



# *Active Ownership Report: H1 2021*

*Danske Invest Asset Management*

August 2021

# Active Ownership Report

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 **Responsible Investment** is an integral part of this duty. It 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, collaborative engagement 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 investors.

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

The aim of our **Active Ownership Report** covering three parts ‘**Engagements**’, ‘**Collaborative Engagements**’ and ‘**Voting**’ is to provide our customers and stakeholders with regular updates on our progress and results.

## The three parts of the report



Part 1: Engagements



Part 2: Voting



Part 3: Collaborative Engagements

## Where to get additional information



Responsible Investment Policy  
[click here](#)



Active Ownership Instruction  
[click here](#)



Investment Restrictions  
[click here](#)



Voting Guidelines  
[click here](#)



Our Responsible Investment Journey  
[click here](#)



Investment Approach on Climate  
[click here](#)



Proxy Voting Dashboard  
[click here](#)



Principal Adverse Impact Statement  
[click here](#)

# *Active Ownership Report, Part 1*

## *Engagements*



## *Engagements 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 sustainability 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 H1 2021, we have had the following engagement activities*

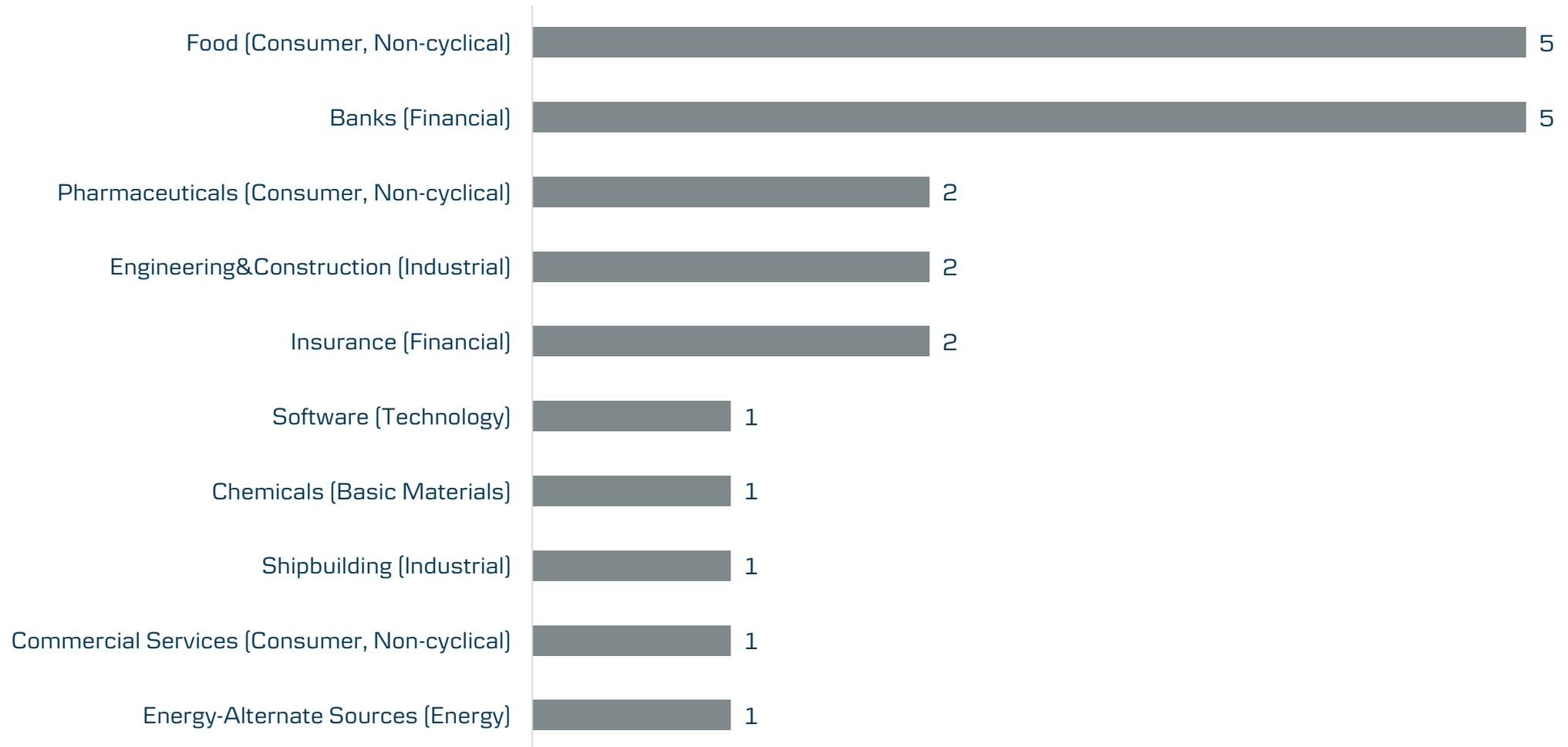


	Companies	25
	Country domiciles	2
	ESG engagement subjects	37
	Interactions	34



## Top 10 industries most engaged with

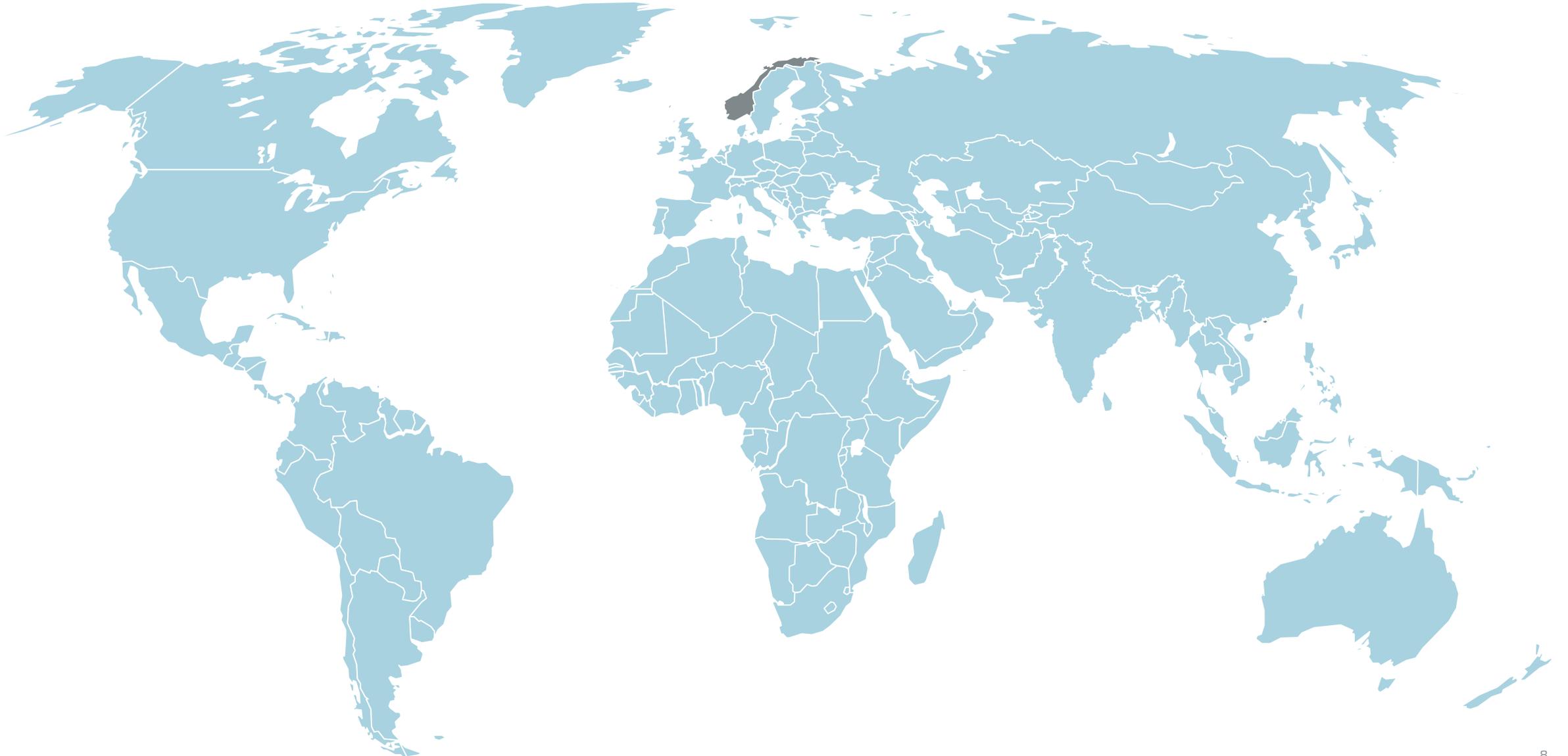
Number of companies per industry (Sector in bracket)



