

Danske Bank

Active Ownership Report: 2019

Danske Invest Asset Management

March 2020



Active Ownership Report: 2019

When customers entrust us with their assets and savings, it is our duty to serve their interests by providing investment solutions with the goal to deliver competitive and long-term performance. Our firm commitment to Sustainable Investment with ESG Inside is an integral part of this duty.

ESG Inside is about making better-informed investment decisions – addressing issues of risk, problems, and dilemmas, and influencing portfolio companies through active ownership to contribute to a positive outcome.

Active ownership – through direct dialogue and voting at the annual general meetings – is an important part of our ability to create long-term value to the companies we invest in and to our customers.

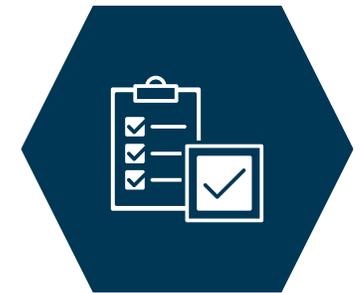
We believe it is more responsible to address material ESG matters as investors rather than refraining from investing when issues of concern arise, leaving the problem to someone else to solve. Our portfolio managers are the change agents who can impact companies to manage risks and opportunities.

The aim of our Active Ownership Report covering two parts ‘Engagement Report’ and ‘Voting Report’ is to provide our customers and stakeholders with regular updates on our progress and results.

The two parts of the report



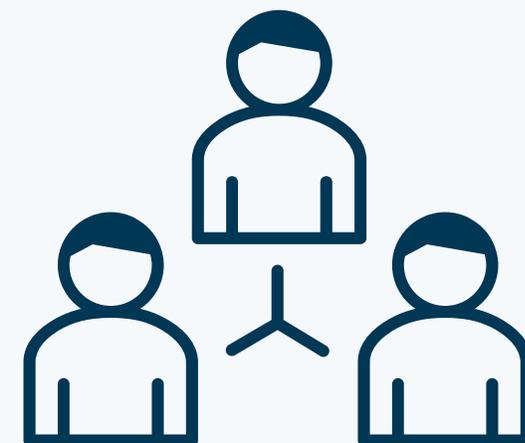
Part 1:
Engagement Report



Part 2:
Voting Report

Active Ownership Report: 2019

Part 1: Engagement Report



Engagement Report introduction



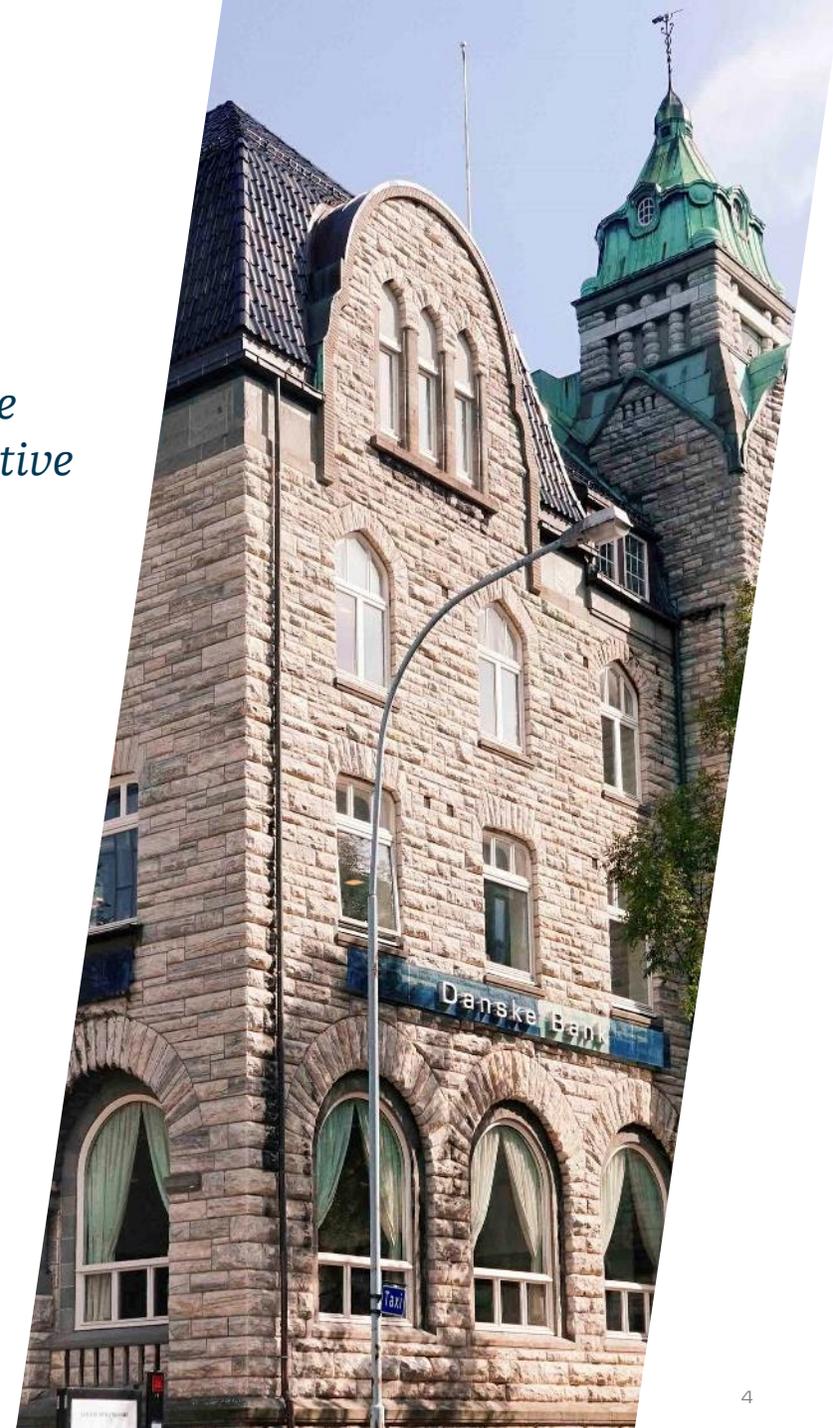
We believe that fund-manager-driven dialogue with companies is the most effective as the investment teams are the experts of their respective strategies and portfolios, and tasked with the buy/sell decision.



Our investment teams engage on a regular basis with companies on material ESG matters to understand their risks and opportunities, and to support their growth and development.



We log and monitor company dialogue and progress to ensure a structured engagement process.



In 2019, Danske Invest Asset Management teams have had the following engagement activities



