



Sustainability Report

Nordic 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 Nordic 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 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

Portfolio Changes

Novonosis (Novozymes/Chr. Hansen)

Novonosis, a result of the merger between Novozymes and Chr. Hansen, is a Danish biotechnology company that specialises in the research, development, and production of industrial enzymes, microorganisms, and biopharmaceutical ingredients. The company has a strong focus on sustainability and has set a target to reduce its carbon footprint by 50% by 2030. Novozymes is a leader in the bio-innovation industry and is committed to finding biological solutions to some of the world's most pressing challenges, such as climate change, energy security, and water scarcity. The company has a strong business model and is well-regarded for its management of sustainability issues, resulting in a low-risk rating from Sustainalytics. The company is committed to SBTi.

Direct Engagements

Volvo

2024-03-15: Virtual

Main topic: Electrification & Circularity

Volvo is a multinational manufacturing company that produces trucks, buses, and construction equipment. The company is committed to the Science Based Targets initiative (SBTi) with Scope 3 targets set for 2030. Volvo is distributing solutions that minimize clients' emissions, such as electric vehicles (EVs) for local transport, with a range of approximately 300km. The company has relatively small Scope 1 and 2 emissions and is therefore focusing more on Scope 3, for example through reducing emissions in the user phase (through infrastructure investments and EVs, for example), but also upstream by using fossil-free steel. Through a new JV, the company plans to build 1,700 charging stations over 4 years, each with a capacity of 750KW-1MW to comfortably charge electric trucks. Volvo is also exploring new potential usages to make engines more effective, for example by mixing hydrogen and diesel to reduce emissions by approximately 97% and by making diesel engines more efficient, with new engines being approximately 10% more effective.

Volvo highlighted that it is not an infrastructure company, but it recognizes that in the future, the limitations will not be the technology available in trucks, but rather energy supply and charging infrastructure. The company is exploring the use of biofuels, such as synthetic diesel and enzyme-based fuels, but highlighted that it cannot change society, only contribute vehicles and needs incentives, such as usage-based incentives, to encourage the adoption of sustainable solutions.

Volvo is also addressing the issue of hazardous waste, particularly within batteries. The company is working towards full lifecycle coverage for batteries, with a focus on minimising the need for metals and promoting circularity around batteries. Volvo is building a completely new value chain around bat-



teries, with plans to reuse batteries in real estate or other industries and machines. The company may even expand into the battery/energy/grid sector as it will have a large asset pool of used batteries. Volvo is also considering a leasing model for batteries, making it easier to take back and reuse/refurbish batteries.

In terms of competition, Volvo is considered a first mover in zero-emission vehicles and is committed to the SBTi through goals that all vehicles should be CO₂-free by 2040 by using sustainable materials and fossil-free fuels. Volvo is targeting other early adopters, such as IKEA and other companies committed to the SBTi and is building electric trucks using green steel, but recognises that there must be monetary gains for customers to switch to sustainable trucks.

Essity

2024-03-19: Virtual

Main topic: Circularity & Supplier Engagement

Essity is a leading global hygiene and health company that was listed in 2017, following a spin-off from the Swedish forestry company SCA. The company is organised into three areas: Health & Medical, Professional Hygiene, and Consumer Goods. Essity has a high focus on sustainability and has set a target to have zero production waste by 2030.

During the meeting, Essity discussed its commitment to the Science Based Targets initiative (SBTi) and its goal to reduce its Scope 3 emissions, primarily through engaging with suppliers to make them engage in decarbonisation. The IR quoted, “When suppliers start reducing Scope 1 & 2, our Scope 3 is reduced”. It is working towards aligning with the EU Taxonomy and has a target for 95% of its suppliers to be aligned with its sustainable targets. Essity is focused on reducing energy consumption and minimising its carbon footprint rather than simply buying renewable energy or using offsets.

Essity is also making efforts to improve circularity across the value chain. As an example, it is collecting used napkins to create toilet paper and has created washable absorbent underwear. It is also working on reducing water usage, particularly in its tissue production, and has a collaboration with VOITH to produce tissues in a more sustainable way.

Essity is aware of the growing demand for sustainable products and believes that companies taking the lead in sustainability will be the winners. It is focused on organic growth and increased volumes in established categories and is interested in making more M&A in medical solutions.