Note: The Bloomberg Industry Classification Systems (BICS) is used for sector classification

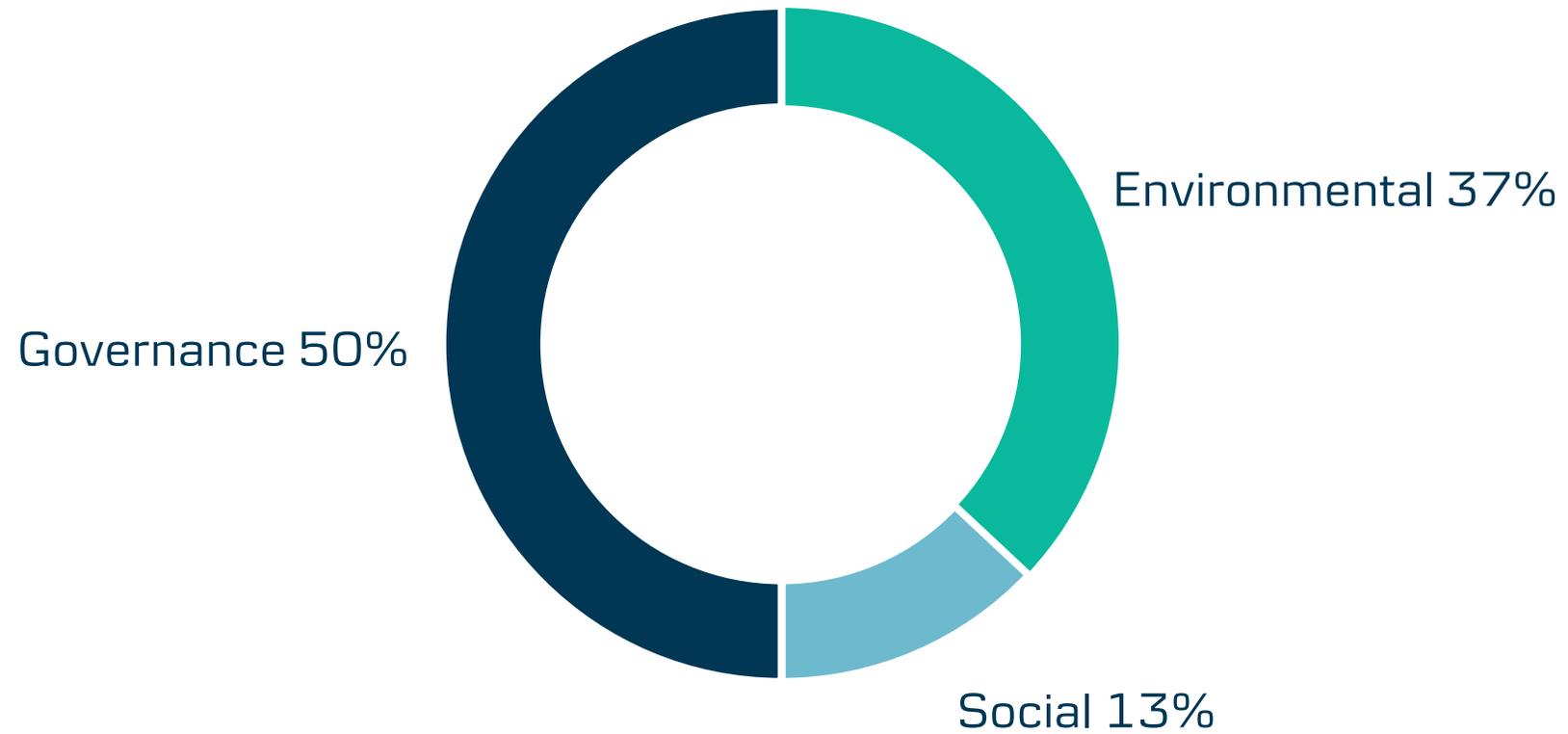


## *Engagement with companies domiciled across the world*





## *Split between ESG engagement themes*





## Split between ESG engagement themes across regions





## *ESG engagements subjects discussed*

*Anti-Corruption Issues & Handling Environmental Supply Chain Employee Engagement, Diversity & Inclusion Corporate Behavior Competence  
Management of The Legal & Regulatory Environment Sustainable Shipping Corporate Governance Agriculture Profit Warning SDGs M&A  
Business Model Resilience Sustainability Certificates Political Risk ESG Integration Green Buildings Capital Structure Digitalisation Future Fit  
Energy Transformation Technology Disruption Human Rights & Community Relations AML Issues & Handling ESG Issues In Fish Farming  
Business Ethics Energy Efficiency Accounting Ecological Impacts Regulations EU Taxonomy Product Development Dividends GHG Emissions  
Green Financing Customer Welfare Access & Affordability*