Companies

49



Country domiciles

4



ESG engagement topics

64



Interactions

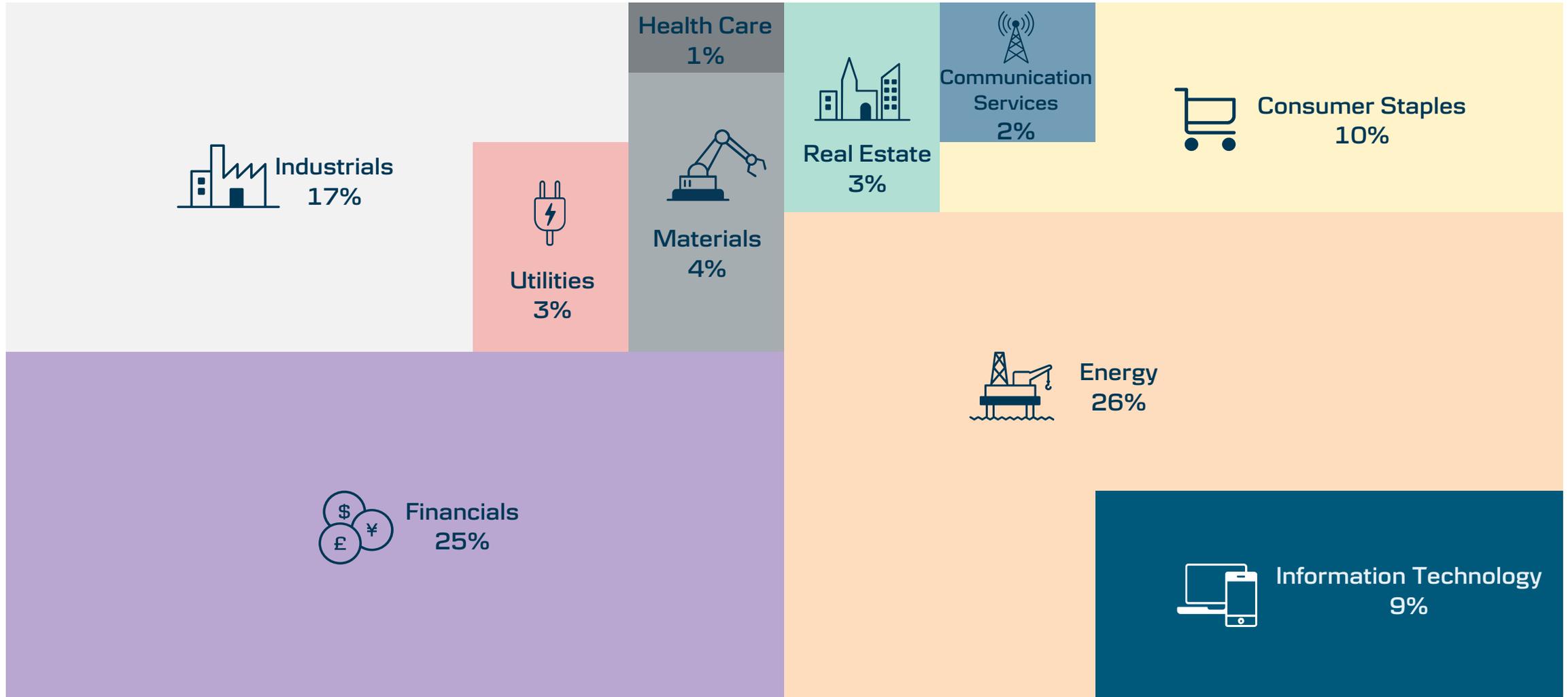
135



Danske Invest Asset Management teams have engaged primarily with small, mid & large cap companies



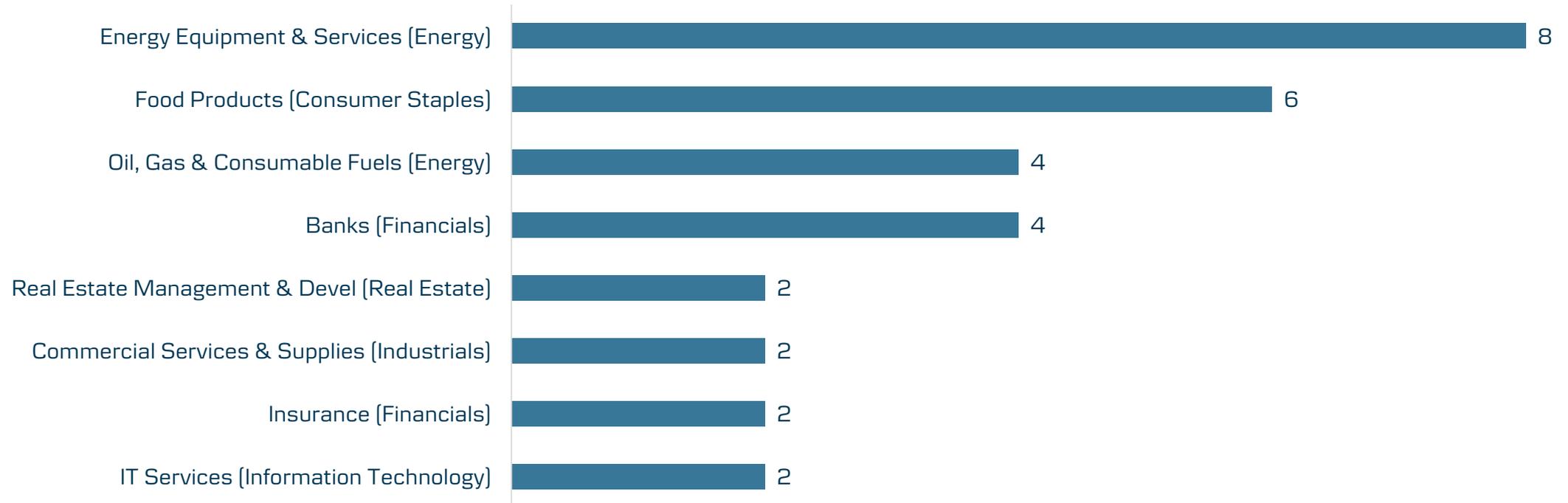
Sector distribution of companies engaged with during 2019



Note: Global Industry Classification Standard (GICS) is used for sector classification.

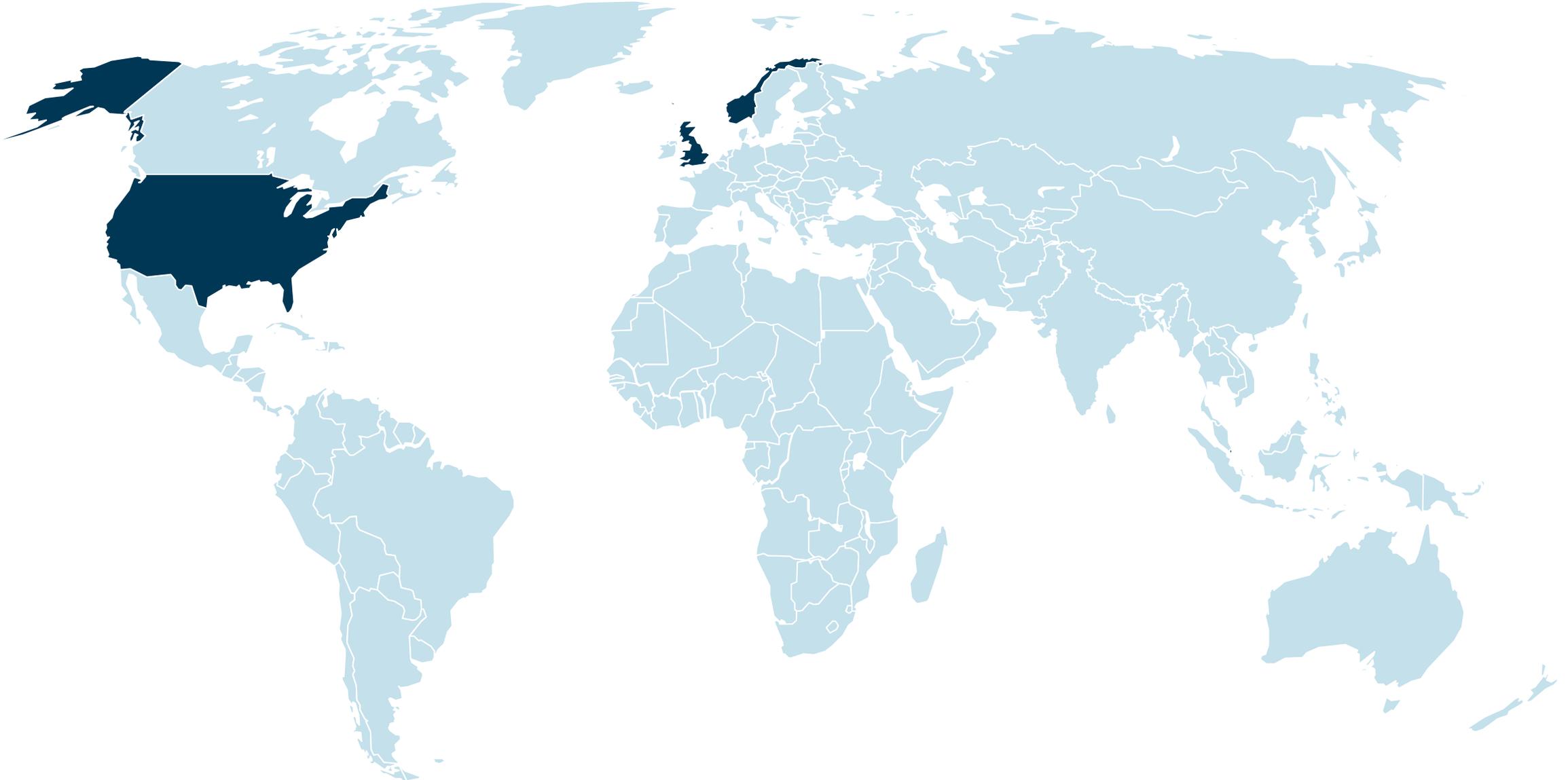
Top industries most engaged with during 2019

Number of companies per industry (Sector in bracket)

