



Sustainability Report

Stable 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 Stable 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



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

students studying the minor Critical Cases in Sustainable Investments and for 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 initiated positions in Ross Stores and Progressive.

Ross Stores is one of the leading off-price retailers in the US selling apparel and home fashion at discount prices in ~1.800 stores. Ross Stores also operate over 350 discount stores under the brand DD's Discounts. An off-price retailer sells a wide assortment of styles and fashions to everyone in low-cost stores but with the ambition of selling quality branded goods at competitive prices. The off-price concept is and has been a success in the US for many years. Material sustainability factors for Ross Stores include circularity and waste management for which we see some efforts taken by the company, but also room for improvement to match peers.

Progressive is one of the largest auto insurance companies in the US. Its business segments are split as follows: 79% of premiums are personal car insurance, 16% are commercial vehicle insurance, and 5% are property insurance. Progressive was the first carrier to implement credit ratings into risk pricing. It was early in embracing telematics and the first carrier to offer online policy quotes and 24-hour claims service. Progressive has constantly found small data and analytical edges, leveraging significant technology investments to gain marginal advantages. Given the data-centric approach of Progressive (i.e., monitoring geoplacing, driving behaviour and peripheral data), it is exposed to significant cyber-security risk. Further, given the importance of insurance to many people, wrongful practices (not paying out premium), ethical considerations (problem of underinsurance or insurance being too expensive for some), and marketing practices, further expose Progressive to social risks. Progressive tends to manage these risks quite well, and trains its employees on cybersecurity issues and has evidence of regular internal and external vulnerability assessments in this context.



Direct Engagements

Osisko

The Canadian precious mining company, Osisko, has not committed to specific net zero targets but is committed to invest in assets with lower climate risk profiles and credible net zero targets and plans, where possible. Osisko developed its first climate change strategy during 2023 covering the period 2024-2027. The strategy commits the company to better understand the risk management processes and decarbonization plans of mining partners, encouraging them to explore and pursue net zero targets. We are keen to follow the development of Osisko within this area.

Hitachi

Hitachi's digital talent workforce grew from 83,000 in fiscal 2022 to 95,000 in fiscal 2023, approaching their target of 97,000 by fiscal 2024. This expansion of digital expertise is crucial for Hitachi's focus on their Lumada business and ability to leverage emerging technologies like generative AI. This however also require decent human capital management and solid talent development programs to retain the valuable workforce. We do see Hitachi accelerating in this space and will follow the intense employee growth with interest.

On climate action, Hitachi proudly achieved a 74% reduction in GHG emissions at their business sites compared to the base year of fiscal 2010. Hitachi is a CDP A-list company and has ambitious emissions and energy intensity reduction targets as part of its sustainability strategy. Management remuneration also include ESG performance metrics.

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.

Microsoft

We supported a shareholder proposal regarding a report on AI misinformation and disinformation, aligned with Glass Lewis but opposing management recommendations. While the company has taken steps, including publishing its inaugural Responsible AI Transparency Report and adhering to the European and Australian Codes of Practice for Disinformation and Misinformation, we identified areas for improvement. Specifically, the company's disclosures lack sufficient detail on the effectiveness of its efforts to mitigate misinformation and disinformation. We believe the company should expand its reporting to address how it mitigates risks to its operations and finances stemming from AI-generated misinformation and disinformation.



Procter & Gamble Co.

We opposed a shareholder proposal regarding a median gender and racial pay equity report, aligning with both management and Glass Lewis recommendations.

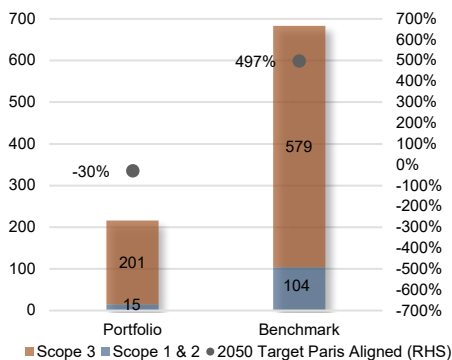
As per the Glass Lewis analysis, P&G has provided comprehensive disclosures regarding pay equity, including the results of its 2023 global and U.S. workforce pay equity analysis. The company confirmed equitable pay for comparable roles and performance, regardless of gender or ethnicity, based on audits conducted across multiple countries. Additionally, P&G has committed to continuing its annual public disclosure of its adjusted gender pay gap globally and race/ethnicity pay gap in the U.S., which addresses the proposal's key concerns.