## Top 7 ESG engagement subjects discussed across themes

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S

G

Rank	Subject	Count
1	ESG Issues In Fish Farming	5
2	GHG Emissions	4
3	EU Taxonomy	3
4	Green Financing	3
5	Energy Transformation	2
6	Ecological Impacts	2
7	Energy Efficiency	2

Rank	Subject	Count
1	Customer Welfare	4
2	Product Development	2
3	Human Rights & Community Relations	1
4	Business Model Resilience	1
5	Employee Engagement, Diversity & Inclusion	1
6	Access & Affordability	1
7		

Rank	Subject	Count
1	Dividends	12
2	AML Issues & Handling	3
3	Regulations	3
4	Business Ethics	3
5	ESG Integration	2
6	Future Fit	2
7	Capital Structure	2



# Most frequent ESG engagement subjects discussed





# Interactions distribution across Nordic countries & regions

Rank	Country	Count
1	Norway	33
2	Faroe Islands	1



Region	Count
Nordics	34
Western & Southern Europe	-
Rest of the world	-
Eastern Europe	-



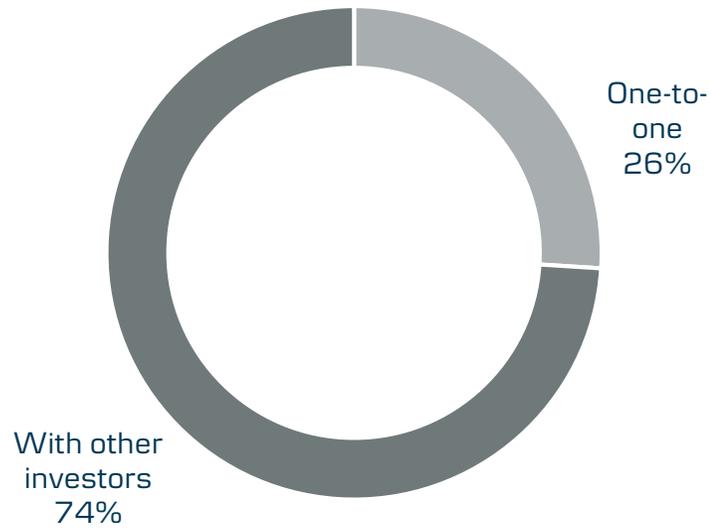
# *Most commonly addressed ESG engagement subjects across geography*