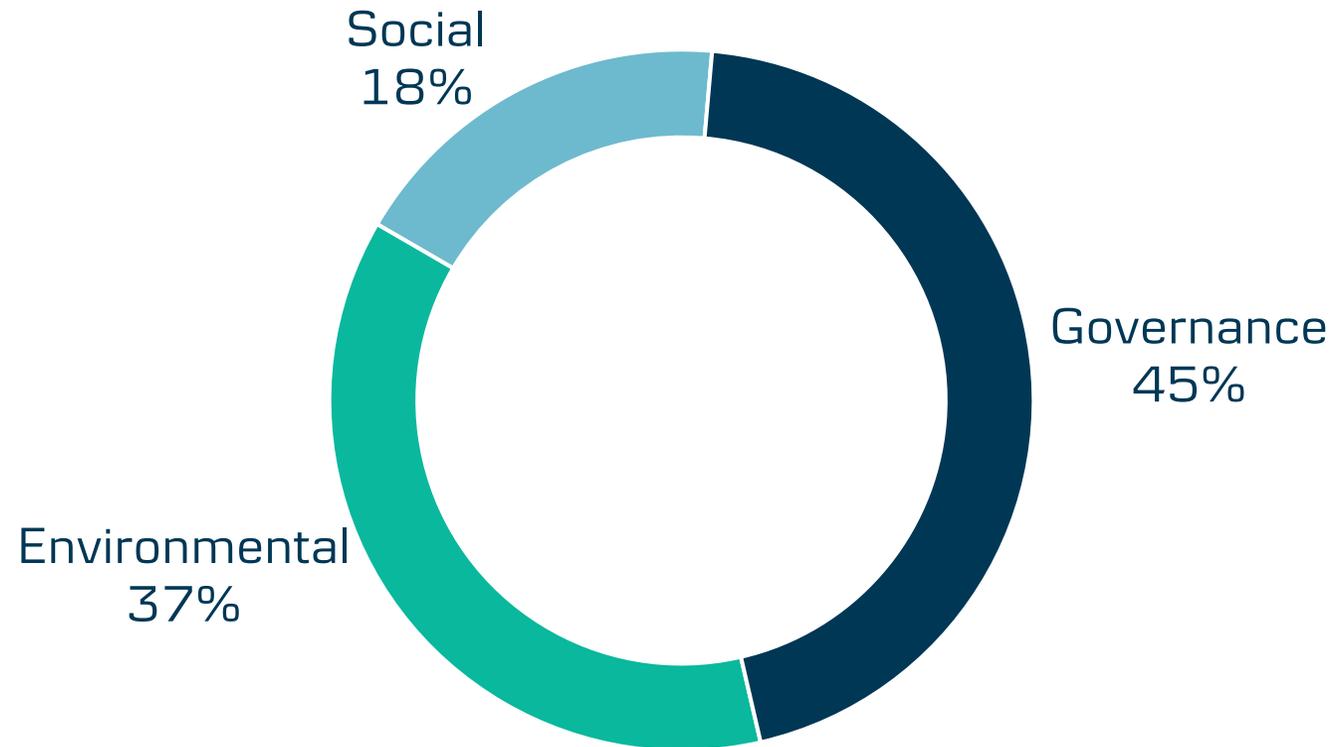




Engagement with companies domiciled in 30 countries

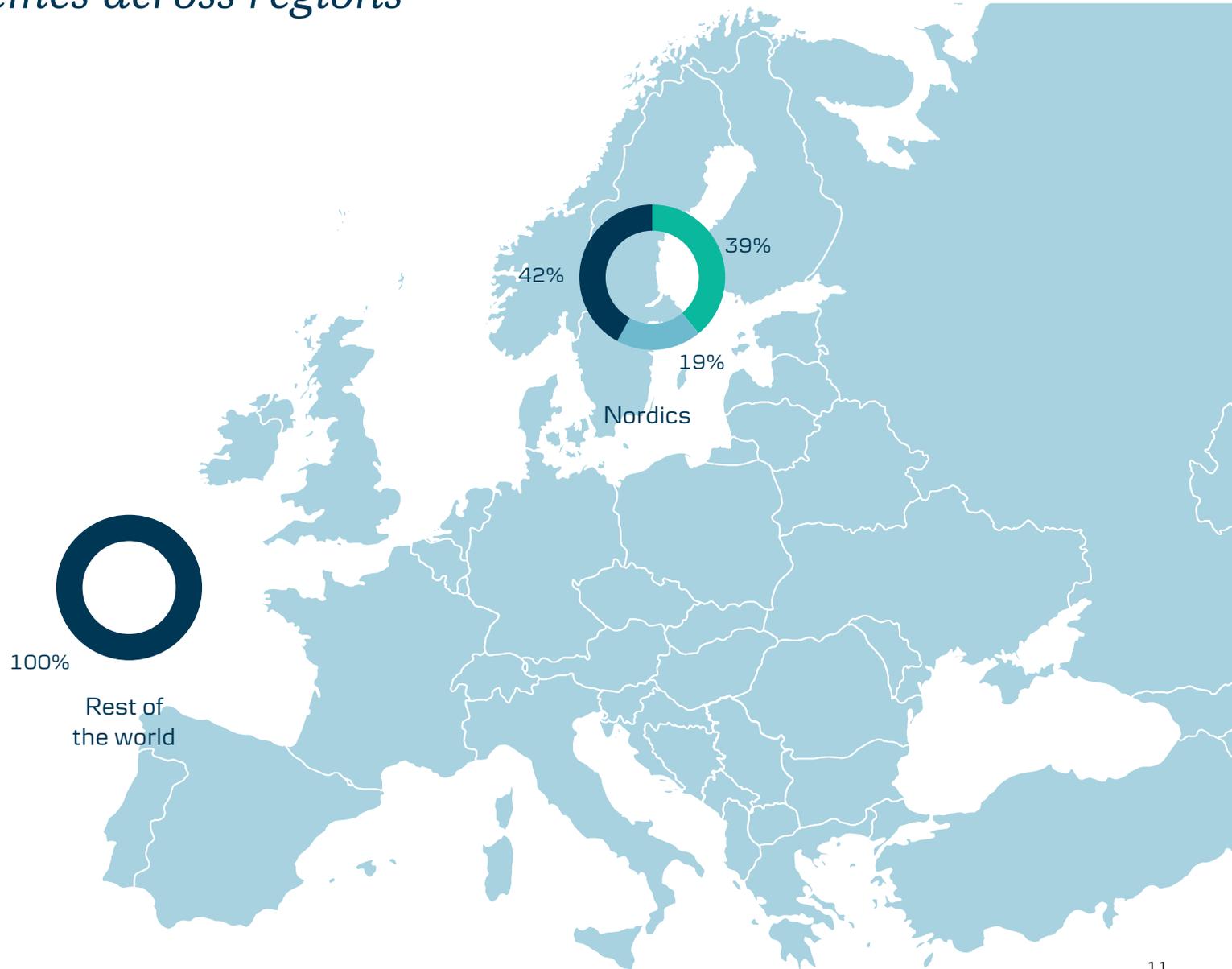


Split between ESG engagement themes



Split between ESG engagement themes across regions

- = Environmental
- = Social
- = Governance





64 ESG engagements topics have been addressed and discussed



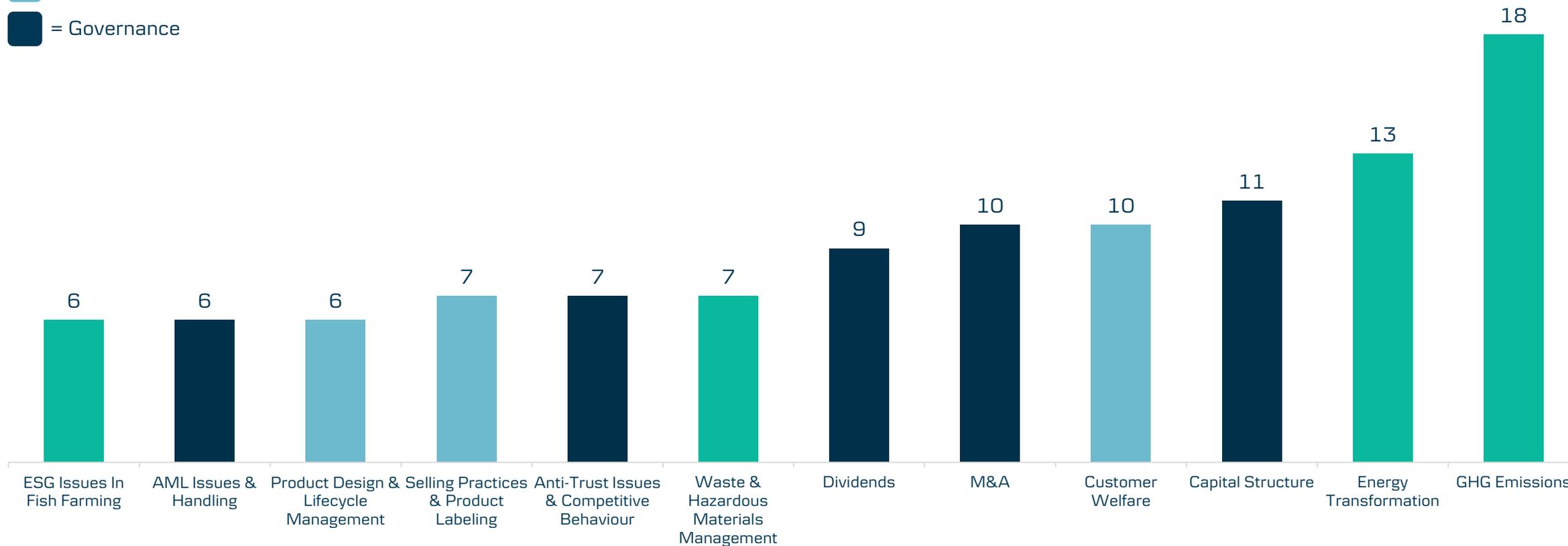
Most frequent ESG engagement topics across the E, S, and G theme

