



# Sustainability Report

Healthcare Select

Q1 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 prioritize what matters most

Extensive screening to ensure norm-based alignment

# C WorldWide Healthcare Select

## Quarterly Comments

Can AI bridge the gap in ESG data transparency and measurability, thus offering a solution to the longstanding challenges faced by investors?

For years, Sustainability-related data has been discussed for its opacity and lack of comparability, potentially hindering effective decision-making and risk management. However, with the advent of AI, we find ourselves at a crossroads, presented with an opportunity to reassess the way we source and analyze, Sustainability-related information.

At its core, AI has the potential to empower investors by extracting actionable insights from complex datasets, thereby enabling more informed decision-making processes. Through advanced algorithms, AI can uncover patterns and correlations within Sustainability data, providing a deeper understanding of companies' performance. AI-driven analytics offer the potential to enhance the reliability and accuracy of Sustainability ratings and assessments.

Nevertheless, as we embrace the potential of AI, it is essential to stay mindful and aware of potential challenges. The black-box nature of AI algorithms raises concerns regarding accountability, fairness, and ethical implications. Bias in data collection and algorithmic decision-making can exacerbate existing inequalities and perpetuate systemic injustices. The increasing reliance on AI can therefore, inadvertently, lead to a sense of complacency, where human judgment and intuition are overshadowed by algorithmic outputs.

While AI can enhance decision-making processes, it should not replace human judgment and intuition entirely. A balanced approach that combines AI capabilities with human expertise and judgment is crucial for maximizing the benefits of data analytics.

We are tasked with navigating these uncharted waters with caution and foresight. Our commitment to innovation and progress compels us to explore the potential of AI in enhancing our efforts in integrating material sustainability-related risks and opportunities. However, we must also remain vigilant, ensuring that our pursuit of technological advancements is guided by principles of transparency, accountability, and ethical integrity.

One thing seems sure. The convergence of AI and Sustainability represents a paradigm shift in the way we approach sustainable finance.



## 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
- 0% Adult Entertainment (production, owning or operating establishments)
- 5% Alcoholic Beverages
- 5% Gambling
- 0% Tobacco Products (manufacturing)
- 0% Oil & Gas (exploration, production, refining, transportation, and storage)
- 25 % Oil & Gas
- 0 % Thermal Coal (extraction)
- 5 % Thermal Coal (generation of electricity)
- 0% Oil Sands
- 0% Shale Energy

## Portfolio Changes

New holding in the fund is Penumbra. A US based medtech company specializing in manufacturing novel thrombectomy devices to remove blood clots safer, simpler and quicker compared to other techniques. The company has seen strong revenue growth and is continuing to innovate the space and gain market share. Company is led by the founding CEO Adam Elsesser which we recently met at their headquarters. The company has a strong corporate culture with 50% women employed and 50% of management team being women as well and has a strong equal opportunity policy with generous employee benefits. When it comes to the environment, Penumbra lacks disclosure on emissions and has not yet set SBTs, but has a policy focused on minimizing electrical consumption, manage emissions hazardous waste and emissions. Primary manufacturing in Alameda, California is since 2020 running on 100% renewable energy.

## Direct Engagements

### Biomarin

We met with recently appointed CEO, Alex Hardy, and discussed his vision for the company going forward with a focus on increasing profitability, rationalizing R&D spend and maximizing value of products on the market. Biomarin has been a laggard when it comes to sustainability reporting, but with a new leadership we expect reporting to improve going forward.

### iRhythm

We met with the IR team of the company at their headquarters in California. Company has significantly improved ESG reporting and aims to continue to further improve reporting in coming years.

### Iovance

We met with Fredrich Graf Finckenstein, CMO, and Jean-Marc Bellemin, CFO ahead of their approval for their novel oncology drug Amtalvi which was approved in February. Focus on the meeting was on science, clinical data and likelihood of FDA approval, but we also vetted our sustainability questions from our LISA model and pushed the company for improved reporting going forward.

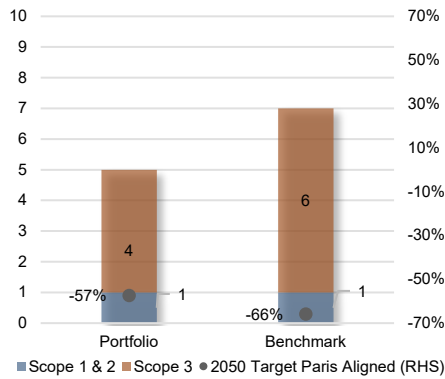
### Outset Medical

We had a meeting with the CFO of the company focusing on path to profitability, FDA related issues and manufacturing.

