



Sustainability Report

Asia 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 Asia 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 students studying the minor Critical Cases in Sustainable Investments and for



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

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

During the quarter, we initiated positions in Meituan and KE Holdings.

Meituan is the largest food delivery service in China. We believe the company has an overall relatively solid sustainability profile. A material factor for Meituan is human capital and how the company manages its large courier base. The company collaborates with commercial insurance providers to design policies tailored to the needs of couriers, achieving 100% coverage. Meituan has recently actively coordinated with relevant departments to implement pilot projects for occupational injury insurance in selected provinces and cities, in line with China's unified work plan. At the same time, it enhanced third-party liability insurance and other commercial insurance protections, while refining the insurance and claims processes to provide better job security for couriers.

KE Holdings is China's largest online and offline housing transactions and services platform, or Beike, as it is also referred to. The company is a clear beneficiary of the policy U-turn that is now very supportive of stabilizing the housing market in China. The company has initiated new business areas including home renovation and furnishing businesses and home rental services, which supports more sustainable and less emission-intensive housing. We believe that the company performs well from the sustainability perspective. KE is focused on reducing emissions and has initiated events such as the Beike Low-Carbon Week, the Low-Carbon Concert, and a series of environmental protection-themed activities to increase focus on its climate actions and energy efficiency initiatives.

Direct Engagements

Alibaba Group

We participated in an ESG update call to get insights into recent sustainability developments.

In FY2022, a sustainability framework was formally established as one of Alibaba's cornerstone strategies, and the company has identified long-term strategic directions, with the relevant metrics forming part of management compensation.

Compared to Chinese peers, Alibaba is ahead on green power adoption and nature-related disclosures. Moreover, Alibaba's AI-powered solutions aim to address emission reduction beyond its own supply chain and has declared carbon



neutrality targets of 2030. Data centres and water usage to cool the same is one of the declared areas of focus for Alibaba. The company commits to water conservation within its overall environmental goals, uses water-saving cooling in data centres and recycles cooling water, as well as focuses on data collection and AI to monitor water use in its operations.

As for cyber security management, Alibaba holds multiple certifications apart from the standard ISO/ICE 27001 that ensures process and controls are in place.

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.

Amber Enterprises India Ltd.

The election and appointment of Sachin Gupta as Whole-time Director was opposed, against both Glass Lewis and management recommendations. The decision reflected concerns that the nominee is not independent and serves on the audit committee, which raises governance issues.

Computer Age Management Services Ltd.

The election of Dinesh Kumar Mehrotra was not supported, aligning with a stance against both Glass Lewis and management recommendations. The vote reflected concerns over the nominee's lack of independence, compounded by their role on the audit committee, which raised potential conflicts of interest.

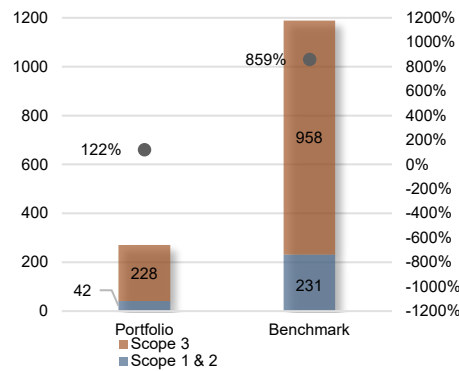
Titan Co. Ltd

The election of P.B. Balaji was opposed, going against both Glass Lewis and management recommendations. The decision was based on concerns that the nominee is not independent and serves on the audit committee, which could impact governance standards.

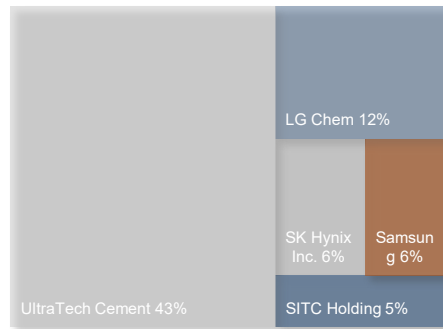
A full list of all meetings voted is available upon request or can be retrieved directly from the C WorldWide website.

Sustainalytics Portfolio Risk Rating: Low
Benchmark: MSCI Asia ex. Japan

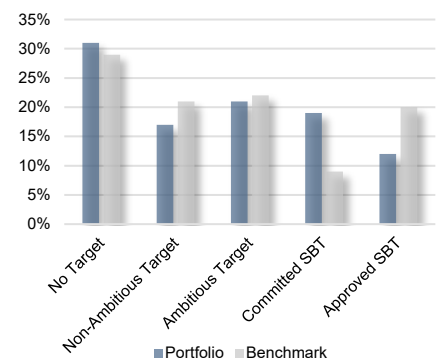
Emissions Exposure & SDS (tCO₂e)



Top 4 Contributors to Portfolio Emissions

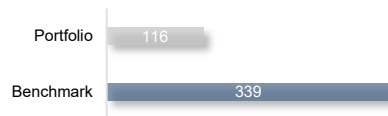


Climate Target Assessment



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.

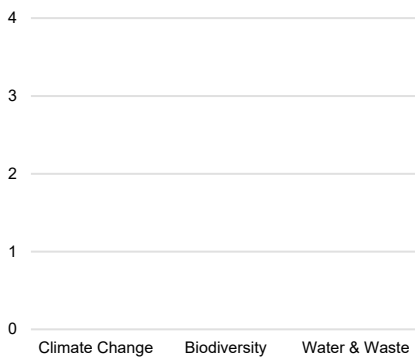
Carbon Intensity (tCO₂e/mill. USD revenue)



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

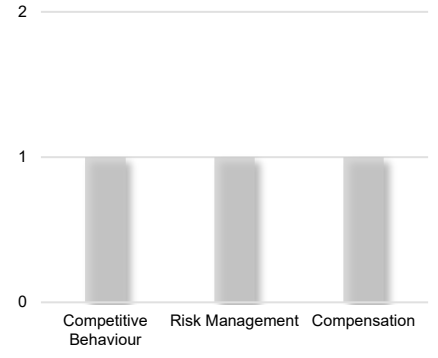
Direct Engagement Topics Environment



Social



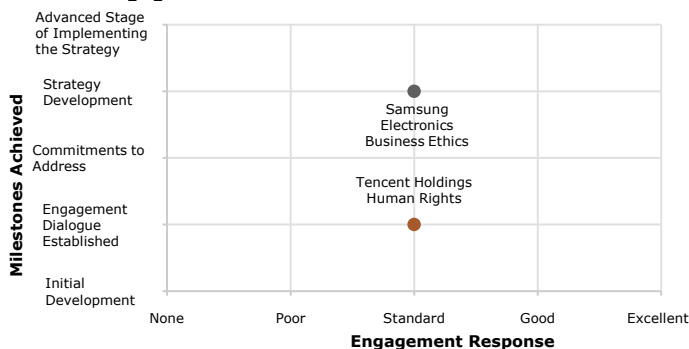
Governance



Total direct company engagements for the portfolio: 2

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%	9
Proposals Voted	100%	55
Proposal Voted Against Management	25%	14
Proposal Categories (Top 3)	44%	Capital Management
	27%	Board Related
	9%	Changes to Company Statutes

We utilize 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.

Please find more of our Sustainability Reports on cworldwide.com

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