

The background of the entire page is a photograph of a wind farm. Several wind turbines are visible, silhouetted against a bright, hazy sky at sunset or sunrise. The foreground is a field of golden wheat, and the middle ground shows rolling hills with more turbines in the distance.

# Sustainability Report

Global Equities  
Q2 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 Global Equities

## Quarterly Comments

Sustainability factors have played an increasing role in shaping investment portfolios for several years now, influencing to varying degrees how investors assess risks and opportunities. At the same time, the prioritisation of sustainability factors varies across different frameworks, regions, countries and investor segments. This materiality divergence prompts reflections on whether it is even reasonable to adopt a streamlined global sustainability approach or whether a more bespoke approach serves as a better framework for informed assessments and risk analysis.

Globally, there is no universal approach to assessing sustainability factors. Different regions, countries and investor segments prioritise these factors based on their own socio-economic contexts, regulatory environments, and cultural values. Many European investors focus on environmental considerations due to strict EU climate regulations and heightened public awareness of climate change. Conversely, in emerging markets, social issues such as labour practices and community impact might take precedence due to their immediate local relevance.

The fundamental question remains whether sustainability should be pursued as a standardised, one size fits all approach, or rather as a more nuanced framework for decision-making. While a streamlined approach simplifies comparisons and reporting, it risks overlooking regional nuances and the unique qualities of individual companies. In contrast, a more dynamic and adaptable approach allows tailored assessments, capturing the complexities and multifaceted nature of sustainability risks and opportunities.

At C WorldWide, integrating all material risks, including sustainability-related risks, is fundamental to our investment philosophy and process. We prioritise companies with robust corporate governance, durable, tried and tested business models, backed by experienced management teams. Our 30+ year experience shows such companies are better equipped to manage environmental and social challenges, providing a solid foundation for long-term growth.

By prioritising governance, we ensure our investments are both resilient and adaptable to diverse risks and poised to seize opportunities, regardless of geographical focus. This underscores the critical role of effective leadership and management in navigating sustainability challenges.

The varying emphasis on sustainability factors across regions and frameworks should not hinder progress but be seen as a reflection of the diverse nature of sustainability itself. This diversity enriches our ability to conduct informed assessments and rigorous risk analysis. We advocate for a nuanced, comprehen-



## 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

sive approach to sustainability integration that is both anchored with more local priorities but also aligns with global goals and supports adaptive investment strategies capable of thriving in a dynamic world.

Anticipating the future, embracing the complexities of sustainability integration is key for the finance industry to drive meaningful change and sustainable growth. At C WorldWide, we are committed to evolving our strategies and approach to meet the shifting demands of our stakeholders and the world we operate in.

## Portfolio Changes

### Parker-Hannifin

Parker-Hannifin (PH) manufactures motion and control technologies and systems, providing precision-engineered solutions for a wide variety of mobile, industrial, aerospace and defence OEMs. It was founded in 1917 by Arthur L. Parker and Arthur G. Hannifin in Cleveland, Ohio. Initially, the company focused on pneumatic brake systems for trucks and airplanes, but gradually expanded into hydraulic systems, fluid connectors, filtration systems, and various other motion control technologies. Today, PH has operations in over 50 countries. Our internal sustainability analysis framework, LISA, suggests that while PH targets net zero by 2040 and develops products enabling customers to improve energy efficiency, its GHG emissions have increased over the past five years. We view PH's overall sustainability risk as medium.

## Direct Engagements

### Atlas Copco

*Main topics: GHG emissions, SBTi, & supply chain management*

During our engagement meeting with the company, Atlas Copco emphasized its commitment to long-term viability by addressing the challenges associated with Scope 3 emissions and the Science Based Targets initiative (SBTi). These efforts include regular re-baselining of targets, emphasizing decarbonization and customer-focused innovations.

The company develops sustainability targets from the bottom up, with each business division identifying potential improvements. These are then integrated into the group's overall goals, ensuring that sustainability factors are considered early in the acquisition due diligence process.

Atlas Copco also discussed the impact of inflation on Scope 3 emissions, recognizing this as an area requiring further development. Its efforts to enhance circularity include piloting new tools and frameworks, with the service business playing a key role in extending the lifecycle of products.



