

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

Emerging Markets Equities

Q4 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 Emerging Markets Equities

Quarterly Comments

Ultra-Processed Food

As 2024 concludes, we review the year behind us and consider the main sustainability topics we came across and maybe to some extent topics that surprised us.

Despite some shake-up in commitment to international recognised initiatives, predominantly from some US institutions, the longer-term climate change and energy transition agendas, to varying degrees, are here to stay, now also accompanied by its emerging sibling biodiversity. Furthermore, social topics both within human capital and supply chain resilience remain material mainstays for most companies. One topic of continued focus remains the development of ultra-processed foods (UPF).

The definition of UPF is not entirely uniform, but the market tends to adhere to the academic definition that comes from the NOVA food classification system, which was developed by researchers at the University of São Paulo, Brazil and supported by the British Heart Association: UPFs typically have more than one ingredient that you never or rarely find in a kitchen. They also tend to include many additives and ingredients that are not typically used in home cooking, such as preservatives, emulsifiers, sweeteners, and artificial colours and flavours. These foods generally have a long shelf life.

During the last 18 months, there has been an increased coverage of UPF in media, especially since the European Society of Cardiology in August 2023 presented two studies highlighting meaningful increased risk of heart attack and strokes from diets high in sugar, salt, and fat, i.e. what you typically see in UPF. This also seems to have led to an increase in consumer awareness, highlighted by a doubling of UPF as a Google search term over the same period.

Attention to the health risks associated with UPF has also been increasing in the financial press as well as there has been increased mentioning of UPF in transcripts from corporates' earnings call.

This may be affected by the younger consumer generations such as Millennials and especially Generation Z having focus on a healthier lifestyle, tend to cook from scratch, and to some extent prefer natural foods, non-processed, or plant based as a Bernstein study from July 2024 shows.

In some regions, the rise of alternative protein supports certain dietary beliefs as it causes less harm to animals and the environment. The question remains on how it affects overall health when the additives required to obtain the desired look, taste and texture of meat include flavourings, colourings, emulsifiers, texture modifiers, gelling agents and binding agents?

In our annual commitment to engage with Master students at Copenhagen Business School (CBS) in Denmark, we provided this specific case to a group of students studying the minor Critical Cases in Sustainable Investments and for



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

them to explore how our main investment strategies are exposed to the risks and opportunities within UPF.

The case work showed that key exposure is found in our portfolio companies within the consumer staples sector such as food and ingredients companies as well as retail and convenience stores. Furthermore, healthcare companies and to some extent insurance companies can be linked to the opportunities that lie within an increasing overweight population and resulting lifestyle diseases.

We believe that this is a relevant topic to engage on with the companies directly exposed to UPF. Our ambition is to better understand how these companies navigate in the space where shareholder returns are key but where stakeholder concerns on socially responsible actions also play a part in many investment decision making processes.

Portfolio Changes

We recently initiated our first positions in Saudi Arabia.

Elm Co and Electrical Industries Co (EIC) represent our first-ever investments in Saudi Arabia. As an element of Vision 2030, Saudi Arabia has recently undertaken a digitalization drive, focusing on digitizing government services. Elm is a direct beneficiary and critical enabler of this development. More specifically, Elm is focused on software development and BPO, as well as emerging technologies, including AI and analytics, smart cities, IoT, and cloud migration. Inorganic growth opportunities are also relevant, with the Saudi government viewing Elm as a potential tech national champion that can consolidate the industry. From a sustainability perspective, the company provides good disclosure on social aspects but is not a UNGC signatory. It has an excellent governance disclosure framework.

As a leading producer of transformers, cables, and switchgear, EIC is well-positioned to benefit from Saudi Arabia's rapid urbanization and industrialization, creating a strong demand for electrical equipment. Furthermore, Saudi Arabia is expanding its renewable energy capacity, and the demand for EIC's products is vital to ensure the continued rollout. EIC has moved up the value chain over time, and the acquisition of Pauwels Belgium helped EIC leap in capabilities within high-voltage transformers and switchgear. The company has been doing the right things from a sustainability perspective, such as being internationally certified in terms of safety and health standards as well as efficient use of resources and reduction of waste. The European market is a growing market for EIC, which requires the company to maintain high standards in terms of environmental and social standards. We met with the company during the quarter in Saudi Arabia, which is highlighted in this report's Engagement section.

Direct Engagements

Electrical Industries Co

We met with EIC in Saudi Arabia to get a better understanding of its sustainability efforts as these are currently not publicly disclosed.



EIC mentioned the fact that the Ministry of Human Resources periodically visits company facilities unannounced to inspect working and living conditions, which has never resulted in any fines or closures of facilities, which is positive. Further, the company has been doing the right things from a sustainability perspective – such as being internationally certified in terms of safety and health standards as well as efficient use of resources and reduction of waste.

The European market is a growing market for EIC, which requires the company to maintain high standards in terms of environmental and social standards. The company has not focused on communicating their sustainability efforts to the financial markets. In this regard, we had a very positive interaction with the company, as the company understood the need to provide a sustainability report. In fact, they requested us to provide examples from other companies that they could use as inspiration. This was a positive development, and we are keen to see EIC being more transparent in its reporting initiatives.

Proxy Voting

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

Bosideng International Holdings Ltd.

The election of Wang Yao was opposed, aligning with Glass Lewis but against management recommendations. The ESG Policy emphasizes the importance of routine director evaluations, board refreshment, and diverse experiences to maintain effective governance. The board has not appointed a new nominee in over five years, and its average tenure exceeds ten years, reflecting insufficient refreshment. Additionally, the nominee is not independent and serves on the audit committee, further weakening board independence.