Environmental			Social			Governance		
Rank	Topic	Count	Rank	Topic	Count	Rank	Topic	Count
1	GHG Emissions	18	1	Customer Welfare	10	1	Capital Structure	11
2	Energy Transformation	13	2	Selling Practices & Product Labeling	7	2	M&A	10
3	Waste & Hazardous Materials Management	7	3	Product Design & Lifecycle Management	6	3	Dividends	9
4	ESG Issues In Fish Farming	6	4	Data Security	3	4	Anti-Trust Issues & Competitive Behaviour	7
5	Ecological Impacts	5	5	Customer Privacy	2	5	AML Issues & Handling	6
6	Plastic/Recycling Products	4	6	Labour Standards	2	6	Sustainability Integration & Reporting	5
7	Circular Economy	4	7	Employee Health & Safety	2	7	Regulations	4



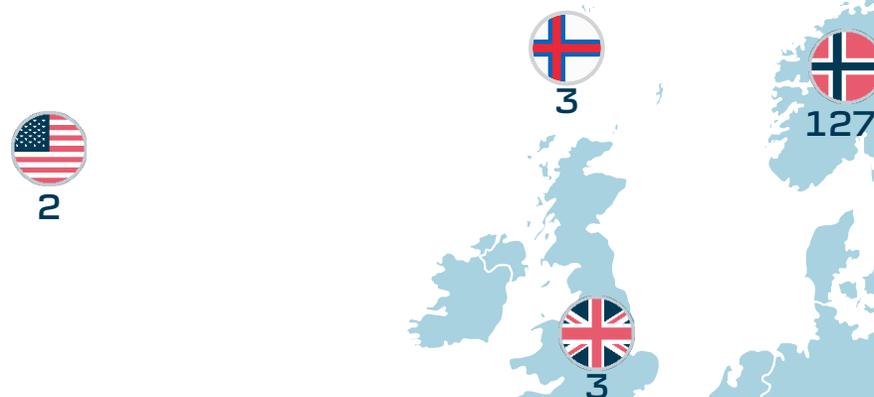
Top 3 among the 86 ESG engagement topics: GHG Emissions; Energy Transformation and Capital Structure

- = Environmental
- = Social
- = Governance





The majority of company interactions took place in Norway





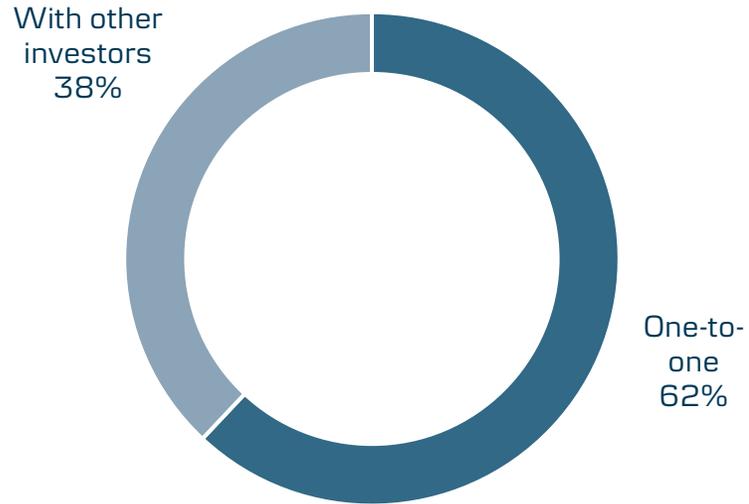
Most commonly addressed ESG topics across geography



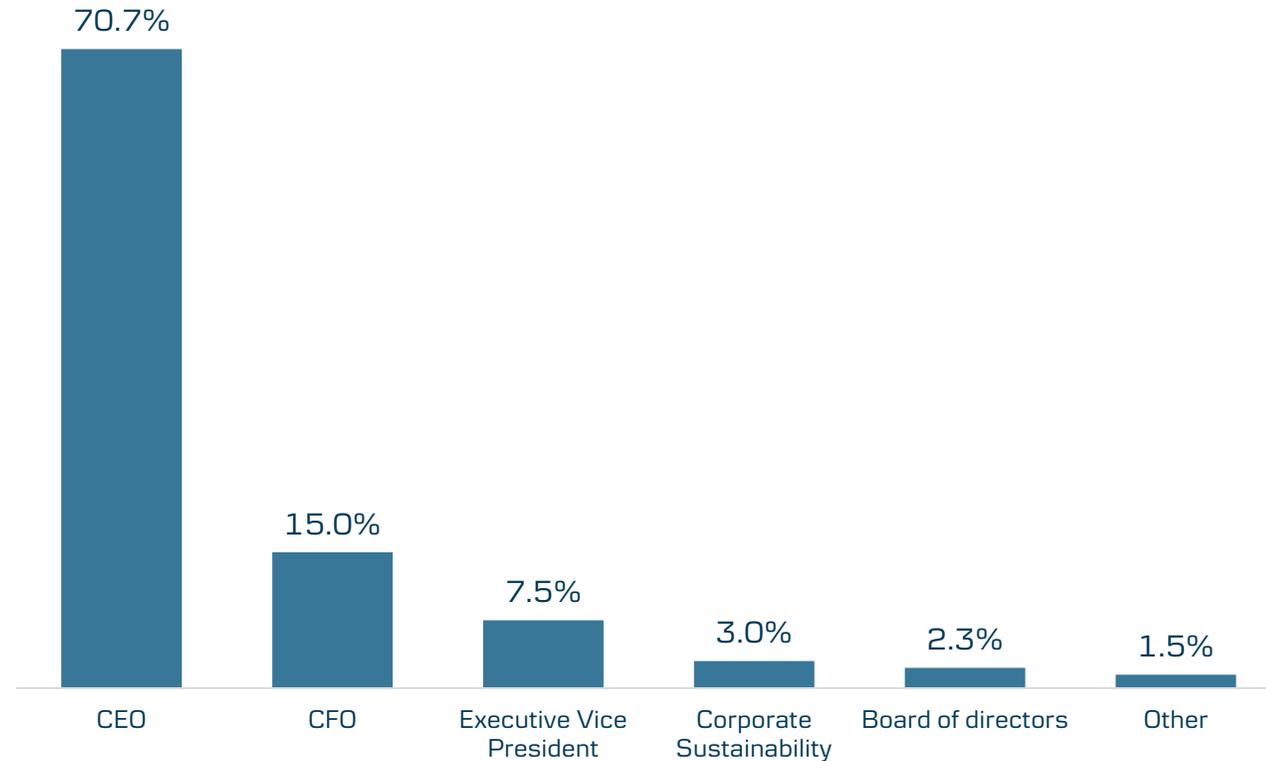


Company interactions are mainly one-to-one and with CEO

Type of meeting



Share of meetings by level of participants



Engagement examples: GHG Emissions

18 engagements



Among the 135 total engagements focused on GHG Emissions.

GHG Emissions is the first most common topic for our portfolio managers to engage with companies on during 2019. **GHG Emissions** are emissions into earth’s atmosphere of any type of various gases contributing to the greenhouse effect.

Company Example



Sector: Banks
“Discussed with company on reporting.”



Sector: Energy
“Continuing discussions regarding fuel consumption and CO2 emissions in drilling.”



Sector: Consumer Staples
“The company’s food products with lower carbon footprint.”