Safety and supply chain management remain critical, with ongoing initiatives to improve safety standards and ensure supplier alignment with the company's sustainability objectives. Atlas Copco remains proactive in engaging with investors and ratings agencies to convey its sustainability efforts accurately. Atlas Copco continues to lead in sustainable industrial practices, underpinned by a comprehensive approach to integrating environmental and social governance across its operations.

## **Nestlé**

*Main topics: Sustainability implementation & recyclable plastics*

Nestlé remains a leader in sustainable practices in the food and beverage industry, setting realistic goals and methodically planning for future milestones. Unlike Unilever, Nestlé highlighted that it has maintained its 2025 sustainability targets and is strategically planning for 2025-2030, ensuring that these goals are operationally viable.

Progress in recyclable plastics is on track, though adjustments have been made to accommodate industry challenges. In response to EU regulatory changes, Nestlé's historically conservative target-setting has minimized the financial impact, allowing smoother integration of new regulations. Addressing controversies, Nestlé has strengthened its supply chain code of conduct, focusing on human rights, and implementing initiatives like Income Accelerators to enforce compliance among suppliers.

Nestlé's growth strategy emphasizes expanding in strong segments such as pet food and Nespresso, while exploring new markets with products like cold coffee, particularly in Asia. In conclusion, Nestlé's approach combines prudent planning and proactive adaptation to ensure sustainability and business growth in a challenging global environment.

## **Proxy Voting**

### **Amazon.com Inc.**

In total, we voted on 28 shareholder proposals, focusing on the most significant environmental and social issues stated below:

For the proposed shareholder resolutions at Amazon.com Inc., we voted against management but in alignment with Glass Lewis and our internal policy on significant environmental and social issues. We supported the Shareholder Proposal regarding Just Transition Reporting, recognizing the need for additional disclosure on Just Transition planning. We also backed the Shareholder Pro-



posal Regarding Disclosure of Material Scope 3 Emissions, advocating for comprehensive GHG emissions reduction targets that include the entire value chain.

On social issues, we voted in favour of the Shareholder Proposal regarding third-party Assessment of Freedom of Association, believing an independent assessment of Amazon's labour practices is essential. We also supported the Shareholder Proposal regarding the Human Rights Impacts of Facial Recognition Technology, emphasising the need for transparency on the risks associated with Amazon's Recognition technology.

Finally, we endorsed the Shareholder Proposal regarding Report on Working Conditions, considering additional scrutiny of Amazon's working conditions necessary to improve labour standards. These votes reflect our commitment to promoting transparency, accountability, and ethical practices.

### **NextEra**

We voted in line with the management and Glass Lewis's recommendation for the NextEra Shareholder Proposal regarding Lobbying Alignment with Climate Commitments.

Voting against this proposal was justified because:

1. NextEra exceeds legal requirements for disclosing its lobbying activities.
2. The shareholder proposal did not demonstrate deficiencies in NextEra's current disclosure or management of climate-related lobbying.
3. NextEra's approach to lobbying disclosure is comparable to industry peers.

Therefore, based on our assessment and alignment with management, we voted against the proposal, recognizing NextEra's substantial compliance with regulatory standards and industry norms in managing lobbying activities related to climate commitments.

### **Adobe Inc**

We voted on a social issue concerning the Report on Hiring Practices for people with arrest records. We aligned our vote with management and Glass Lewis. Our decision was based on Adobe's demonstrated non-discriminatory practices towards individuals with arrest records, their proactive responsiveness to related issues, and their established safeguards.

### **Carrier Global Corp**

We voted against the management's position on the Shareholder Proposal regarding Lobbying Report, emphasizing our support for increased disclosure.



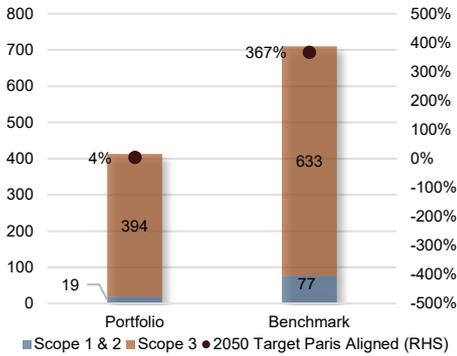
Our stance underscores the importance of providing shareholders with comprehensive information to evaluate the potential risks linked to the company's indirect lobbying activities more thoroughly.

