

The background of the entire page is a photograph of a wind farm. Several large wind turbines are silhouetted against a bright, hazy sky at sunset or sunrise. The foreground is dominated by a field of golden wheat, with rolling hills in the distance. The overall mood is serene and sustainable.

Sustainability Report

Centuria Global Equities

Q4 2023



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

Balancing Corporate Profits with Social Responsibility

Many investors are increasingly seeing the need to navigate the complex intersection between financial objectives, investment returns and societal impact.

There are multiple global initiatives addressing these trends. One example is the Just Transition's fundamental framework which believes that the move towards a lower-carbon economy should be characterised by inclusivity and fairness. Their belief is that energy transition should not only be guided by economic and environmental factors but also by social justice, job creation, and the development of community resilience. Although we agree with their ambitions, the transition will look and be applied differently depending on respective country or regional starting point.

Asset managers such as us are also confronted with the challenge of navigating policy and regulatory uncertainties in the rapidly evolving landscape of environmental policies. This is embedded in our on-going thematic work categorized under "Big Government". This demands ongoing awareness and monitoring of governmental initiatives, a precondition to making well-informed and long-term investment decisions. The reason is that the regulatory environment significantly shapes the feasibility and success of investments in environmentally conscious sectors. How governments shift from policy support to policy headwind, depending on opinion polls, thereby adding another layer of complexity.

Our investment approach is to strike the right balance between financial returns and social responsibility demands, a holistic approach. Our investment objectives remain unchanged, and we continue to prioritize financially driven return outcomes.

During the final quarter of 2023, we focused on finalising the integration of our stewardship risk tool, LISA (Long-term Investments in Sustainable Assets), which includes, but is not limited to, the analysis of the mandatory principal adverse impact indicators (PAI). These are also factors that are part of other frameworks, like Just Transition, that include social equity, economic stability, and environmental sustainability. For example:

- An evaluation of the potential impact on employment where companies can be assessed on their implications on job markets, especially within industries undergoing significant transformations.
- An evaluation of skill development and training programs. Companies can be assessed on how they facilitate the transition of workers from declining industries to emerging, sustainable sectors, promoting re-training and upskilling for a more inclusive and equitable transition.



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
- 5% Adult Entertainment
- 5% Alcoholic Beverages
- 5% Gambling
- 5% Tobacco Products
- 5% Oil Sands
- 5% Shale Energy
- 10% Thermal Coal
- 25% Oil & Gas Production

- An evaluation of any potential environmental impact. The ecological consequences of investments must be thoroughly examined, focusing on reducing carbon emissions, promoting sustainable resource use, and aligning with broader environmental conservation objectives.

Portfolio Changes

During the last quarter of 2023, no portfolio changes were made.

Direct Engagements

We engaged with several companies during the quarter, including Ferguson and Kerry Group.

Ferguson

Ferguson, a leading distributor of plumbing supplies, PVF, waterworks, and fire- and fabrication products, is making significant strides in integrating sustainability into its operations. The Company's sustainability strategy is broad and impactful, focusing on areas within its direct control and seeking to bring change on a grander scale.

Ferguson's commitment to reducing its environmental footprint is evident in its various initiatives. The Company is increasing its use of renewable energy, with plans to install solar arrays this year at the Arizona distribution center, similar to the already in-use solar arrays at the Perris facility in California. Despite supply chain issues on solar arrays causing delays, the Company remains committed to improving its share of energy from renewable sources. An example of this commitment is the 65-megawatt Virtual Power Purchase Agreement (VPPA) with ENGIE North America, which is expected to generate enough clean wind power to match a significant portion of Ferguson's annual electricity use in North America (accounts for 100% of revenue).

The Company has set ambitious targets to reduce Scope 1 & 2 emissions by 35% by 2026. While not currently committed to the Science Based Targets initiative (SBTi), Ferguson has a long-term vision to apply for SBTi certification. Furthermore, the Company is keeping an eye on the ISS and is reporting according to TCFD- and SASB standards.