Topic addressed
in the following countries



Engagement examples: Energy Transformation

13 engagements



Among the 135 total engagements focused on Energy Transformation.

Energy Transformation is the second most common topic for our portfolio managers to engage with companies on during 2019. **Energy Transformation** is the shift from one type energy into another and might have major social, economic and political implications.

Company Example



Sector: Financials
“Digitalization's effect for energy usage in business.”



Sector: Financials
“The company’s plans for energy transformation.”



Sector: Energy
“The company’s new energies and the expansion rate of this business.”

Topic addressed
in the following countries



Engagement examples: Capital Structure



11 engagements

Among the 135 total engagements focused on Capital Structure.

Capital Structure is the third most common topic for our portfolio managers to engage with companies on during 2019. **Capital structure** refers to the arrangement of capital from debt and equity use to finance company's operations and growth.

Company Example



Sector: Industrials
"Discussed about the need for capital."



Sector: Energy
"Plans on restructuring the company."



Sector: Energy
"Discussed the structure cross ownership."

Topic addressed in the following countries



Active Ownership Report: 2019

Part 2: Voting Report



Engagement Report introduction



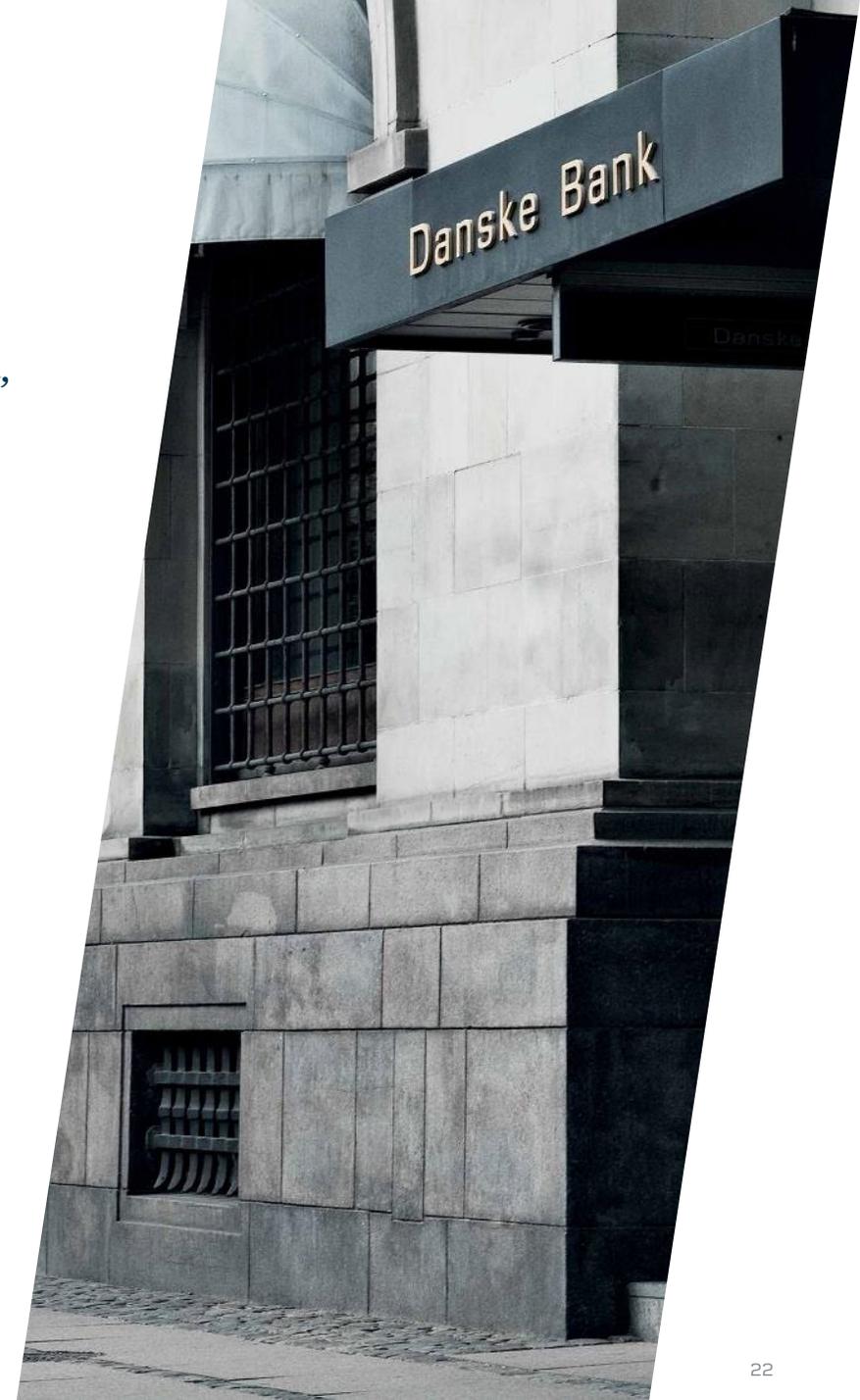
The annual general meeting is an opportunity to voice our opinion, vote on issues of key importance to the running of a company, and contribute to the good governance of the company.



We exercise the right to vote at annual general meetings of Nordic and European companies where we represent relevant holdings. Unless required by special circumstances, holdings in passively managed funds are not subject to voting activities.



We vote either by ourselves or through a service provider. We log and publish our voting records.



