



WORLDWIDE

ASSET MANAGEMENT

A landscape photograph showing several wind turbines silhouetted against a warm, golden sunset sky. The foreground is a field of golden wheat, and the middle ground shows rolling hills with patches of green and brown fields. The overall scene is peaceful and represents sustainable energy.

ESG Report

Global Equities

Q3 2022



ESG Philosophy

Core Beliefs

Our active approach to the stewardship of investments ensures ESG commitment

We emphasize active ownership to influence positive change and progress

The integration of ESG 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 ESG 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 Global Equities

Quarterly Comments

The summer of 2022 proved no different than that of 2021 when it came to extreme heat, heavy rains, and droughts—changing climate conditions continue to impact nature and society.

Traveling through Europe this summer proved the fact: dried-out lands and wildfires in Italy impacted the crucial harvest of tomatoes, rice, olives, and wine. Diminishing snow on the highest point of the Alps led to a lack of water for crops and rivers. Water levels of the German river Rhine, a crucial transportation route in Europe, at such low levels due to heat that vessels could not sail through, and lack of precipitation in Norway led politicians to consider whether the level of exported hydropower to its neighbouring European countries should be decreased.

There is no doubt that extreme climate events are impacting global food production, transportation, and energy sectors worldwide. Besides Europe, India was hit by heat waves affecting wheat production, and heavy summer rains hit China and destroyed rice fields. Furthermore, extreme heat waves made crucial waterways dry out, affecting the production of corn and soy, for example, and thereby affecting China's most important crops that are used to feed pigs which are China's essential source of meat. All these factors lead to higher prices and, eventually, inflation. This summer, it got a new name: Heatflation.

Following global record temperatures in 2021, the European Central Bank analysed how extreme temperatures might affect inflation. Results indicated that extreme temperatures have differing impacts depending on when they occur within the year. By far, the most significant and longest-lasting impact derives from hot summers, and the short-term supply disruption in, e.g., agriculture can result in longer-lasting downward pressure on demand. The ECB concluded that significant temperature swings impact medium-term price developments, which are key for the central bank's monetary policy.

Climate change impacts people and the planet, but it also matters for price stability and is thus another argument as to why the focus must be on solutions supporting sustainable economic growth. Technological developments to support new forms of agriculture, e.g., crops that grow with less water or more weatherproof coffee beans, as well as products supporting the climate transition, are some of the areas we try to support through investments in, e.g., Nestlé, Ecolab, TSMC, Siemens, and Linde.



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

Portfolio Changes

There were no new positions added to the portfolio during Q3 2022.

Direct Engagements

During the third quarter of 2022, we met with several companies in the portfolio, including Sony, Ecolab, Keyence, and Home Depot.

Ecolab

In our annual update with Ecolab, we discussed its continued progress within water solutions and the sustainable product range. Specifically, we discussed the eROI framework. Here, Ecolab has developed a tool for customers allowing them to measure the value of improved performance, operational efficiency, and sustainable impact that Ecolab products deliver and substantiate the business case for each customer and are matched with customers' sustainability targets. eROI has been very well accepted by customers and will potentially lead to an increase in choosing more sustainable products. Additionally, we discussed the implication of the EU taxonomy and reporting requirements that affect Ecolab. Currently, Ecolab is trying to navigate the wide range of standards and frameworks to report from, including CSRD, TCFD, and SEC requirements, and is trying to meet a reporting standard that fits globally.

We also discussed Ecolab's dual role of CEO and chairman, a very common structure for US companies, where our preference is to have the roles segregated. Ecolab reviews its leadership annually, where board charter, succession planning and governance structures are assessed. This includes peer group analysis that shows combined roles are still more prevalent.

Keyence

Keyence is known for being relatively non-transparent and is a company that doesn't engage on a larger scale. Nonetheless, we managed to set up an engagement call to discuss, what some would call, classical Japanese matters, such as human capital management, work-life balance and attraction and retaining programs.

Despite having a reputation as having a high-performing culture where people are working too hard, the company has focused on adjusting work hours in recent years. Therefore, work-life balance is managed better today. Keyence's overseas working places are now very much up to international standards. Keyence now focuses more on employee work efficiency and is increasingly renumerating employees on performance.

We also discussed Keyence's climate change strategy. Japan as a country has a net-zero 2050 strategy. Keyence is currently working on its climate strategy, including reduction targets, and has set those for scope 1 and scope 2 to reduce emissions by 43% by 2030. Scope 3 is currently not in scope, but the Office of Management Planning is responsible for ESG targets consider setting a target for scope 3. But these involve lots of assumptions, modeling, and data and information that is not readily at hand.

The Home Depot

We met with Home Depot following its recently released annual ESG Report and to discuss the outcome of its AGM in May.

Home Depot has committed to the Science-Based Targets but is yet to have these approved. The current commitment is to reduce scope 1 and scope 2 emissions by 2.1% per year to achieve a 40% reduction by 2030 and a 50% reduction by 2035. Home Depot has worked with a detailed carbon reduction plan since 2001 but has used the CDP framework. Approval from the SBT is expected during the spring of next year. In this process, Home Depot is also developing an electrified product range that has longer durability and reliability than ordinary home machines using gas. Still, besides



developing these products, it's also a matter of educating customers to choose other products that there are used to and familiar with.