On social topics, Ferguson has successfully implemented a "First in Safety" culture that has led to a 14% reduction in the Total Recordable Rate of Incidents (TRIR). This has been achieved through a focus on training for new hires, and the implementation of specific training programs for different positions.

Ferguson's commitment to sustainability extends to its fleet of vehicles. The Company currently has 18 electric trucks on the road and expects an additional 12 to be delivered in FY2024. This initiative is part of a statewide program (HWIP), for which Ferguson has received funding.

Kerry Group

Kerry Group is a global leader in the food, beverage, and pharmaceutical industries, offering solutions for taste, nutrition, functionality, and sustainability. The Company has a strong commitment to reducing its environmental and so-



cial impacts, as well as delivering innovative products and services to its customers. During our meeting, we discussed the following topics with the company representatives:

- **Sustainability:** Kerry Group has integrated sustainability into its operations through its Beyond Horizon program, which aims to reduce its footprint in terms of climate, water, waste, and packaging. The Company is also a signatory of the Science Based Targets Initiative (SBTi) and the United Nations Global Compact (UNGC) since 2021. The company works with its suppliers, especially in the dairy sector, to engage them in reducing their emissions, water use and biodiversity loss. The Company also addresses the changing trends in consumer health and nutrition concerns, and adapts its products to different regions and categories, depending on the acceptance of GMOs and fair trade.
- **Governance:** Kerry Group has a cooperative origin, but its shareholding structure has changed over time, with the cooperative now holding around 10% of the shares. The Company has no cooperative members on its board of directors and contracts with farmers directly. Kerry also responded to a short seller report from Ontake Research in 2021, which it dismissed as “misinformed” and “misleading”. However, the Company said it learned from the situation and improved its communication with the market, its financial metrics alignment with peers, and its disclosure of acquisitions, especially smaller ones.
- **Controversies:** Kerry Group faced a product quality issue to Kellogg’s Honey Smacks, which resulted in a contamination of products. The Company said it did a branch review after the incident and enhanced its training, operations, and audit functions. It also said it addressed the culture issue and the quality and safety issues.

Proxy Voting

As Q4 unfolded, proxy voting activity continued at a subdued pace, in line with the trend from the previous quarter. Limited to only a few companies conducting their AGMs within the portfolio, the conclusion of the quarter signified a period of modest engagement in proxy voting as the year drew to a close.

Kotak Mahindra Bank Ltd.

We voted against both Glass Lewis and the proposal on the approval of the Kotak Mahindra Equity Option Scheme 2023 (“ESOP Scheme 2023”). The rationale for this vote is that the minimum vesting period for awards granted under the plan is too short and the grants under the long-term incentive plan are not sufficiently performance based.

Ferguson Plc.

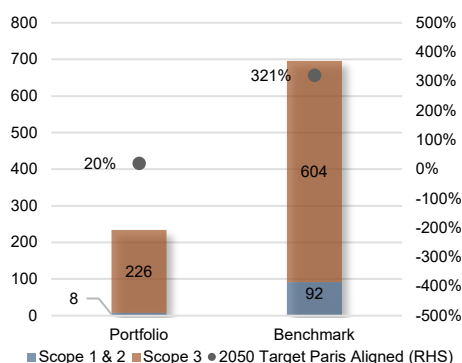
We voted against the proposed election of Thomas Schmitt and thus voted against management due to concerns regarding potential conflicts of interest. Thomas Schmitt’s involvement as an Affiliate/Insider on the compensation committee, related party transactions, and participation on the nominating/governance committee raised doubts about impartial decision-making.



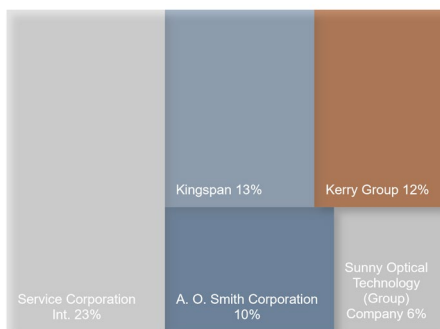
A full list of all meetings voted is available upon request or can be retrieved directly from the C WorldWide website.

