



WORLDWIDE
ASSET MANAGEMENT



ESG Report

Centuria Global Equities

Q4 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 Centuria Global Equities

Quarterly Comments

The last quarter of 2022 saw no halting in ESG initiatives, regulations, and frameworks worldwide. Throughout 2022, ESG specialists have indeed experienced that a great part of their job is not only to analyse ESG data and engage with companies on ESG matters but also to include a significant amount of regulatory analysis to understand and apply the cascade of new regulations emerging globally.

This was also clear from the annual "PRI in Person" conference, the largest conference for responsible investments globally, that we recently attended in Barcelona. Appropriately, the conference was themed "*The coming of age of responsible investments*" and focused on the growing expectations on investors for ESG integration and actions, as well as the unprecedented responsibility of investors to support real economy policy change.

The first part of the conference focused on the environmental aspects of ESG investing, particularly climate. The financial industry is somewhat developed regarding climate matters, target setting, measurements, and reduction plans. Indeed, differences between markets prevail, but many jurisdictions worldwide now have regulations or taxonomies emerging to regulate sustainable finance, specifically regarding climate-related policies. These include Australia, New Zealand, Japan, Hong Kong, China, India, South Africa, Brazil, Mexico, Canada, United States, United Kingdom, and of course, the to-date most developed market for sustainable finance, the European Union.

Another clear message from the conference was that the S in ESG still requires a lot of additional effort and focus. Many market participants struggle to find the best ways to measure and influence the social matters affecting investments. Nonetheless, as would be visible to anyone following societal developments and the world around us, changes in social aspects are happening now. They are driven by movements in society rather than led by political agendas. Most prevalent is the focus on diversity and inclusion and how to develop corporations with diverse workforces that can contribute to heightened synergies for the organisations. This includes financial returns, as numerous surveys have concluded in recent years. Indeed, human capital management, including labour rights, is top of the list when trying to quantify the social matters in ESG.

EU has previously proposed a social taxonomy that would regulate this space to some extent, but it has been put on hold until further notice. During the latter part of 2022, Japan's Ministry of Economy, Trade, and Industry (METI) published Japan's Guidelines on Respecting Human Rights in Responsible Supply Chains, while Australia and the UK have had their Modern Slavery Acts in force for several years. These, however, focus more on supply chain risks and mitigation than the human capital aspect impacting organisations.

Nonetheless, societal change is increasingly being prioritised, and many corporates address diversity and inclusion by setting individual targets for more equal workforces. This is also happening globally, as was seen recently when



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
- 5% Adult Entertainment
- 5% Alcoholic Beverages
- 5% Gambling
- 5% Tobacco Products
- 5% Oil Sands
- 5% Shale Energy
- 10% Thermal Coal
- 25% Oil & Gas Production

Bahrain Kuwait Insurance Company announced the appointment of three women employees to executive positions. In this region, only 3% of company CEOs are women, and the global average is 7% per recent studies published by Heidrick & Struggles.

Portfolio Changes

During the quarter, there were no changes to the portfolio.

Portfolio Sustainability Purpose

During the fourth quarter of 2022, we met with several companies in the portfolio, including MercadoLibre, Cognex Corp, and TransUnion. They all contribute to the portfolio's sustainability journey in the following ways.

MercadoLibre

During the quarter, we attended a meeting with the CFOs and investor relations of MercadoLibre. MercadoLibre is an Argentine company that operates online marketplaces in Latin America, including MercadoLibre.com and MercadoPago. It is a publicly traded company, and as such, it is required to disclose certain information about its environmental, social, and governance (ESG) practices.

MercadoLibre is a play on financial inclusion. Currently, over 50% of the population is unbanked and therefore does not have access to the formal financial system. Through MercadoPago, MercadoLibre is addressing this opportunity.

On the environmental side, MercadoLibre has implemented several measures to reduce its carbon footprint, including the use of renewable energy and the optimisation of its logistics network to reduce transportation emissions. The company also has a recycling program in place to reduce waste.

Moreover, MercadoLibre has also committed to promoting diversity and inclusion in the workplace and has implemented various programs to support this goal. The company also has a philanthropy program that supports education and training initiatives in underserved communities.

Lastly, we believe that MercadoLibre has a strong corporate governance structure in place, with a commitment to transparency and ethical business practices. The company has a code of conduct that outlines its expectations for ethical behaviour, and it has established an independent ethics committee to review and investigate any potential violations of the code.

Cognex Corp

We had an interesting meeting with Cognex's CFO. They are considered the leader in machine vision. Their equipment gives the ability to see, an eye camera and software which acts as the brain. Cognex has systems to ensure responsible mineral and resource sourcing. Cognex's products are increasingly used in health and medical applications; for example, their machine vision products were used in quality control for COVID-19 production processes. Cognex invests in local communities by donating to STEM programs and sponsoring vision-enhancing programs for the visually impaired. Cognex's board has six men and two women.