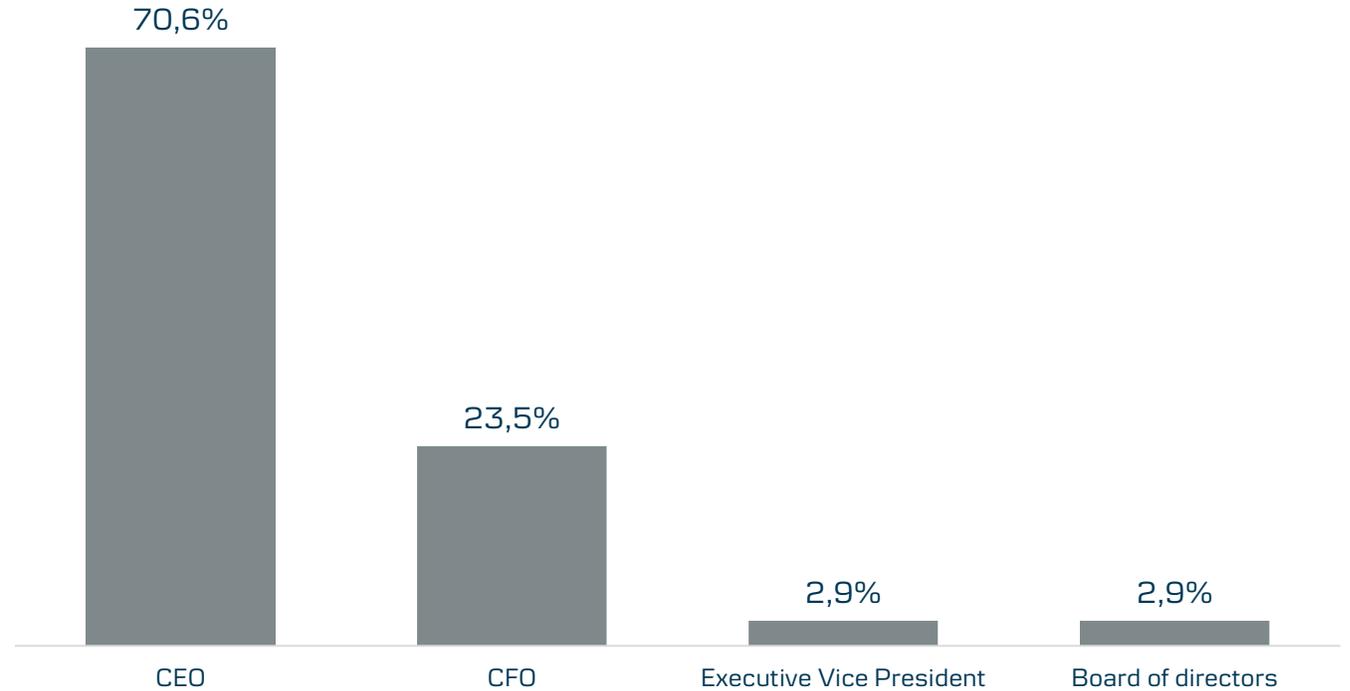


# Company interactions by meeting type and participants

### Share of meeting types



### Share of meetings by participants



# Top 3 ESG engagement subjects

## Dividends

is the 1<sup>st</sup> most common subject for our portfolio managers to engage with companies on.

12

engagements among the total of

34

## Dividends

are payments from company's earnings to its shareholders, usually as a cash payment.



 Dividends addressed



Sector: Consumer, Non-cyclical

*"Discussed the dividend policy."*



Sector: Consumer, Non-cyclical

*"General discussion about dividends."*



Sector: Consumer, Non-cyclical

*"Discussion about higher dividends."*

# Top 3 ESG engagement subjects



# Top 3 ESG engagement subjects



## *Principal Adverse Impacts (PAIs)*

We consider the principal adverse impacts on sustainability factors that our investment decisions have. We address principal adverse impacts on sustainability factors according to their materiality and type.

We use external market research providers and other publicly available information, internal dashboards, tools and frameworks and the expertise of our Investment and Responsible Investment teams to identify the principal adverse impacts on sustainability factors. While the considerations relevant to principal adverse impacts on sustainability factors are different from those relating to sustainability risks, we identify principal adverse impacts in the investment decision-making process via utilization of the same framework as the one applied for sustainability risk integration. How sustainability risks are identified is outlined in the Responsible Investment Policy. The consideration and prioritization of identified principal adverse impacts are further defined in the underlying instructions to the Policy.

We address principal adverse impacts through our active ownership and investment restriction activities as described in our Responsible Investment Policy. Active ownership is conducted through voting, dialogue and collaborative activities. In addition, we have incorporated the principal adverse impact indicators into our voting guidelines. Our screenings can result in exclusions related to principal adverse impacts. We exclude companies based on violations in relation to international standards such as the Global Compact and OECD Guidelines for Multinational Enterprises. For example, certain companies that contribute significantly to climate change, damage biodiversity, water pollution, violate human rights, have insufficient labor rights or are involved in corruption are excluded.