At the latest AGM, the shareholder proposal to report on efforts to eliminate deforestation in Home Depot's supply chain received enough support to be approved. We discussed the outcome with Home Depot, who confirmed they source only wood from FSC-certified areas. They have not disclosed detailed information on this beforehand, primarily due to a lack of interest. However, they acknowledge shareholders' desire for increased transparency and have since committed to reporting to CDP on forest sourcing, which has not been the case previously.

Proxy Voting

There is a relatively limited proxy voting activity in Q3, and only one company in the portfolio held its AGM this quarter.

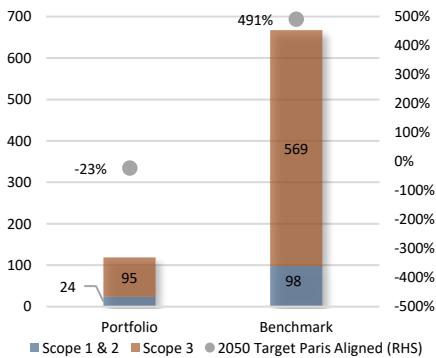
Linde

We supported the shareholder proposal to adopt a simple majority vote, as eliminating the supermajority vote requirement, where legally permissible, would enhance shareholder rights.

We did not support the shareholder proposals that suggested reporting on retirement plan options should be aligned with company climate goals. This seems to be too much micromanagement, and the risk of the company not reporting on alignment with climate goals in retirement options is unclear.

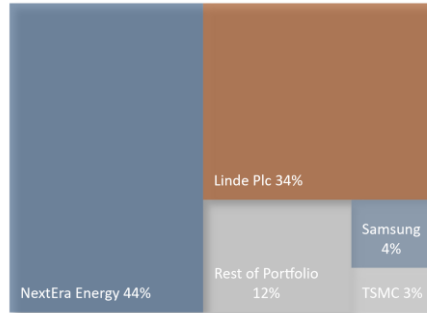
Sustainalytics Portfolio Risk Rating: 19
Benchmark: MSCI All Country World Index

Emissions Exposure & SDS (tCO₂e)

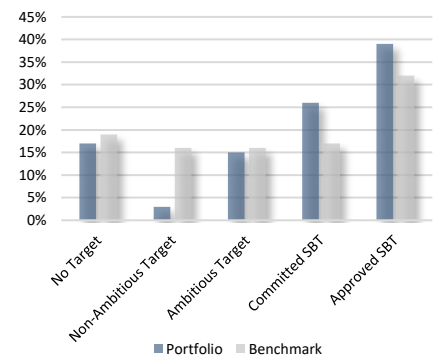


The above graph summarises the portfolio's carbon footprint compared with the benchmark. The Sustainability Development Scenario (SDS) pathway on the right-hand side of the graph is fully aligned with the Paris Agreement. The graph indicates whether the portfolio and benchmark are expected to over-/undershoot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

Top 4 Contributors to Portfolio Emissions

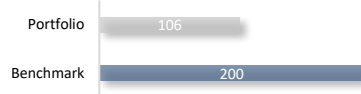


Climate Target Assessment



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.

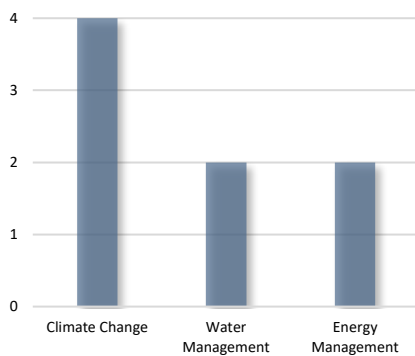
Carbon Intensity (tCO₂e/mill. USD revenue)



Source: ISS Data Desk (Climate Assessment). Based on a portfolio Value of 1,000,000 USD. Portfolio as of 30th September 2022

Direct Engagement Topics

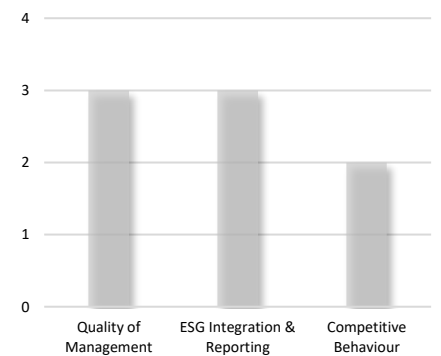
Environment



Social



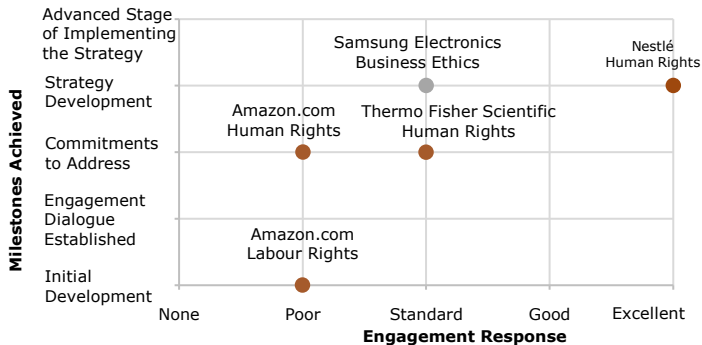
Governance



Total direct company engagements for the portfolio: 4

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%	16
Meetings with at Least One Vote Against Management	100%	
	63%	Director Election
Proposal Categories (Top 3)	13%	Audit Related
	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 30th September 2022

Source: ISS Proxy Voting. Portfolio as of 30th September 2022

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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.

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