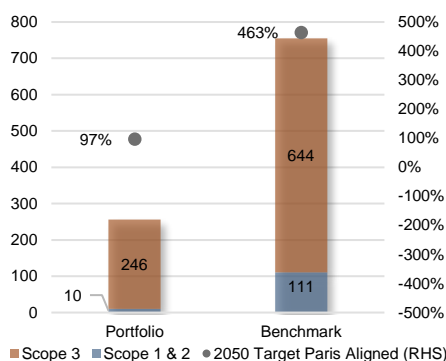
TransUnion

During this quarter, we met with TransUnion. Information solutions companies have a low environmental impact as solutions are primarily technology-based and electronically delivered. TransUnion's solutions help facilitate credit access, while innovations and recent focus areas have been centred around expanding access to a broader set of consumers or at more favourable terms. This includes utilising payment-based risk indicators beyond the traditional credit file, including utility, telco, and rent payments; consumer-permission demand deposit account information; and novel analytics to bring thin/no-credit-file consumers into the lendable population or improving the risk profile of consumers and extending offers at better rates. Additionally, the company's offerings help reduce fraud by authenticating individuals and flagging potential instances of bad actors across lending, digital marketing, and e-commerce use cases, reducing social waste.

Proxy Voting

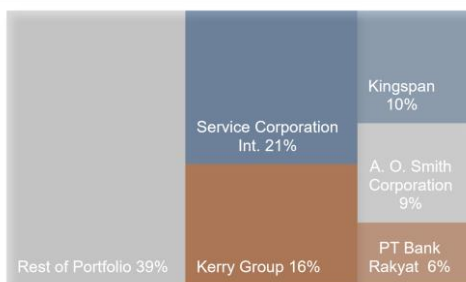
There was limited proxy voting activity in Q4. Please see the statistics below.

Emissions Exposure & SDS (tCO₂e)

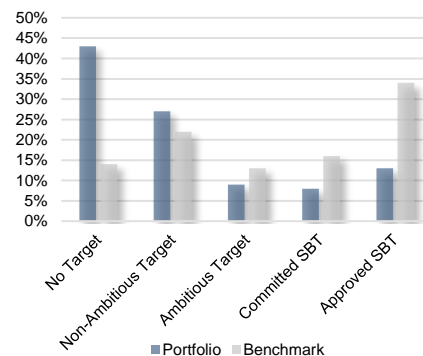


The above graph summarises the portfolio's carbon footprint compared with the benchmark. The Sustainability Development Scenario (SDS) pathway on the right-hand side of the graph is fully aligned with the Paris Agreement. The graph indicates whether the portfolio and benchmark are expected to over-/undershoot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

Top 5 Contributors to Portfolio Emissions



Climate Target Assessment



Carbon Intensity (tCO₂e/mill. USD revenue)

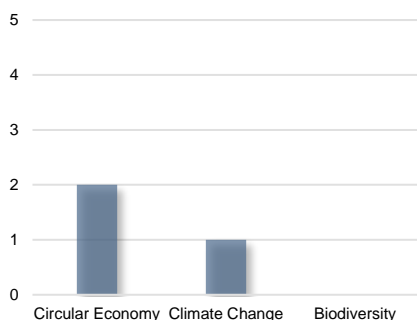


The above graph shows how many of the companies in the portfolio have set climate targets and how ambitious these are. Having ambitious targets, being committed to Science-Based Targets (SBT) or having approved SBT shows close alignment with the Paris Agreement.

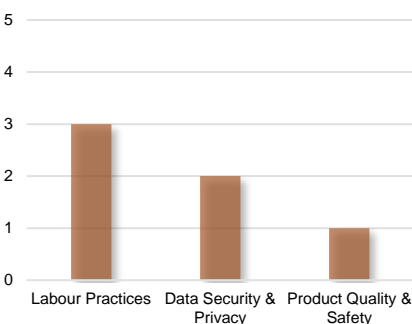
Source: ISS Data Desk (Climate Assessment). Based on a portfolio Value of 1,000,000 USD. Portfolio as of 31st of December 2022

Direct Engagement Topics

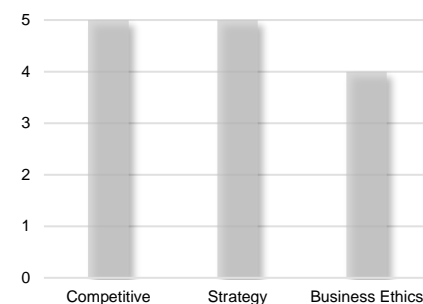
Environment



Social



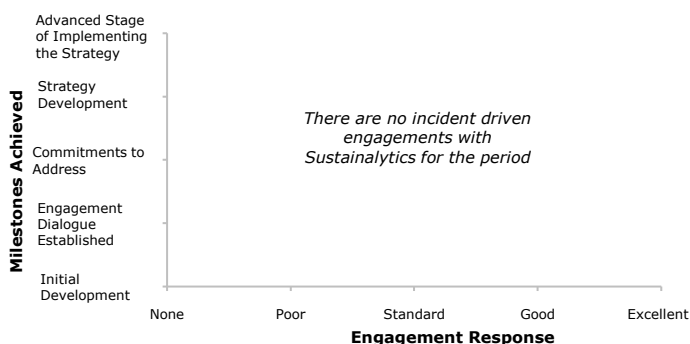
Governance



Total direct company engagements for the portfolio: 5

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%	2
Proposals Voted	100%	22
Proposals Voted Against Management	9%	
Proposal Categories (Top 3)	50%	Board Related
	18%	Audit/Financials
	18%	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 2022

Source: Glass Lewis Proxy Voting. Portfolio as of 31st of December 2022

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Active Investments

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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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