We have mapped the mandatory and voluntary indicators of principal adverse impacts to our ESG subjects that based on them our investment teams engage with the investee companies. The coverage of PAIs indicators by categories for corporate and for Sovereigns, Supranationals include in the following slides.

# Adverse sustainability indicators in scope for PAIs

## Climate and other environmental-related indicators

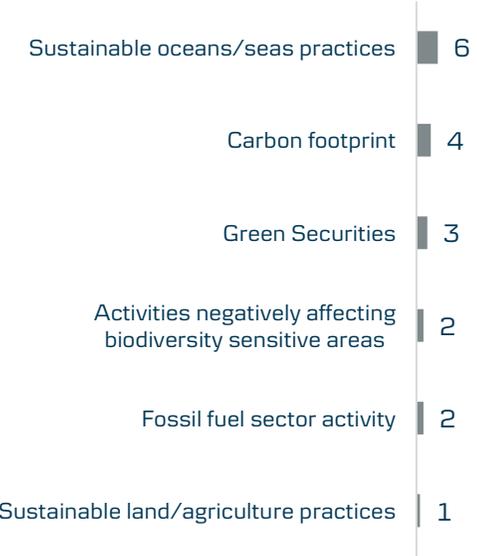
Activities negatively affecting biodiversity sensitive areas  
 Carbon emission reduction initiatives  
 Carbon footprint  
 Chemical production  
 Deforestation  
 Emissions of air pollutants  
 Emissions of inorganic pollutants  
 Emissions of ozone depletion substances  
 Emissions to water  
 Energy consumption by type of non-renewable sources of energy  
 Energy consumption intensity per high impact climate sector  
 Exposure to areas of high water stress  
 Fossil fuel sector activity  
 GHG emissions  
 GHG intensity  
 Green securities  
 Hazardous waste ratio  
 Land degradation, desertification, soil sealing  
 Natural species and protected areas  
 Non-recycled waste ratio  
 Non-renewable energy consumption and production  
 Sustainable land/agriculture practices  
 Sustainable oceans/seas practices  
 Water management policies  
 Water usage and recycling

## Social and employee, respect for human rights, anti-corruption and anti-bribery matters

Action taken to address breaches of standards of anti-corruption and anti-bribery  
 Anti-corruption and anti-bribery policies  
 Board gender diversity  
 Convictions and fines for violation of anti-corruption and anti-bribery laws  
 Excessive CEO pay ratio  
 Exposure to controversial weapons  
 Grievance/complaints handling mechanism related to employee matters  
 Human rights due diligence  
 Human rights policy  
 Identified cases of severe human rights issues and incidents  
 Incidents of discrimination  
 Number of days lost to injuries, accidents, fatalities or illness  
 Operations and suppliers at significant risk of incidents of child labor  
 Operations and suppliers at significant risk of incidents of forced or compulsory labor  
 Processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines  
 Processes and measures for preventing trafficking in human beings  
 Rate of accidents  
 Supplier code of conduct  
 Unadjusted gender pay gap  
 Violations of UNGC principles and OECD Guidelines  
 Whistle-blower protection  
 Workplace accident prevention policies

# Adverse sustainability indicators addressed in company engagements

## Climate and other environmental-related indicators\*



## Social and employee, respect for human rights, anti-corruption and anti-bribery matters\*



\* Adverse sustainability impact indicators may have been engaged within certain broader ESG engagement subjects

