

A landscape photograph showing a field of golden wheat in the foreground. In the middle ground, there are several wind turbines silhouetted against a bright, hazy sunset sky. The fields are rolling and have distinct agricultural patterns.

Sustainability Report

Centuria Global 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 Centuria Global 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% 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
- 10% 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

There were no changes to the portfolio during the quarter.

Direct Engagements

Clean Harbors

We met with the company to gain additional insights on their sustainability efforts. The company recently released new sustainability initiatives with revised targets to meet its overall goals specifically within environmental matters. Key priorities include achieving net climate benefits, enhanced PFAS and water filtration activities, and tackling Scope 3 emissions challenges. A key element of the revised report is to provide clear communication to stakeholders regarding the value generated through these initiatives.

PFAS cleanup remains a critical growth segment, with high barriers to entry and an estimated \$300B market. The company's strong position, supported by limited competition from Veolia and others, is expected to generate \$100M in revenue, leveraging advanced disposal and treatment methods. Upcoming regulatory frameworks will further shape this segment.

Human capital wise, employee turnover has improved significantly, down to 30%, a change of 400 bps, reflecting increased focus on retention strategies, particularly in ensuring employees remain beyond their first year and build careers within the organization.

AAK

We have regularly met with AAK, but this meeting had a focus on ultra-processed food (UPF), as we wanted to better understand how AAK defines and operates within this field taking into consideration its product offerings within



refined vegetable oils that primarily supports the food ingredients sector and chocolate & confectionery producers. We also discussed ingredients sourcing and deforestation regarding palm oil and soy. In the meeting was the Sustainability Director as well as IR representatives.

AAK has set aspirational sustainability targets, as they put it. Meaning that the targets are set to aspire change, but not necessarily met. For verification of sustainable sourcing of palm oil and soy AAK has a target of 100% verification. By end 2023 the company had reached 83% for palm oil, but only 25% for soy. The main reason for the low figure is that some areas lack the opportunity for verification. AAK is currently doing a biodiversity assessment to inform the impact of climate change of resourcing areas. It is expected to finalise in Q1 2025.

The discussion on UPF was a bit vague unfortunately. AAK does not see UPF as inherently bad just because it is processed and reflected upon whether a bottle of water is also processed. They note however that consumers are more aware of what they eat from a health perspective, which can impact product offering at AAK's client base. It turned out the IR representatives knew more about sustainability matters at the firm than the sustainability director, which we will try to address and prepare for in future meetings.

Ryan Speciality

It was an impressive line-up of company representatives we met with in our most recent meeting with Ryan Speciality including the founder Patrick Ryan, CEO Tim Turner, President Jeremiah Bickham, CCO Michael Blackshear, as well as Head of IR Nick Mezick.

Ryan Specialty is a key player in the Excess & Surplus (E&S) insurance market, catering to the rising demand for non-standard insurance solutions. The company focuses on underwriting, administration with minimal human intervention, and distribution. Ryan Specialty, holding a 20% market share, identifies significant opportunities in sectors like transportation (e.g., long-haul trucking), residential construction, and cyber risks linked to geopolitical dynamics.

We discussed the governance structure of the company, as Patrick Ryan owns approximately 13.0% of the company's Class A common stock and 79.2% of the company's Class B common stock, representing approximately 74.0% of the aggregate voting power of the company's stock and can ensure the election of each of the nominees without action on the part of any other shareholder. Ryan assured that this is not meant to be a permanent instalment.

The board has a 15.4% gender diversity rate, and as quoted by Ryan, the lack of diversity in the insurance industry is embarrassing. To challenge this, Ryan Specialty formed in 2022 WOW! (Women. Opportunity. Winning.), a platform designed to support and empower the women of Ryan Specialty. Further to create awareness and attract a diverse talent pool the company established the Ryan Insurance Program for Success and Equal Opportunity (R.I.S.E.) in launching a Risk Management Program at the historically black college, Fisk University.

Human capital management is central to Ryan Specialty's strategy. The company has established Ryan Specialty University, which combines classroom



learning and on-the-job training to develop talent. The company maintains a strong retention rate of 90-95%, slightly better than industry benchmarks, despite the fast-paced nature of the work. Efforts to attract top talent include competitive benefits and fostering a collaborative culture.

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.

Ferguson Enterprises Inc.

We supported the election of Bill Brundage, aligning with management recommendations but opposing Glass Lewis's recommendation.

The rationale was based on the recognition of the CFO's valuable role on the board. Ferguson classifies Brundage as "Non-Independent," but this classification does not violate any Code of Corporate Governance or the NYSE Listed Company Manual. The CFO brings a unique skill set that enhances board decision-making. While having a CFO on the board is not mandatory, there is no reason to exclude them solely based on their executive role.

Resmed Inc.

We voted in favor of an advisory vote on executive compensation, aligning with both management and Glass Lewis recommendations.

The grants under the long-term incentive plan, while lacking a strong performance-based structure and having a minimum vesting period that is considered too short, were nonetheless accepted. The ESG Policy evaluates how well a company links compensation with environmental and social criteria, and this plan does include such considerations. The plan also allows for the retesting of performance conditions, with long-term incentives measured over three years and tied to total shareholder return (TSR) as well as earnings. Despite some concerns, the plan was deemed acceptable under the current circumstances.

