





## 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 Nordic 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?



## 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, assault weapons
- 5% Small Arms, small arms or key components to small arms
- 5% Adult Entertainment
- 5% Alcoholic Beverages
- 5% Gambling
- 5% Tobacco Products
- 5% Oil & Gas, oil and gas exploration, production, refining, transportation, or storage
- 25% Oil & Gas, generation of electricity from oil or gas
- 5% Thermal Coal, thermal coal extraction
- 5% Thermal Coal, generation of electricity from thermal coal
- 5% Oil Sands
- 5% Shale Energy

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 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 a position in the Swedish platform company Spotify.

Spotify is a leading global music streaming service provider, with over 600 million monthly active users and 250 million paying subscribers, with the latter comprising the firm's premium segment. Most of the firm's revenue and nearly all its gross profit come from the subscribers, who pay a monthly fee to access a very comprehensive music library that consists of most of the most popular songs ever recorded, including all from the major record labels. The firm also sells separate audiobook subscriptions and integrates podcasts within its standard music app. Podcast content is not exclusive and is typically free to access on other platforms. Ad-supported users can access a similar music catalogue but cannot customize a similar on-demand experience. Human capital and data privacy & security are material sustainability factors to Spotify. In 2023, to promote diversity, Spotify launched GLOW, a global music program celebrating and amplifying LGBTQIA+ creators. The company is also doing a lot of work in mental health, for example through a collaboration with UNICEF. As for data privacy, Spotify has implemented several safeguards to protect against the unauthorized access and unnecessary retention of personal data in its systems, including pseudonymization, encryption and retention policies.

## Direct Engagements

### Atlas Copco

We met with the VP of Sustainability to get an update on Atlas Copco's sustainability strategy.

Atlas Copco's sustainability strategy is firmly integrated into its business model, with recently updated sustainability targets emphasizing circularity, climate transition, and gender balance in leadership.



The company's focus on energy efficiency across its product lines, particularly compressors, highlights its commitment to reducing environmental impacts and enhancing customer value. Efforts to integrate circularity principles into product design and lifecycle management further support sustainable growth opportunities. While Atlas Copco has made progress in reducing Scope 1 and 2 emissions, challenges remain in tackling Scope 3 emissions, which depend heavily on decarbonizing global energy grids.

Regulatory compliance, including alignment with the EU taxonomy and CSRD, presents ongoing complexities that require adaptive strategies. The company is also investing in human capital management, with decentralized approaches tailored to regional needs, and linking ESG metrics to executive compensation to reinforce accountability.

These efforts, coupled with market expansion into areas like hydrogen compression and battery technology, should position Atlas Copco to address both current sustainability responsibilities and emerging opportunities in a competitive landscape.

## **Munters**

We met with Munters to discuss business and sustainability strategy updates, specifically climate action and energy efficiency initiatives, human capital management, supply chain resilience, and remuneration practices.

Munters committed to SBTi in early 2024. They have spent over two years mapping scope 3 emissions and conducting life-cycle analyses for all product groups, aiming for transparency and expanded reporting under the CSRD. Future targets include validating SBTi goals and setting Environmental Product Declarations (EPDs) for all products.

Revenue aligned with the EU taxonomy decreased in 2023, but the framework has driven a stronger ESG mindset across the organization.

On human capital matters, we discussed workplace safety, where Munters has had a few incidents. The company has introduced what they call the STOP program, a program to clarify guidelines around safety, which has improved safety, reducing incident rates. However, growth, high production utilization, and acquisitions have added complexity to safety metrics. Temporary workforce utilization also impacts safety progress.

Munters aims to increase female employees and leaders. Acquisitions with lower female representation have hindered progress. There's an effort to encourage women to apply for leadership roles, especially salary-setting positions.

100% of suppliers has signed Munters' Supplier Code of Conduct over the past three years, with audits and self-assessments in place. Efforts to stabilize supply chains include sourcing locally and minimizing dependence on China and instead trying to increase the share of supply from Central America. Supply chain resilience was stress-tested during COVID-19, leading to alternative suppliers.



Sustainability KPIs (e.g., gender diversity, energy intensity) are part of compensation structures by 30% of remuneration. The sustainability KPIs however vary yearly. Each business areas hold responsibility for the sustainability agenda.

## **SSAB**

We met with SSAB to discuss the sustainable outlook for steel production and how SSAB navigates in this space.

Tariffs and the CBAM (Carbon Border Adjustment Mechanism) are shaping the steel market. CBAM, effective from 2026, is expected to benefit SSAB by leveling competition against imported steel with lower CO<sub>2</sub> standards. SSAB's focus on fossil-free steel production and patented processes positions it favourably against competitors relying on offsets.

SSAB's fossil-free strategy involves a closed-loop system addressing Scope 3 emissions and the production of recycled steel under the "SSAB Zero" program. Although these account for a minor share of production, demand in sectors like renewable energy, especially in the US, is growing. Unlike competitors relying on offsets, SSAB emphasizes direct reductions and third-party certification of its low-emission products.

Significant steps are being made to reduce emissions, including investments in renewable energy and new smelting technologies. Plans include phasing out coal in production, with milestones like the Luleå site transition set for 2028. Emission reduction targets have increased to 48% by 2033, covering substantial parts of Scope 3 emissions.

Sustainability is embedded in SSAB's operations, with annual Scope 3 reporting aligned to SBTi targets and remuneration linked to metrics such as injury frequency and sales of fossil-free steel. New CEO Johnny Sjöström, a long-time executive, is expected to strengthen the company's niche strategy and sustainability focus. While challenges remain, SSAB continues to lead in innovative and environmentally responsible steel production.