# *Active Ownership Report, Part 2*

## *Voting*



## Voting 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 H1 2021, we have had the following voting activities*

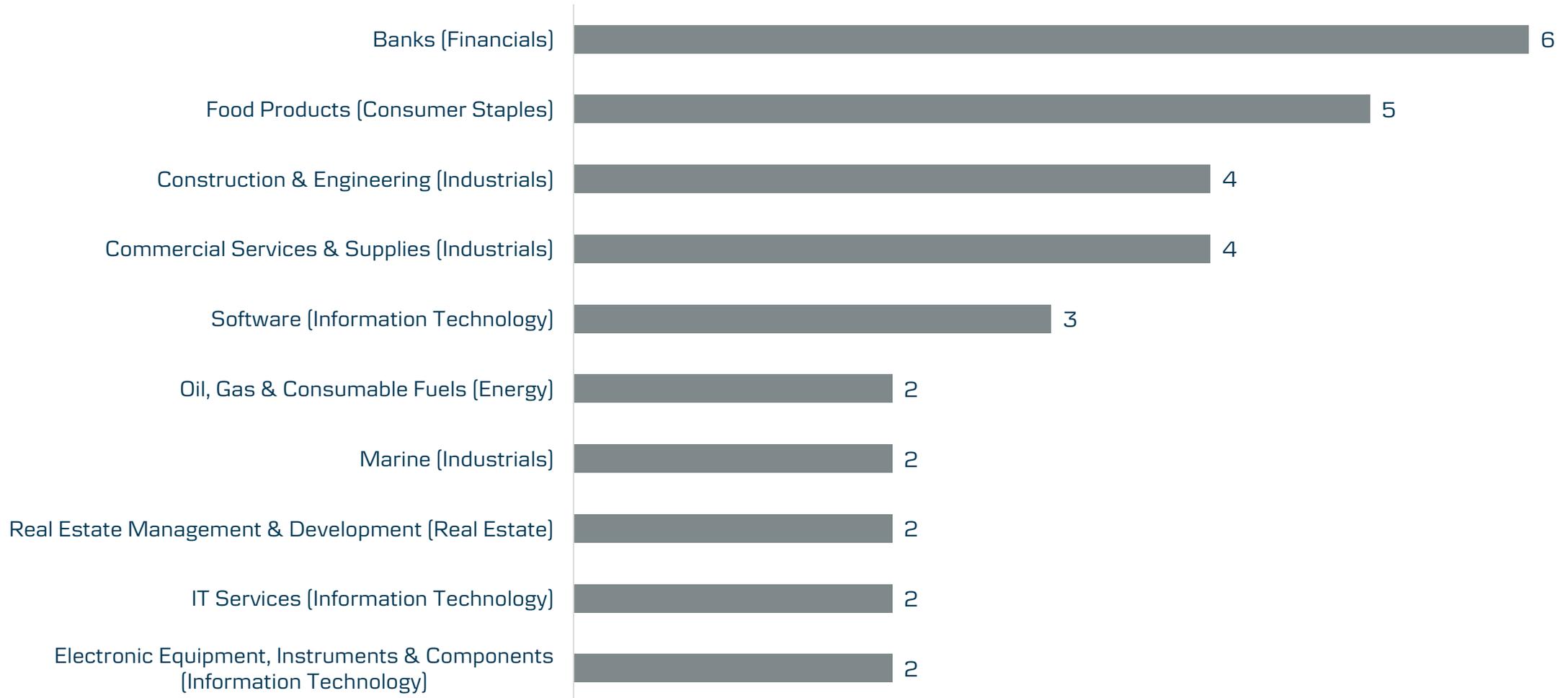


	Companies	48
	Country domiciles	4
	Meetings	49
	Proposals	686



## Top 10 industries most voted

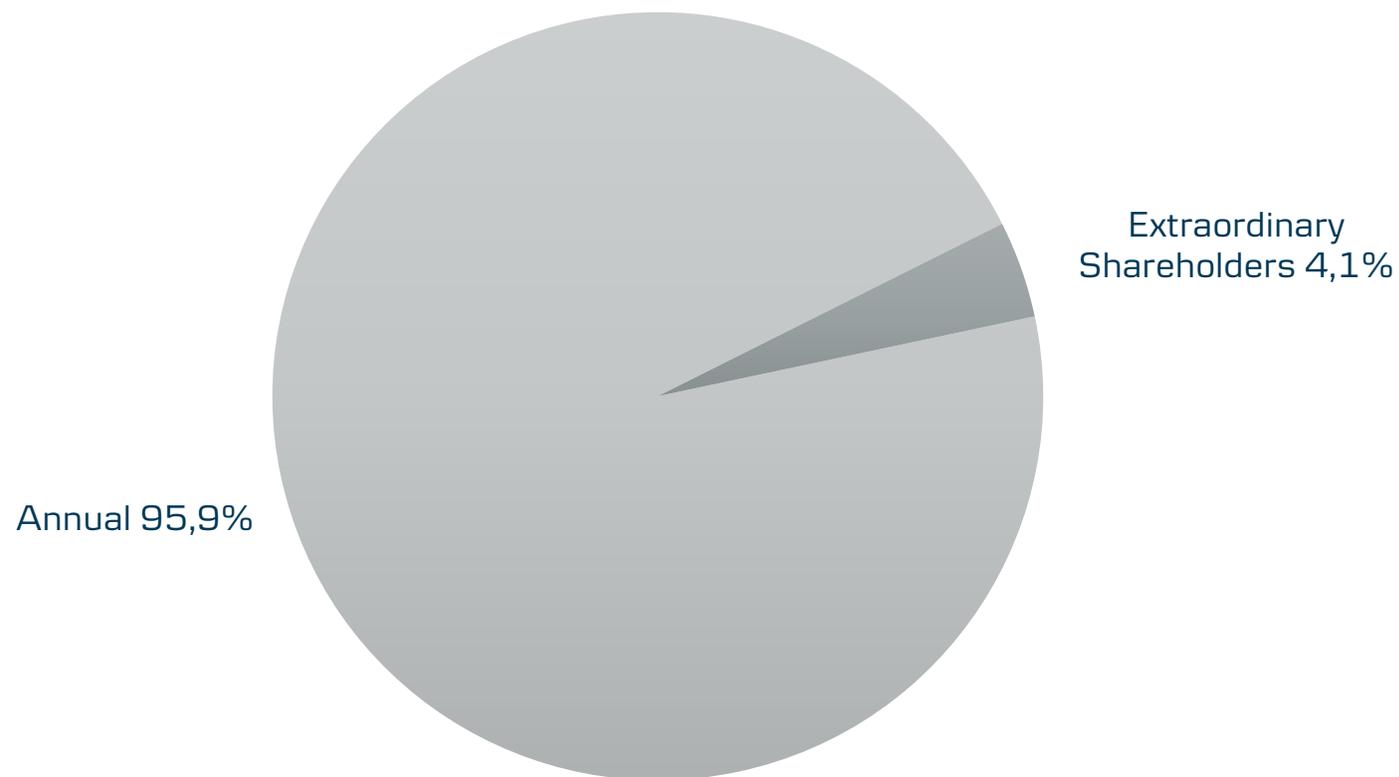
Number of companies per industry (Sector in bracket)







## *Split between meeting types*





# Top 10 and voting distribution across Nordic countries & regions

Rank	Country	Count
1	Norway	45
2	Denmark	2
3	Bermuda	1
