



WORLDWIDE

ASSET MANAGEMENT

A landscape photograph showing several wind turbines in a field of golden wheat under a warm, hazy sunset sky. The turbines are silhouetted against the bright light of the setting sun.

ESG Report

Emerging Markets 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 Emerging Markets 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 weather conditions continue to impact nature and people.

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 cannot 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 shrunk.

Extreme weather events impact global food production, transportation, and energy sectors worldwide. Besides Europe, India was hit by heat waves affecting wheat production; heavy summer rains hit China and destroyed rice fields, while later heat waves made crucial waterways dry out and hurt the production of corn and soy, for example, affecting China's most important crops that are used to feed pigs which is 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. ECB concludes that temperature is non-negligible in driving medium-term price developments, which is 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.



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

During the quarter, we initiated a position in Computer Age Management Services (CAMS), a leading Registrar and Transfer Agent (RTA) player in India with nearly 70% market share. The RTA segment has a duopoly between CAMS and Karvy. Almost 4 out of top 5 (and 9 out of the top 15) asset managers are its clients. History suggests there has never been any churn amongst its clients, demonstrating the business's sticky nature. As an RTA, CAMS can provide critical back/mid-office solutions at a cost-effective price by leveraging its platform and distribution/service reach. CAMS has opportunities in the insurance, PMS and AIF segments as well. The company will benefit immensely from the financialisation of savings in India.

By driving the industry towards paperless and more efficient solutions which enable greater financial inclusion, the company aids a noble cause through technology-led sustainable means. Moreover, the Company's CSR programmes have invested in environmental causes and projects to support education and health measures for vulnerable groups. These projects are implemented on a pan- India basis. During the year, the company partnered with an NGO on an environmental project to restore two lakes and create two urban forests.

CAMS being a technology-driven financial infrastructure and services provider to mutual funds and other financial institution we see them as having a low ESG risk. One of the most material issues CAMS could face would be within business ethics.

Direct Engagements

During the third quarter of 2022, we met with several companies in the portfolio, including Techtronic Industries.

Techtronic Industries

During this quarter, we met with Techtronic Industries, where we discussed their product development, especially focusing on the sustainable aspects of their products. We see Techtronic as a very innovative company helping push the sustainable agenda within power tools. There has been a significant push to substitute gas-powered tools with electric and cordless power tools. Moreover, they have extensively focused on driving their agenda of the battery pack ONE+ platform, enabling sharing of batteries among many tools and leading software. Both these initiatives help promote a more viable and sustainable approach.

Moreover, they are progressing in their ESG partnerships and initiatives, focusing significantly on the UN SDGs and several reporting standards such as TCFD.

Proxy Voting

There was a relatively limited proxy voting activity in Q3. We voted against management on several instances and in one instance where we voted against ISS Sustainability policy.

We find it very important that the directors elected also show commitment to attending committee meetings, therefore, we voted against management for four of the proposals.

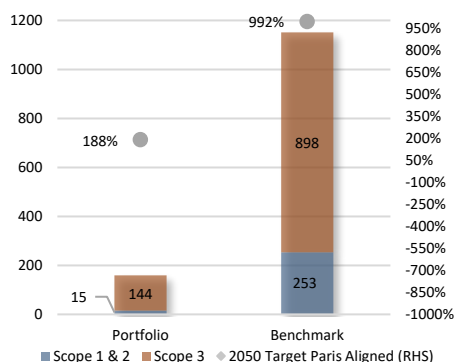
Jiangsu Hengli Hydraulic Co., Ltd.

We voted against ISS and thereby with management on the proposal of electing Chen Bo as Director. ISS Sustainability Policy rationale for voting against this proposal is due to the lack of diversity in the board. We do value diversity highly, but we also believe that maintaining a highly qualified director is essential for the company. Bo's significant experience at the company is of great importance for the company at the current juncture.

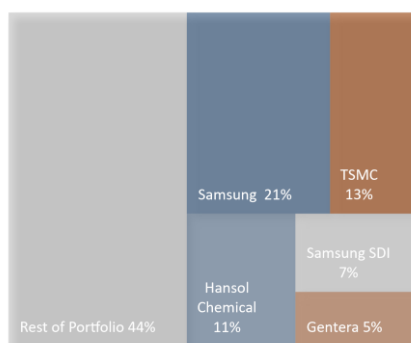
C WORLDWIDE EMERGING MARKETS EQUITIES

Sustainalytics Portfolio Risk Rating: 23.1

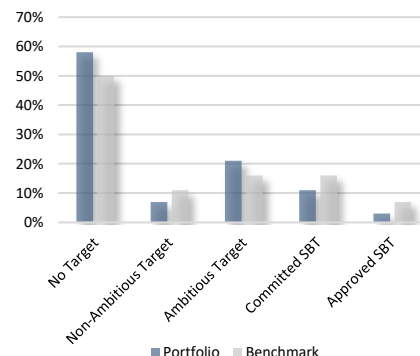
Emissions Exposure & SDS (tCO₂e)



Top 5 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.

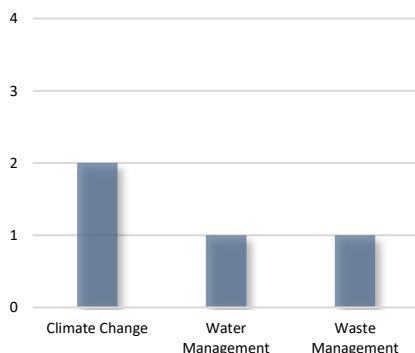
Carbon Intensity (tCO₂e/mill. USD revenue)



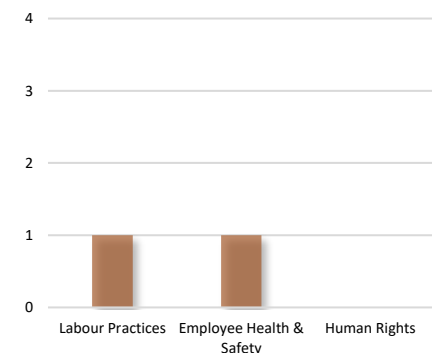
The above graph shows how many of the companies in the portfolio have set climate targets and how ambitious these are. Having ambitious targets, being committed to Science-Based Targets (SBT) or having approved SBT shows close alignment with the Paris Agreement.

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

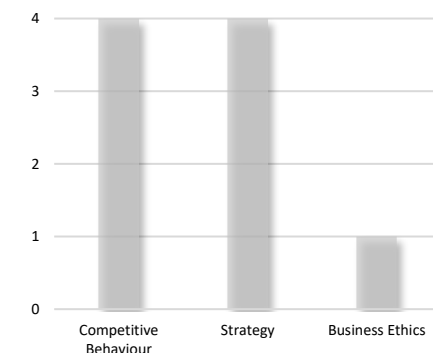
Direct Engagement Topics Environment



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%	16
Proposals Voted	100%	98
Meetings with at Least One Vote Against Management	31%	
	47%	Director Election
Proposal Categories (Top 3)	13%	Routine Business
	12%	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.

Please find more of our ESG Reports on cworldwide.com

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