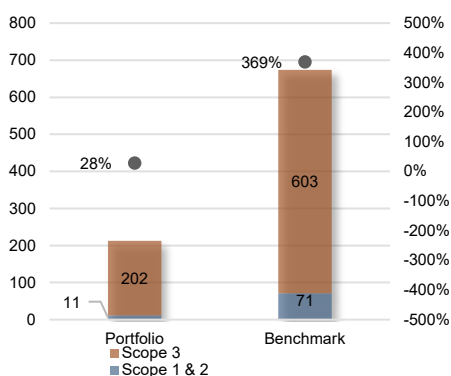
Kerry Group Plc

We supported the Kerry Dairy transaction in line with management and Glass Lewis recommendations. The transaction aligns with Kerry's strategic focus on its core taste and nutrition business, which contributes over 90% of the Company's EBITDA. It is part of a broader restructuring process, following previous divestitures in 2021 and 2023.

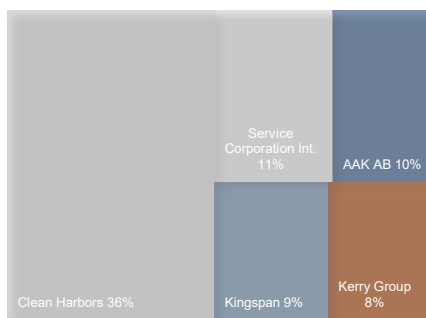
A full list of all meetings voted is available upon request or can be retrieved directly from the C WorldWide website.

Sustainalytics Portfolio Risk Rating: Low
 Benchmark: MSCI All Country World Index

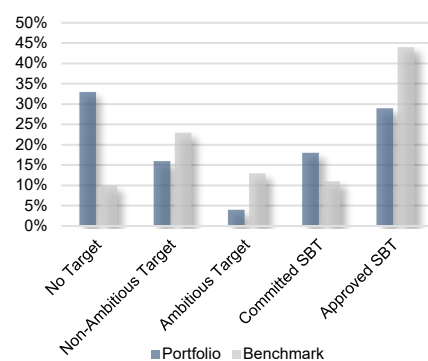
Emissions Exposure & SDS (tCO₂e)



Top 5 Contributors to Portfolio Emissions

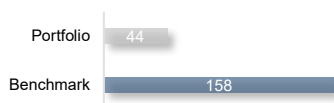


Climate Target Assessment



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)

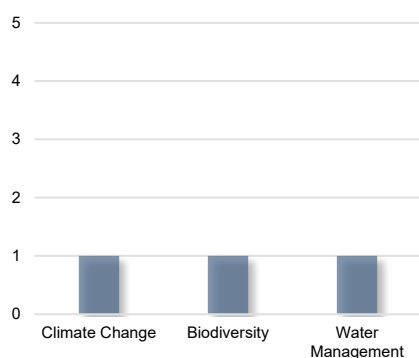


The above graph shows how many of the companies in the portfolio have set climate targets and how ambitious these are. Having ambitious targets, being committed to Science-Based Targets (SBT) or having approved SBT shows close alignment with the Paris Agreement.

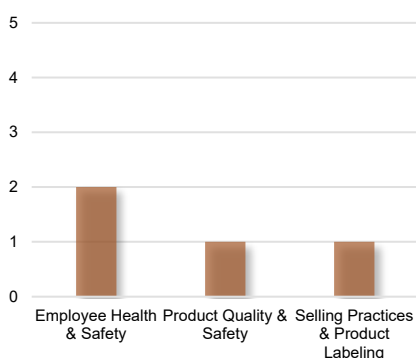
Source: ISS Data Desk (Climate Assessment). Based on a portfolio Value of 1,000,000 USD. Portfolio as of 31st of December 2024

Direct Engagement Topics

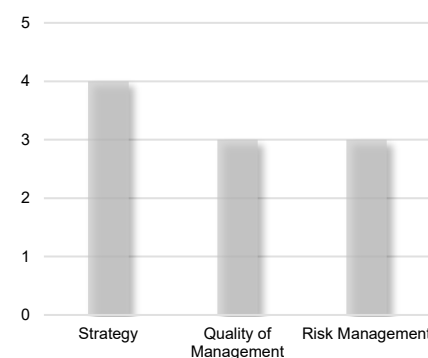
Environment



Social



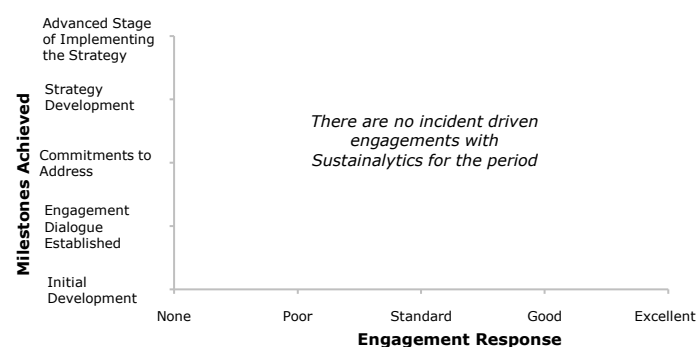
Governance



Total direct company engagements for the portfolio: 6

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%	4
Proposals Voted	100%	32
Proposal Voted Against Management	9%	3
Proposal Categories (Top 3)	72%	Board Related
	33%	Compensation
	14%	Audit/Financials

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

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.

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