In 2019, Danske Invest Asset Management has had the following voting activities



Meetings

66



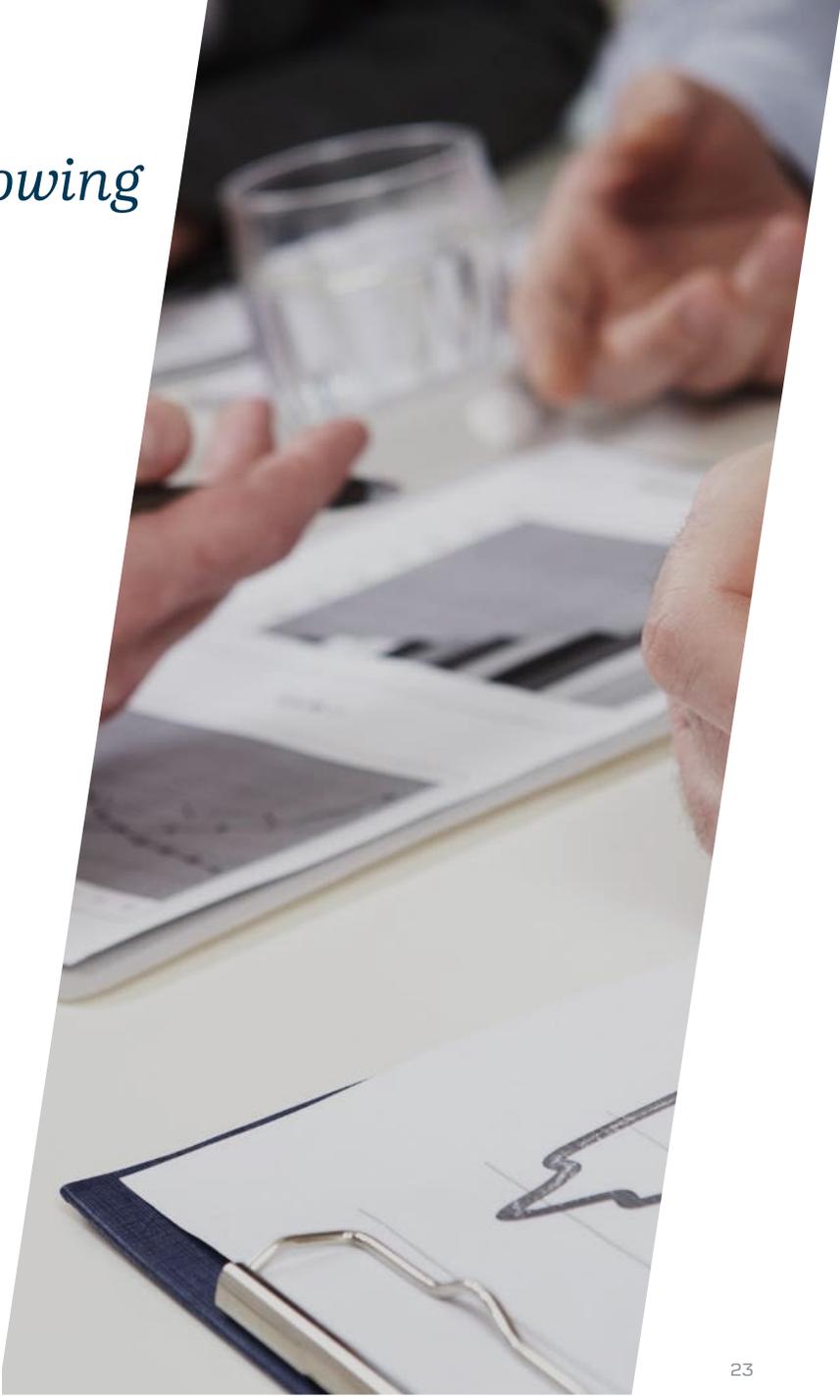
Country domiciles

6



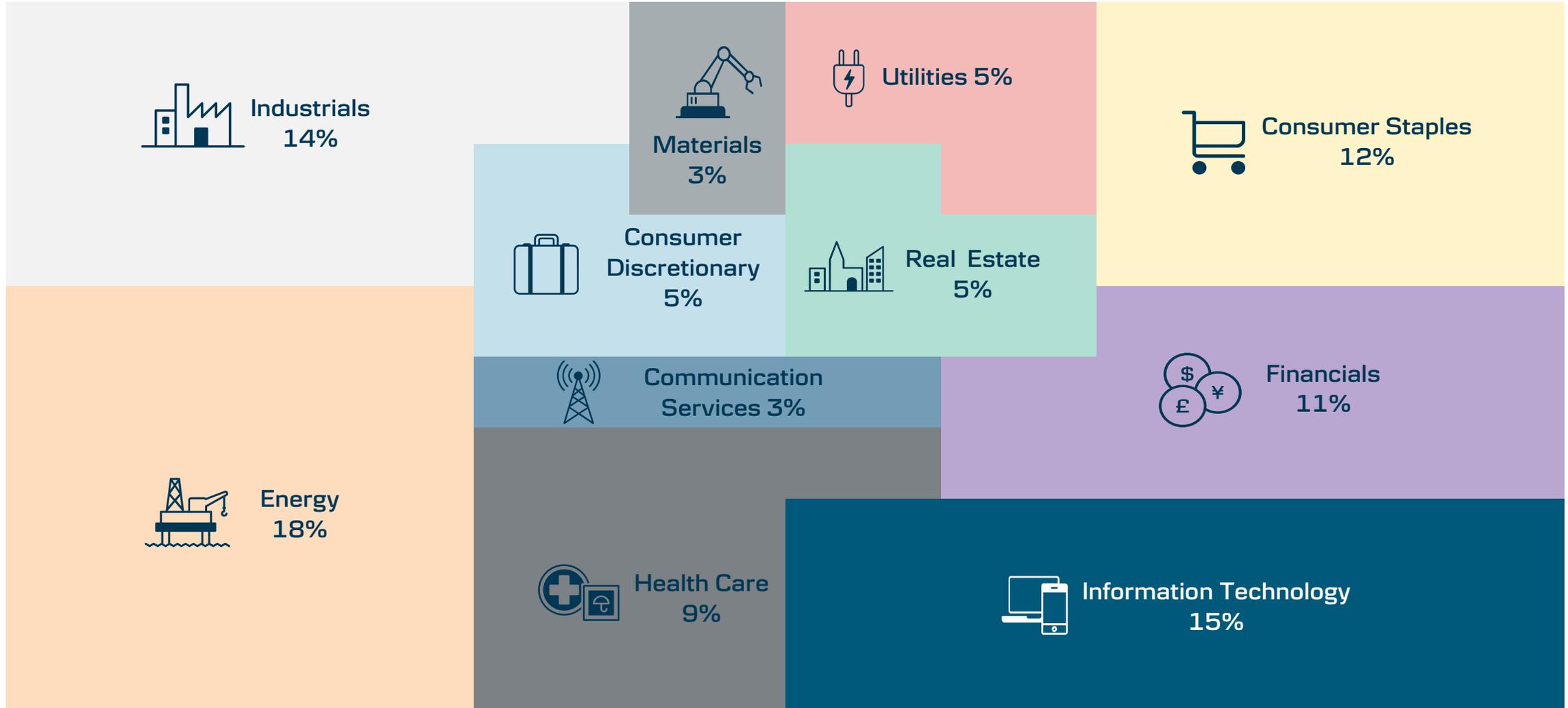
Proposals

853





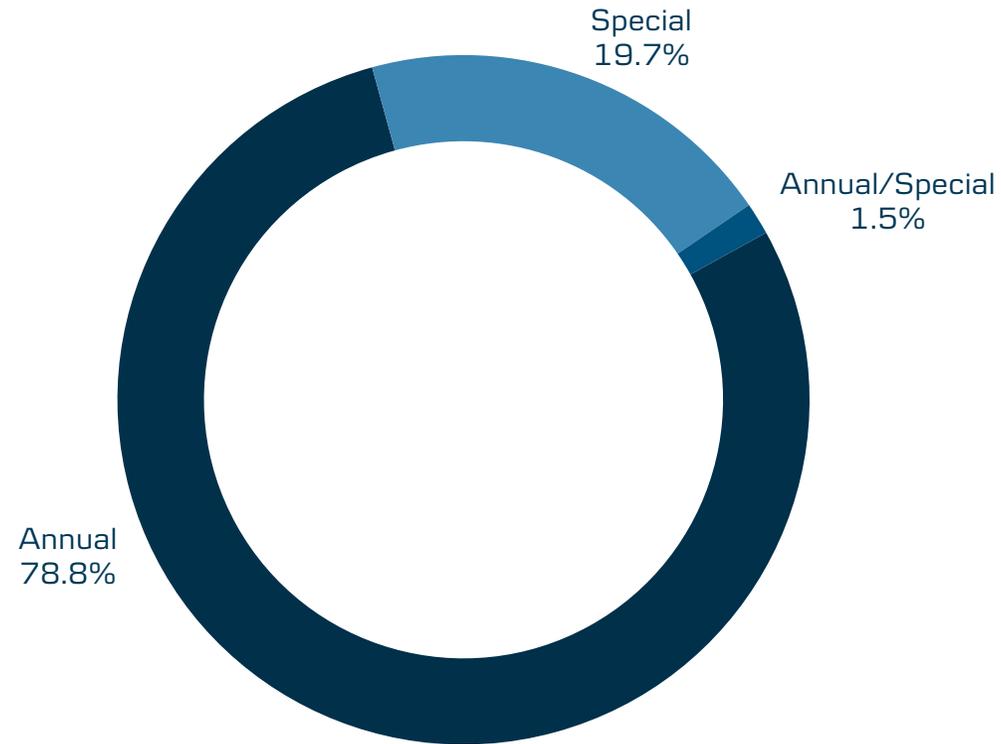
Sector distribution for our voting during 2019



Note: Global Industry Classification Standard (GICS) is used for sector classification.