Automatic Data Processing Inc.

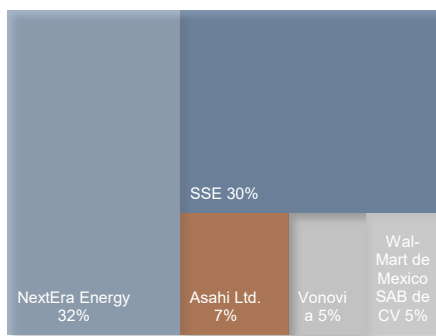
The Advisory Vote on Executive Compensation proposal was opposed, going against both management and Glass Lewis recommendations. The grants under the long-term incentive plan were found to be insufficiently performance-based, and the minimum vesting period for awards granted under the plan was deemed too short.

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

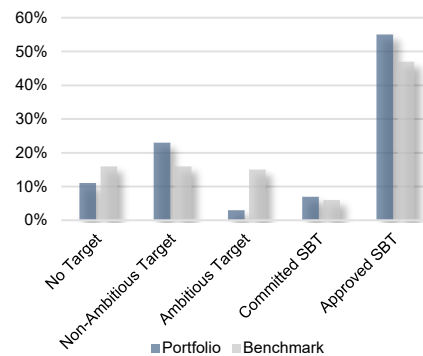
Emissions Exposure & SDS (tCO₂e)



Top 4 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)

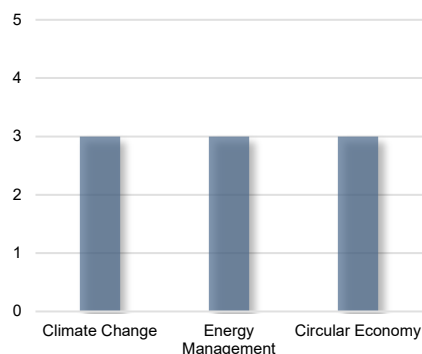


The above graph shows how many of the companies in the portfolio have set climate targets and how ambitious these are. Having ambitious targets, being committed to Science-Based Targets (SBT) or having approved SBT shows close alignment with the Paris Agreement.

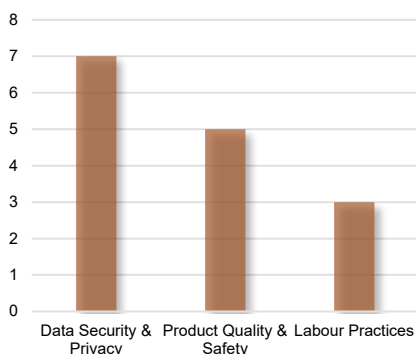
Source: ISS Data Desk (Climate Assessment). Based on a portfolio Value of 1,000,000 USD. Portfolio as of 31st of December 2024

Direct Engagement Topics

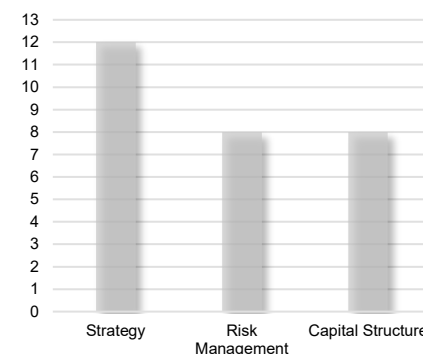
Environment



Social



Governance



Total direct company engagements for the portfolio: 12

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%	5
Proposals Voted	100%	65
Proposal Voted Against Management	14%	9
	72%	Board Related
Proposal Categories (Top 3)	6%	Compensation
	6%	SHP: Social

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

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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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