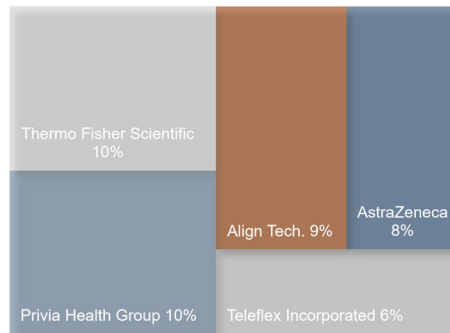
## Proxy Voting

Novo Nordisk, we voted against the election of Henrik Poulsen as Vice Chair as he is not independent and sits on the audit committee and abstained on the election of Martin Mackay due to potential overcommitment.

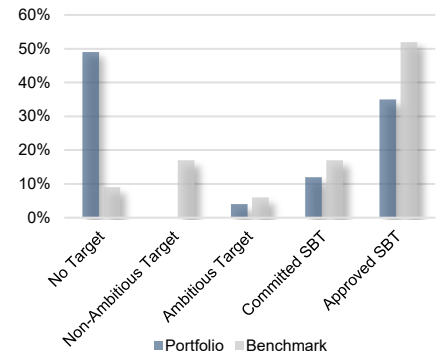
### Emissions Exposure & SDS (tCO<sub>2</sub>e)



### Top 5 Contributors to Portfolio Emissions

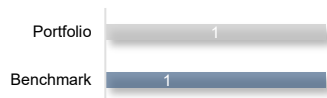


### Climate Target Assessment



The above graph summarizes 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.

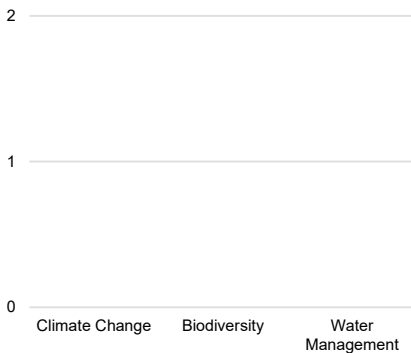
### Carbon Intensity (tCO<sub>2</sub>e/mill. USD revenue)



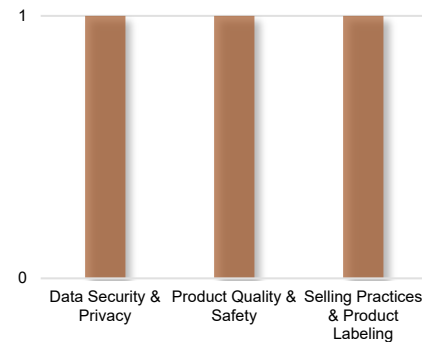
The above graph shows how many of the companies in the portfolio have set climate targets and how ambitious these are. Having ambitious targets, being committed to Science-Based Targets (SBT) or having approved SBT shows close alignment with the Paris Agreement.

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

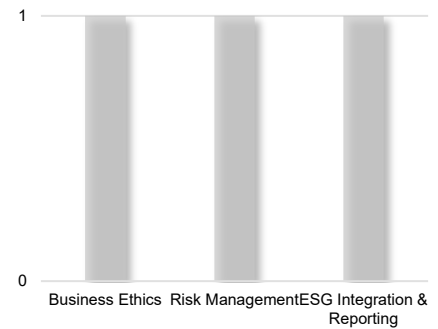
### Direct Engagement Topics Environment (E)



### Social (S)



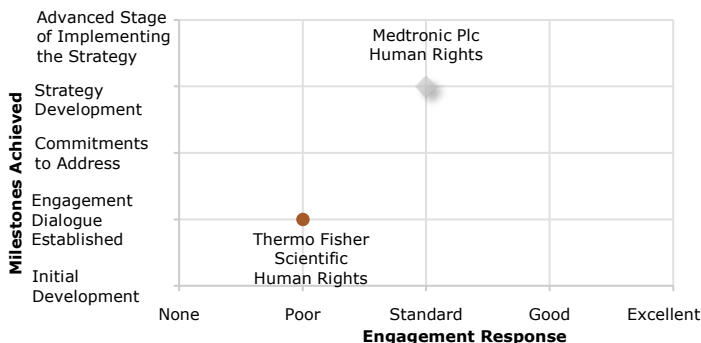
### Governance (G)



### 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	100%	3
Proposals Voted	100%	41
Meetings with at least one vote against management	5%	
	41%	Board Related
Proposal Categories (Top 3)	15%	Audit/Financials
	15%	Capital Management

We utilize proxy voting to emphasize 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 March 2024

Source: Glass Lewis. Portfolio as of 31<sup>st</sup> of March 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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