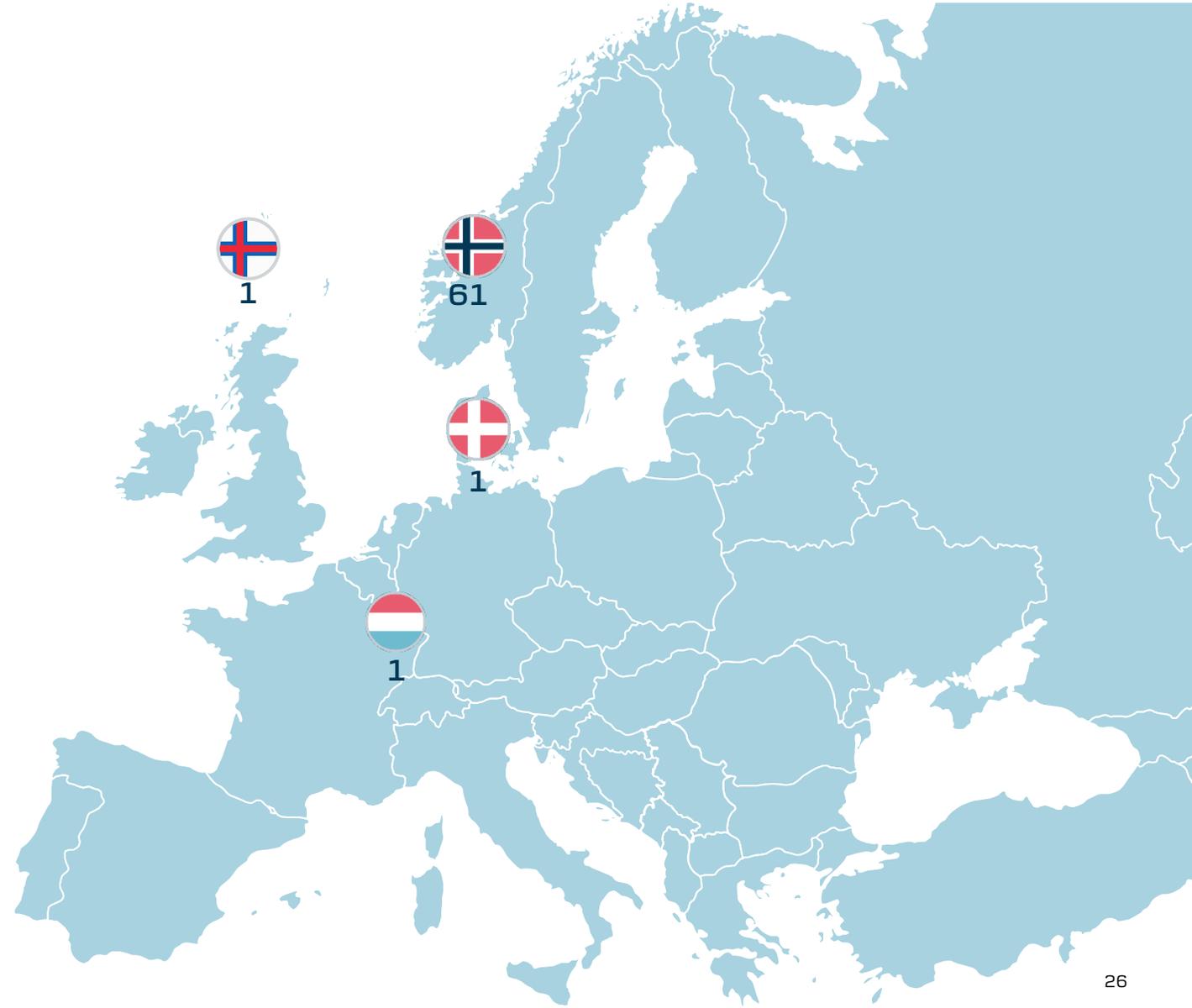


Voted primarily at Annual General Meetings (AGM)

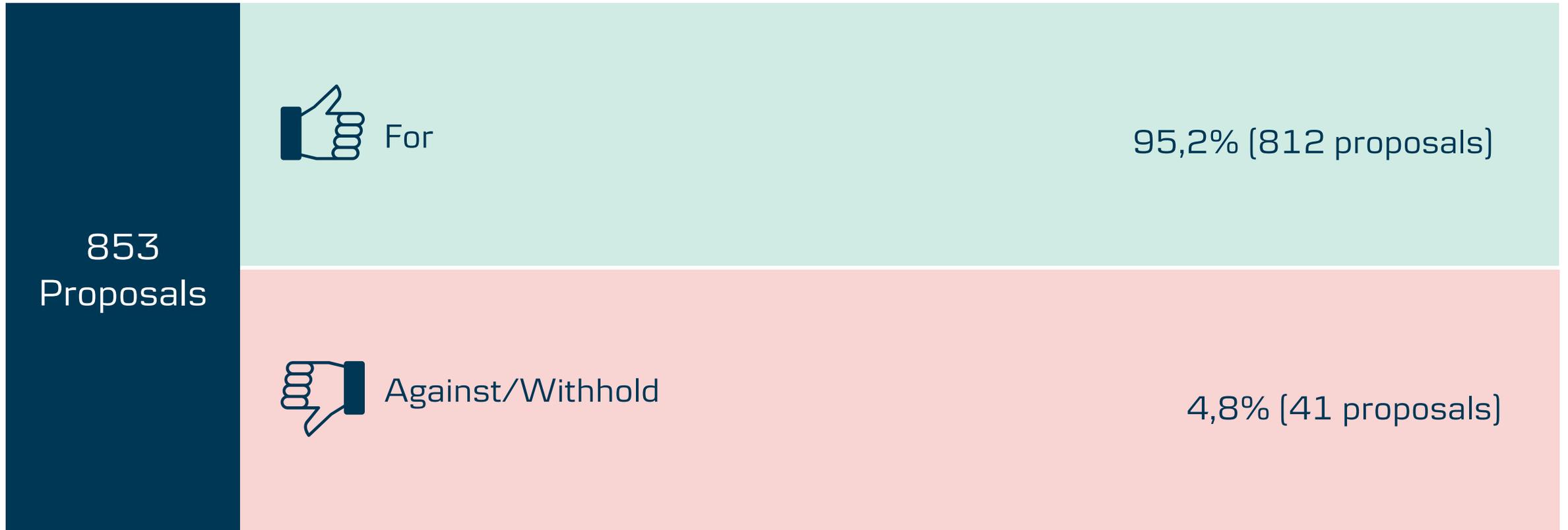




Voting distribution across countries shows main focus on Norwegian domiciled companies

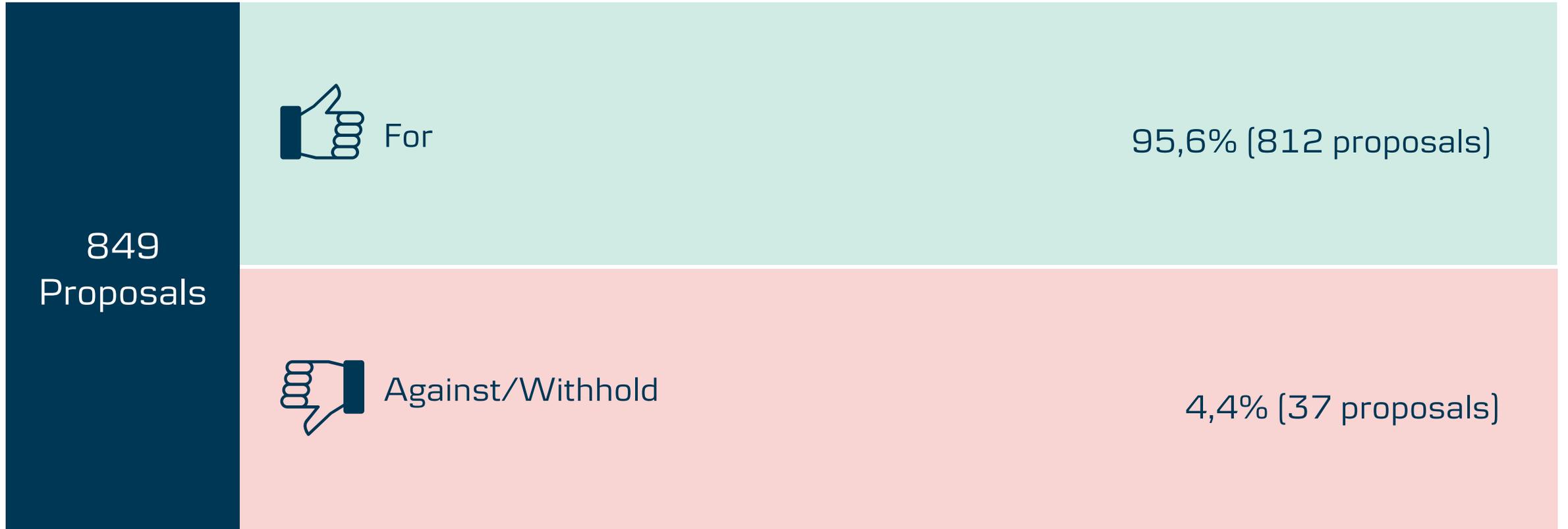


Danske Invest Asset Management predominantly voted 'For' the proposals





Danske Invest Asset Management predominantly voted 'For' the Management proposals



Danske Invest Asset Management voted 'Against/Withhold' on all the Shareholder proposals