Yara International

2024-03-19: Virtual

Main topic: Decarbonization & Sustainable Sourcing

Yara International is a global firm specializing in agricultural products, fertilizers, and environmental protection agents.



During the engagement meeting, the topic of sustainability and its integration into the company's operations was discussed, where Yara highlighted its shifted focus from producing fertiliser to linking its upstream base with its downstream presence to offer the best fertiliser products and solutions to farmers.

Two-thirds of its products are today premium products with better characteristics than regular products, and it plays an important role in moving towards a more sustainable future. The company's mid-term focus is to invest in carbon reduction, with the goal of becoming nature-positive. It is currently identifying new, more sustainable solutions, such as producing green fertiliser with less CO₂ emissions from ammonia production and to try and convert this gas into power. However, there are challenges in terms of farmer interest and carbon reduction incentives.

The company is working on a green ammonia project, with plans to reduce 20,000 tonnes of ammonia per year through collaborations with key players in Sweden. It is also considering an IPO for a smaller part of the company to drive growth into new applications. The company's goal is to reach net zero emissions, with the next step being to decarbonise ammonia. However, there are still challenges in terms of Scope 3 emissions. For example, the war in Ukraine has affected the company's operations, as it used to import potash from Russia but is no longer doing so.

Proxy Voting

Novozymes AS

For the proposed election of Kim Stratton, we voted for the proposal. We thus voted with management and against Glass Lewis. It is an extraordinary meeting to bring in the new board and name in the merged Novozymes/CHR. Hansen.

Glass Lewis wants us to abstain from voting for Kim Stratton, who has been on the board of Novozymes for 7 years, due to concerns about potential overboard-ing. Kim is CEO of a biotech company, Centogene, and is sitting on the board of an Italian pharma company, Recordati. She has 30 years of experience, among others, also from Shire. Kim is furthermore non-dependent.

ABB Ltd.

We voted against management and Glass Lewis by voting against the proposed executive compensation and compensation report. The compensation plan lacks clawback provisions under the Short-Term Incentive Plan.

Orsted A/S

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.



Novo Nordisk

Due to potential overcommitment we abstained from voting on the proposed election of Martin Mackay. We thus voted against management but in line with Glass Lewis.

GN Store Nord A.S

We voted against the proposed remuneration report and thus voted against management and win line with Glass Lewis. When a company does not provide any environmental or social considerations in its remuneration scheme, the ESG Policy will vote against the proposed plan, such as this one, if the company has not adequately incentivised executives to act in ways that mitigate a company's climate impact.

Demant AS

Various votes have been casts during this quarter:

For the proposed elections of Niels Bjørn Christiansen and Niels Jacobsen, we voted against the proposals. We thus voted against management and in line with Glass Lewis. The nominees are not independent, and the board is not sufficiently independent. Furthermore, Niels Jacobsen sits on the audit committee and is this not independent.

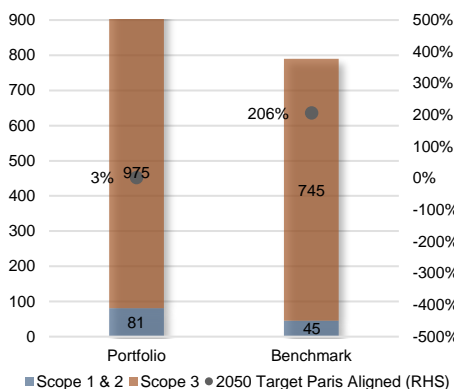
We voted in favour of the proposed election of Sisse Fjelsted Rasmussen, and thus voted against Glass Lewis and with management. Glass Lewis wanted to abstain from voting for Sisse F. Rasmussen because of too few meetings in the audit committee. We do not believe that it is a sufficient reason to vote against or abstain. Furthermore, the board already consists of 75% men.