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

# C WORLDWIDE GLOBAL EQUITIES

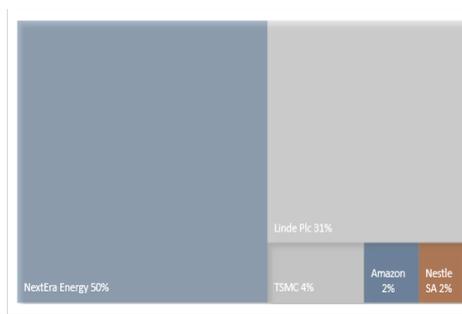
**Sustainalytics Portfolio Risk Rating: Low**  
Benchmark: MSCI All Country World Index

## Emissions Exposure & SDS (tCO<sub>2</sub>e)

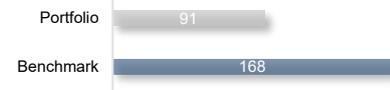


The above graph summarises the portfolio's carbon footprint compared with the benchmark. The Sustainability Development Scenario (SDS) pathway on the right-hand side of the graph is fully aligned with the Paris Agreement. The graph indicates whether the portfolio and benchmark are expected to over-/undershoot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

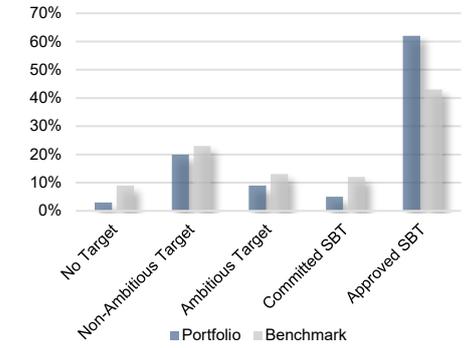
## Top 4 Contributors to Portfolio Emissions



## Carbon Intensity (tCO<sub>2</sub>e/mill. USD revenue)



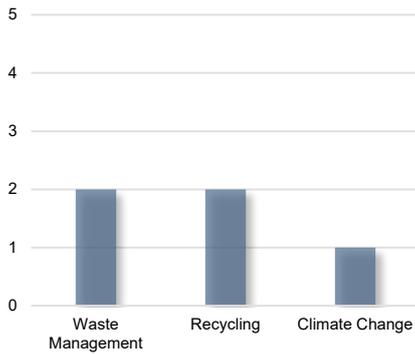
## Climate Target Assessment



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.

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

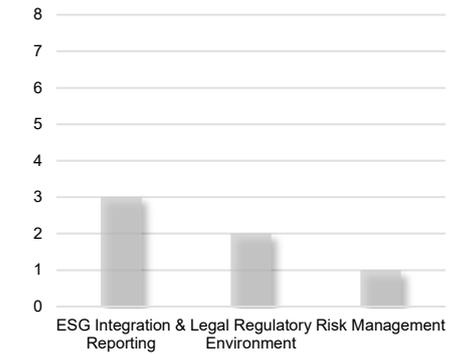
## Direct Engagement Topics Environment



## Social



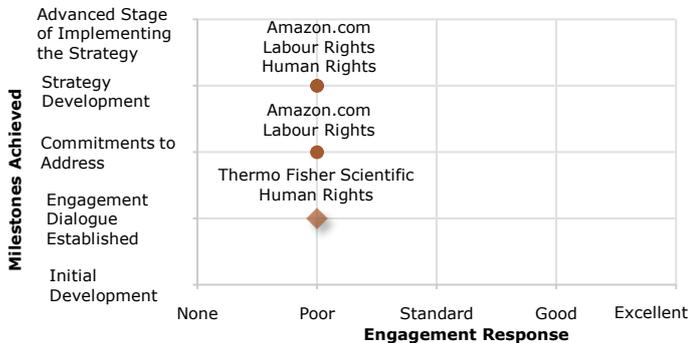
## Governance



**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.

## Proxy Voting

|                                   |     |                  |
|-----------------------------------|-----|------------------|
| Meetings Voted                    | 95% | 20               |
| Proposals Voted                   | 95% | 349              |
| Proposal Voted Against Management | 15% |                  |
| Proposal Categories (Top 3)       | 62% | Board Related    |
|                                   | 12% | Compensation     |
|                                   | 11% | Audit/Financials |

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 of June 2024

Source: Glass Lewis Proxy Voting. Portfolio as of 30th of June 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](http://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](http://cworldwide.com) · [info@cworldwide.com](mailto:info@cworldwide.com)

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