets (SBT) or having approved SBT shows close alignment with the Paris Agreement.

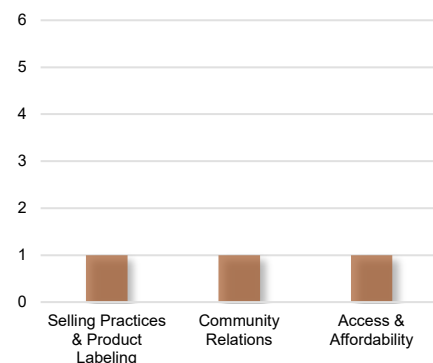
Source: ISS Data Desk (Climate Assessment). Based on a portfolio Value of 1,000,000 USD. Portfolio as of 30th of September 2024

Direct Engagement Topics

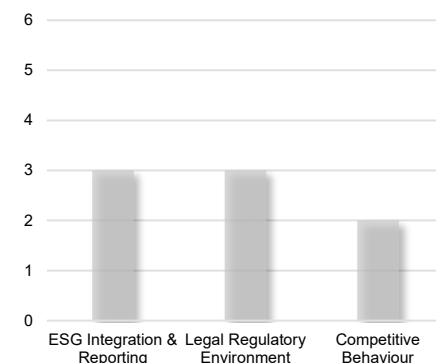
Environment



Social



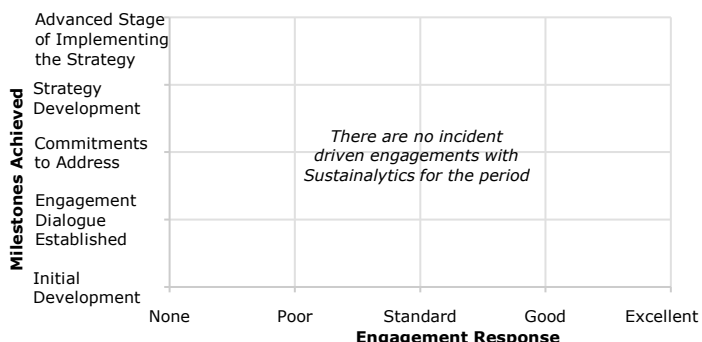
Governance



Total direct company engagements for the portfolio: 3

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 September 2024

Proxy Voting

Meetings Voted	100%	1
Proposals Voted	100%	32
Proposal Voted Against Management	0%	
Proposal Categories (Top 3)	47%	Board Related
	16%	Audit/Financials
	16%	Meeting Administration

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 September 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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