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

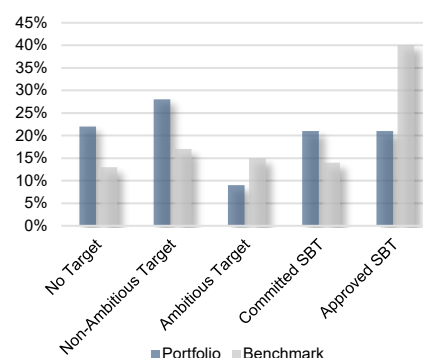
Emissions Exposure & SDS (tCO₂e)



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.

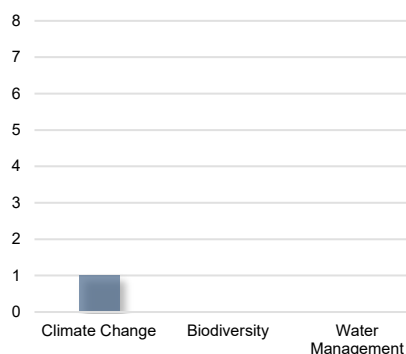
Carbon Intensity (tCO₂e/mill. USD revenue)



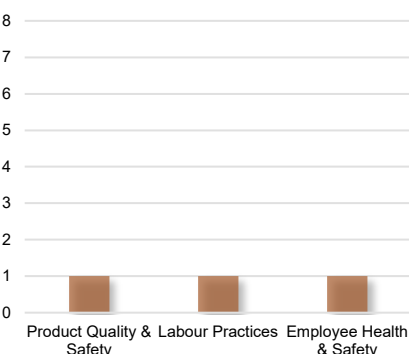
The above graph shows how many of the companies in the portfolio have set climate targets and how ambitious these are. Having ambitious targets, being committed to Science-Based Targets (SBT) or having approved SBT shows close alignment with the Paris Agreement.

Source: ISS Data Desk (Climate Assessment). Based on a portfolio Value of 1,000,000 USD. Portfolio as of 31st of December 2023

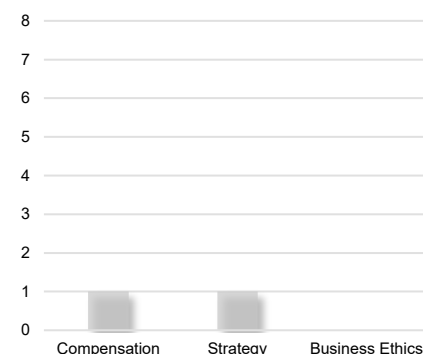
Direct Engagement Topics Environment



Social



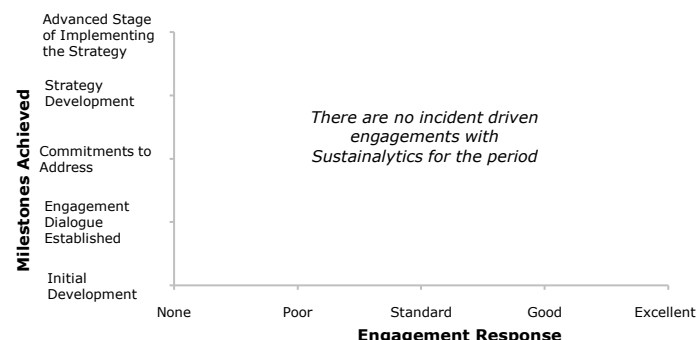
Governance



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.

Source: Sustainalytics. Portfolio as of 31st of December 2023

Proxy Voting

Meetings Voted	100%	5
Proposals Voted	100%	40
Meetings with at least one vote against management	8%	
Proposal Categories (Top 3)	58%	Board Related
	10%	Capital Management
	10%	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: Glass Lewis Proxy Voting. Portfolio as of 31st of December 2023

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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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