Aavas Financiers Ltd

The Approval of the Performance Stock Option Plan - 2024 was opposed, aligning with Glass Lewis but against management recommendations. The plan was deemed problematic as the discount exceeds reasonable limits, and it permits non-executive directors (NEDs) to participate in the executive plan, which is considered inappropriate for governance standards.

Phoenix Mills Ltd.

The election of Atul A. Ruia was opposed, aligning with Glass Lewis but against management recommendations. The nominee is not independent and serves on the audit committee, which raises concerns regarding governance and independence.

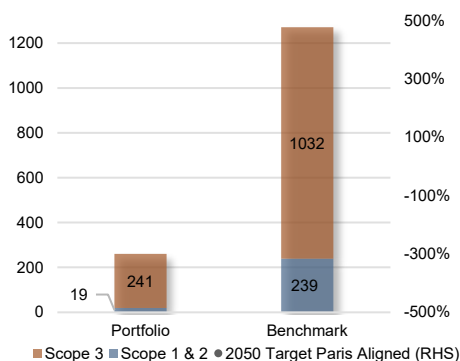
A full list of all meetings voted is available upon request or can be retrieved directly from the C WorldWide website.

C WORLDWIDE EMERGING MARKETS EQUITIES

Sustainalytics Portfolio Risk Rating: Low

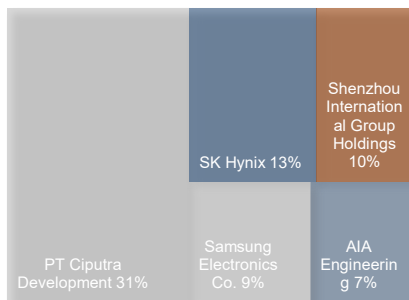
Benchmark: MSCI Emerging Markets

Emissions Exposure & SDS (tCO₂e)

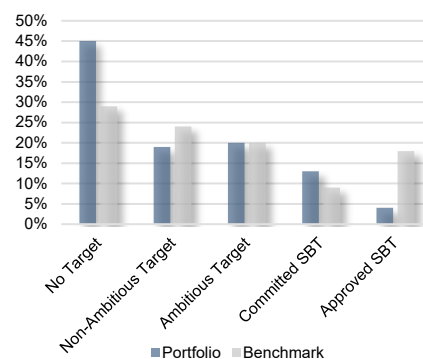


The above graph summarises the portfolio's carbon footprint compared with the benchmark. The Sustainability Development Scenario (SDS) pathway on the right-hand side of the graph is fully aligned with the Paris Agreement. The graph indicates whether the portfolio and benchmark are expected to over-/undershoot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

Top 4 Contributors to Portfolio Emissions



Climate Target Assessment



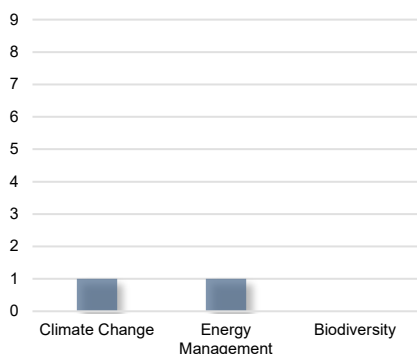
The above graph shows how many of the companies in the portfolio have set climate targets and how ambitious these are. Having ambitious targets, being committed to Science-Based Targets (SBT) or having approved SBT shows close alignment with the Paris Agreement.

Carbon Intensity (tCO₂e/mill. USD revenue)

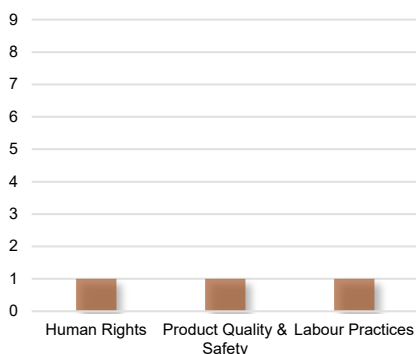


Source: ISS Data Desk (Climate Assessment). Based on a portfolio Value of 1,000,000 USD. Portfolio as of 31st of December 2024

Direct Engagement Topics Environment



Social



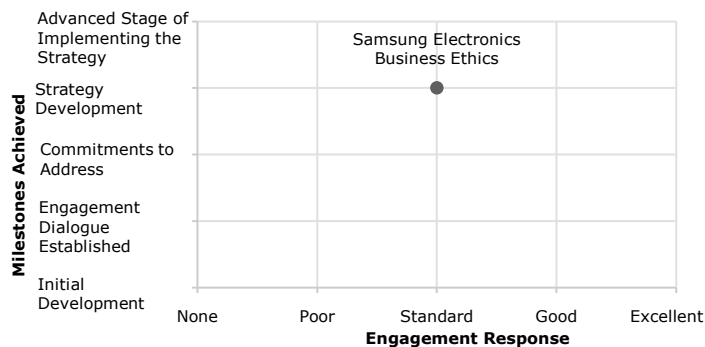
Governance



Total direct company engagements for the portfolio: 1

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%	18
Proposals Voted	100%	116
Proposal Voted Against Management	26%	
Proposal Categories (Top 3)	35%	Board Related
	34%	Audit/Financials
	15%	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 2024

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

C WORLDWIDE ASSET MANAGEMENT FONDSMAEGLERSELSKAB A/S

Dampfaergevej 26 · DK-2100 Copenhagen

Tel: +45 35 46 35 00 · VAT 78 42 05 10 · cworldwide.com · info@cworldwide.com

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