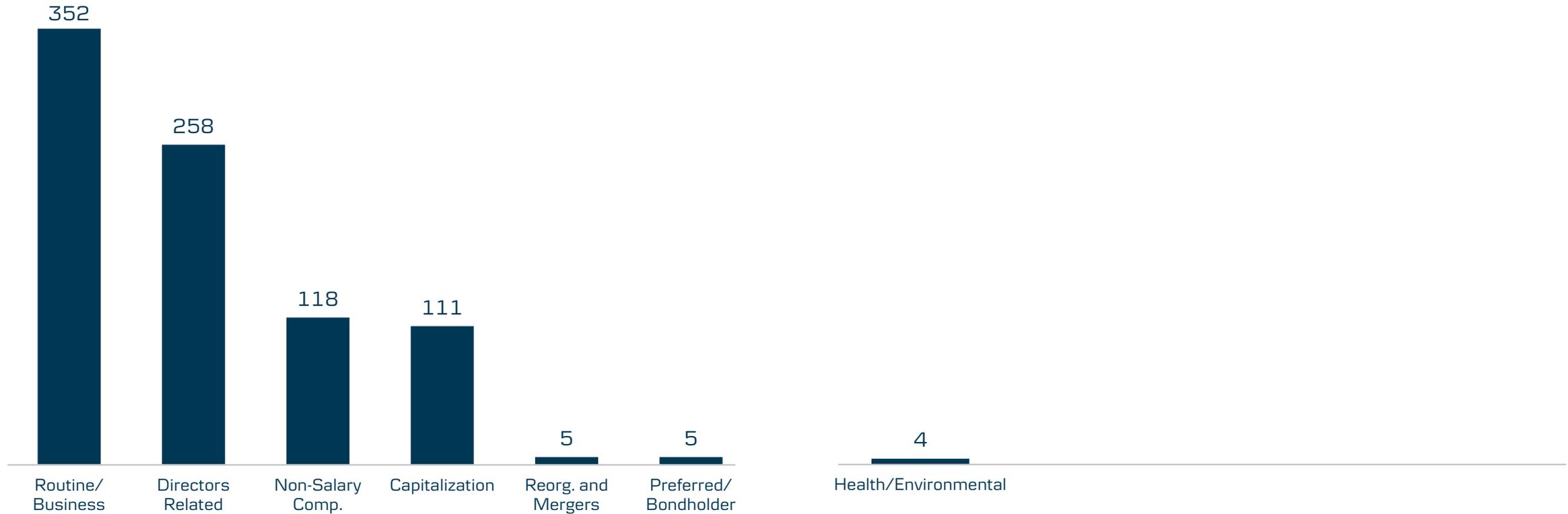




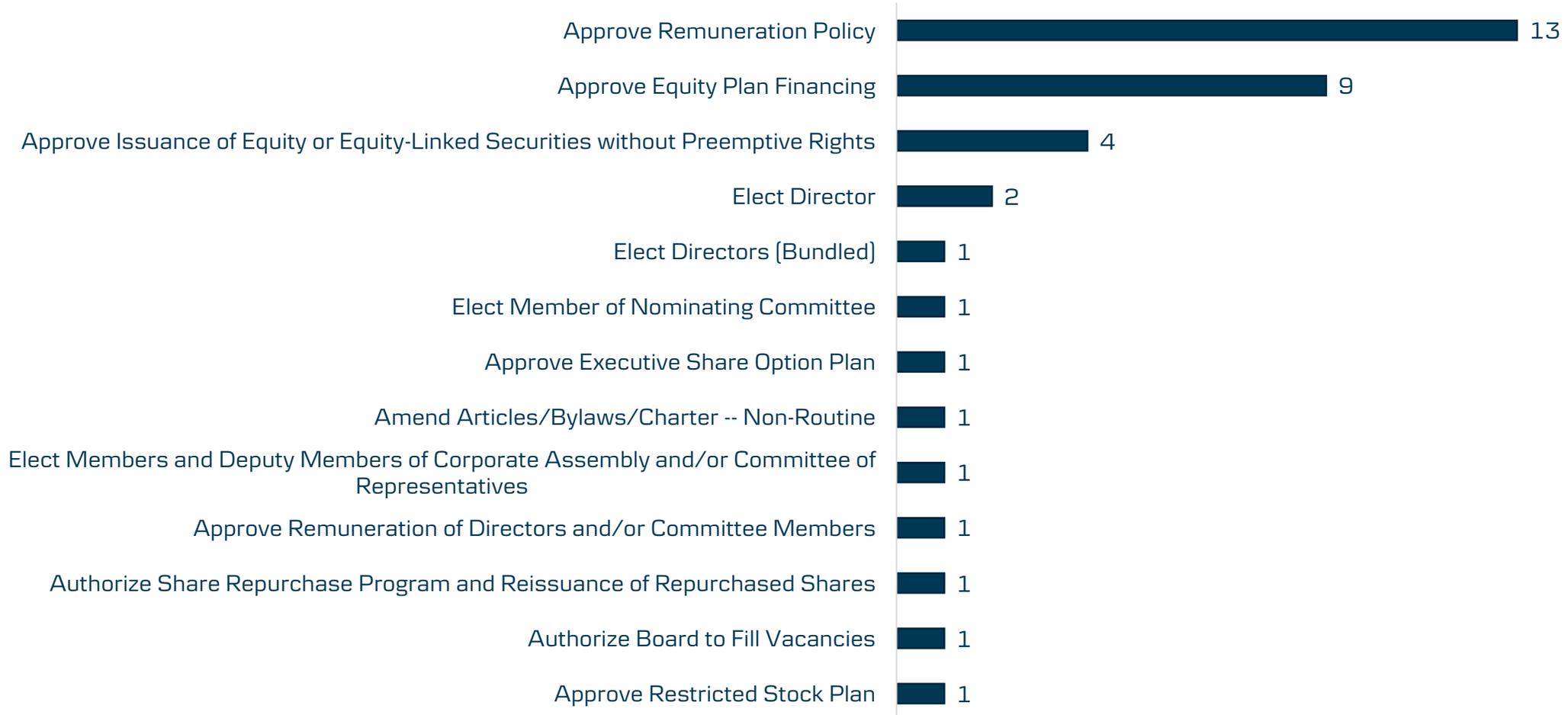
Most of the voted proposals have been Routine/Business

Management proposals
A total of 849 proposals

Shareholder proposals
A total of 4 proposals



Most common topics where we have voted against management recommendations



Disclaimer & contact information

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Engagement during 2019, by company

Aker ASA
Aker BP ASA
Arcus ASA
Atea ASA
B2Holding AS
Bakkafrost P/F
BW Offshore Ltd.
Crayon Group Holding AS
DnB ASA
Entra ASA
Equinor ASA
Fjordkraft Holding ASA
Gjensidige Forsikring ASA
Grieg Seafood ASA
Yara International ASA
Ice Group AS
KAHOOT! AS
Kongsberg Gruppen ASA
Leroy Seafood Group ASA
Magseis ASA
Medistim ASA
Mowi ASA
Norbit Asa
Nordic Semiconductor ASA
Norsk Hydro ASA
Northern Drilling
Norway Royal Salmon ASA
Norwegian Air Shuttle ASA
Norwegian Crystals AS
Odfjell Drilling Ltd.
OKEA AS
Orkla ASA
Panoro Energy ASA
Pareto Bank ASA
Reach Subsea ASA
Sbanken ASA
Scatec Solar ASA
Self Storage Group ASA
Shelf Drilling Ltd.
Solon Eiendom ASA
SpareBank 1 SR-Bank ASA
Storebrand ASA
Subsea 7 SA
Telenor ASA
TGS-NOPEC Geophysical Co. ASA
Tomra Systems ASA
Veidekke ASA
Wallenius Wilhelmsen ASA
Webstep ASA

Voting during 2019, by company

Aker ASA
Aker BP ASA
Aker Solutions ASA
Arcus ASA
Asetek A/S
Atea ASA
Austevoll Seafood ASA
Bakkafrost P/F
BW Offshore Ltd.
Crayon Group Holding AS
Cxense ASA
Data Respons ASA
DNB ASA
Entra ASA
Equinor ASA
Europris ASA
Fjordkraft Holding ASA
Gjensidige Forsikring ASA
Grieg Seafood ASA
Ice Group AS
Kitron ASA
Kongsberg Gruppen ASA
Leroy Seafood Group ASA
Lifecare AS
Magseis ASA
Medistim ASA
Mowi ASA
Navamedic ASA
Nordic Semiconductor ASA
Norsk Hydro ASA
Norway Royal Salmon ASA
Norwegian Air Shuttle ASA
Orkla ASA
Panoro Energy ASA
Sbanken ASA
Scatec Solar ASA
Self Storage Group ASA
Shelf Drilling Ltd.
Solon Eiendom ASA
Sparebank 1 Ostlandet
SpareBank 1 SR-Bank ASA
Spectrum ASA
Storebrand ASA
Subsea 7 SA
Telenor ASA
TGS-NOPEC Geophysical Co. ASA
Tomra Systems ASA
Treasure ASA
Vaccibody AS
Veidekke ASA
Vistin Pharma ASA
WALLENIIUS WILHELMSSEN ASA
Webstep ASA
XXL ASA
Yara International ASA