Danske Bank AS

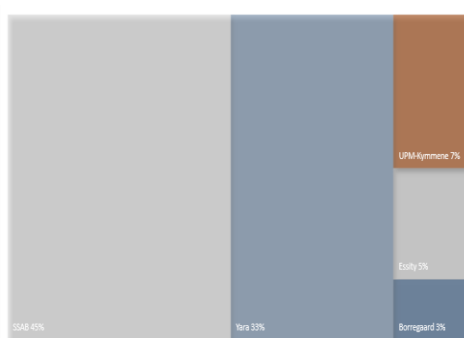
For the proposed remuneration report, we voted against the proposal as the maximum opportunity under the bonus plan is greater than that of the long-term incentive program. We thus voted in line with Glass Lewis and against Management.

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

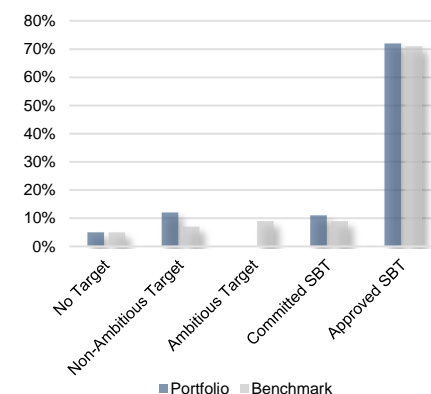
Emissions Exposure & SDS (tCO₂e)



Top 4 Contributors to Portfolio Emissions

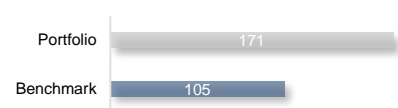


Climate Target Assessment



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.

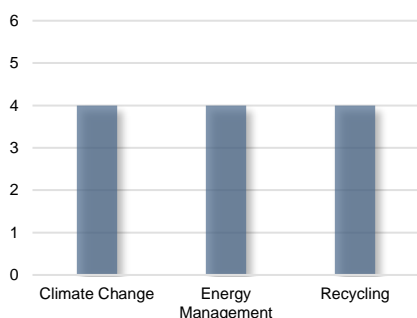
Carbon Intensity (tCO₂e/mill. USD revenue)



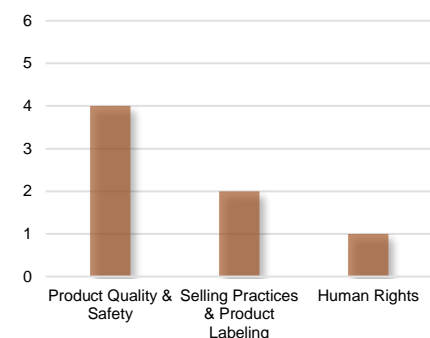
The above graph shows how many of the companies in the portfolio have set climate targets and how ambitious these are. Having ambitious targets, being committed to Science-Based Targets (SBT) or having approved SBT shows close alignment with the Paris Agreement.

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

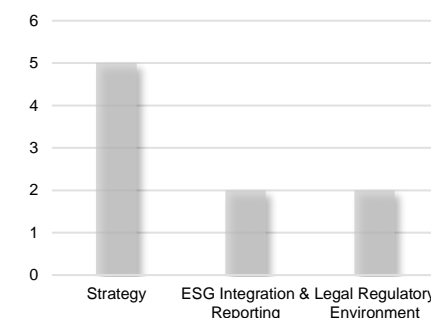
Direct Engagement Topics Environment



Social



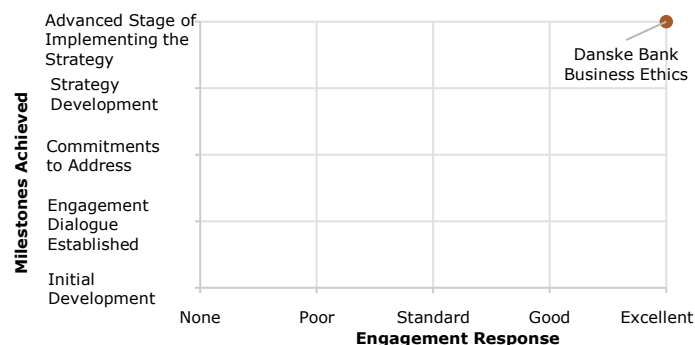
Governance



Total direct company engagements for the portfolio: 6

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%	13
Proposals Voted	100%	263
Meetings with at least one vote against management	6%	
Proposal Categories (Top 3)	52%	Board Related
	17%	Audit/Financials
	13%	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 31st of March 2024

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