## **Proxy Voting**

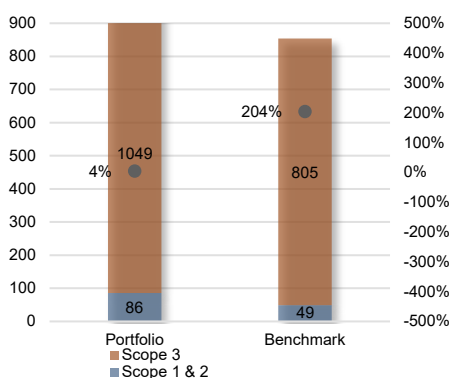
While the number of AGMs held in the last quarter of the year was significantly lower than in the previous quarters, proxy voting remained active.

## **Mowi ASA**

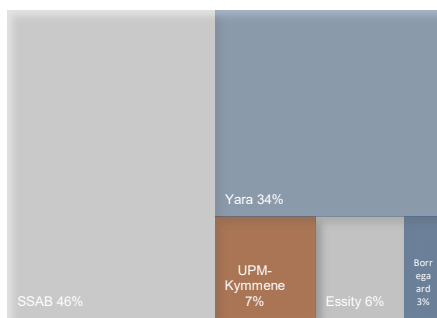
The election of Ørjan Svanevik to the Board of Directors was opposed, against both management and Glass Lewis recommendations. The nominee is not independent, and the Board lacks sufficient independence. Additionally, the Board has failed to establish critical committees, such as an audit or compensation committee, which are essential for robust governance.

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

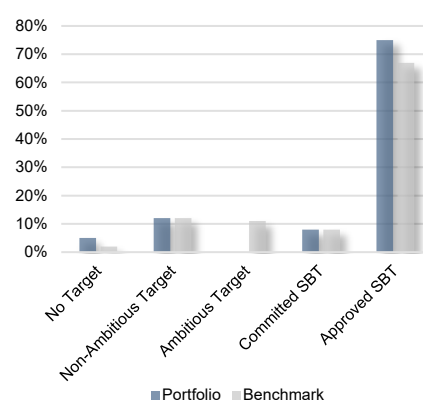
## Emissions Exposure & SDS (tCO<sub>2</sub>e)



## Top 4 Contributors to Portfolio Emissions

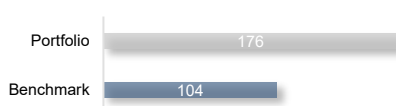


## Climate Target Assessment



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.

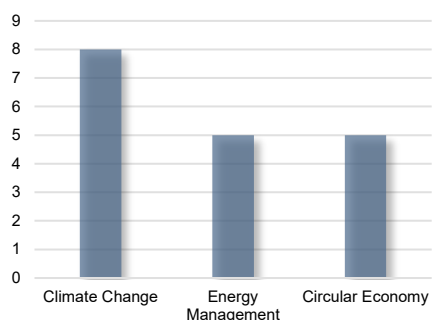
## Carbon Intensity (tCO<sub>2</sub>e/mill. USD revenue)



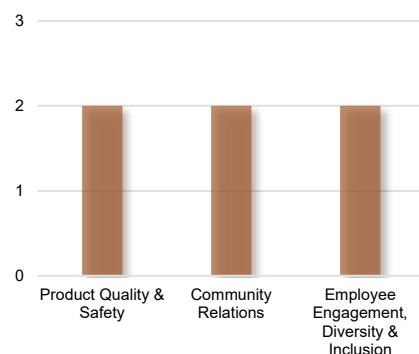
The above graph shows how many of the companies in the portfolio have set climate targets and how ambitious these are. Having ambitious targets, being committed to Science-Based Targets (SBT) or having approved SBT shows close alignment with the Paris Agreement.

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

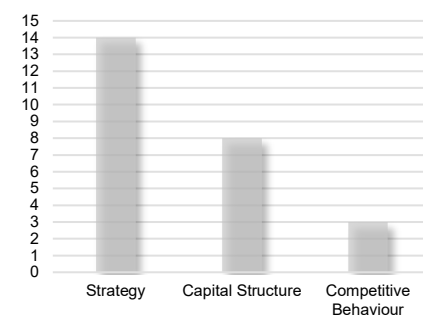
## Direct Engagement Topics Environment



## Social



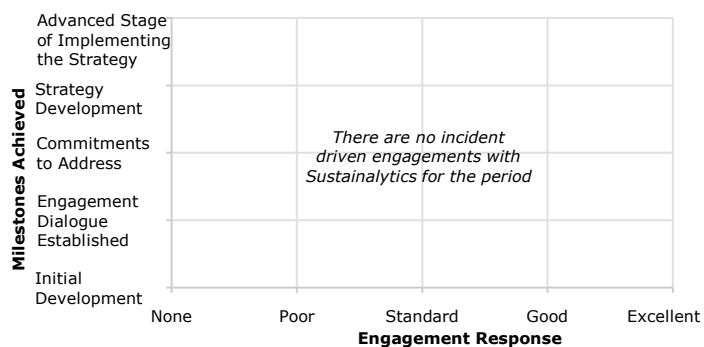
## Governance



### Total direct company engagements for the portfolio: 19

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%	1
Proposals Voted	100%	4
Proposal Voted Against Management	25%	1
Proposal Categories (Top 3)	75%	Meeting Administration
	25%	Board Related
	N/A	

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 31<sup>st</sup> of December 2024

Source: Glass Lewis Proxy Voting. Portfolio as of 31<sup>st</sup> 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.se](http://cworldwide.se).

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