4	Faroe Islands	1



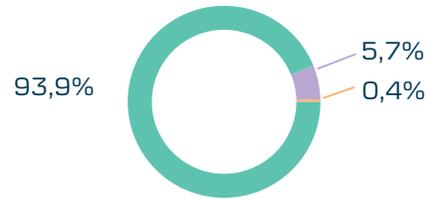
Region	Count
Nordics	48
Western & Southern Europe	-
Rest of the world	1
Eastern Europe	-



# Split between voting instructions and voted proposals

## Voted proposals

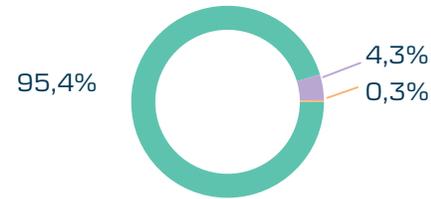
■ For ■ Against/Withhold ■ Abstain



For	644
Against/Withhold	39
Abstain	3
<b>Total</b>	<b>686</b>

## Management proposals

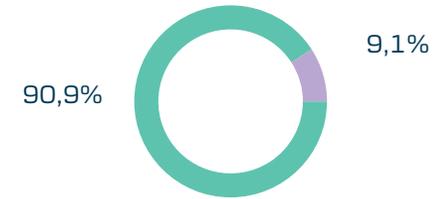
■ For ■ Against/Withhold ■ Abstain



For	644
Against/Withhold	29
Abstain	2
<b>Total</b>	<b>675</b>

## Shareholder proposals

■ Against/Withhold ■ Abstain

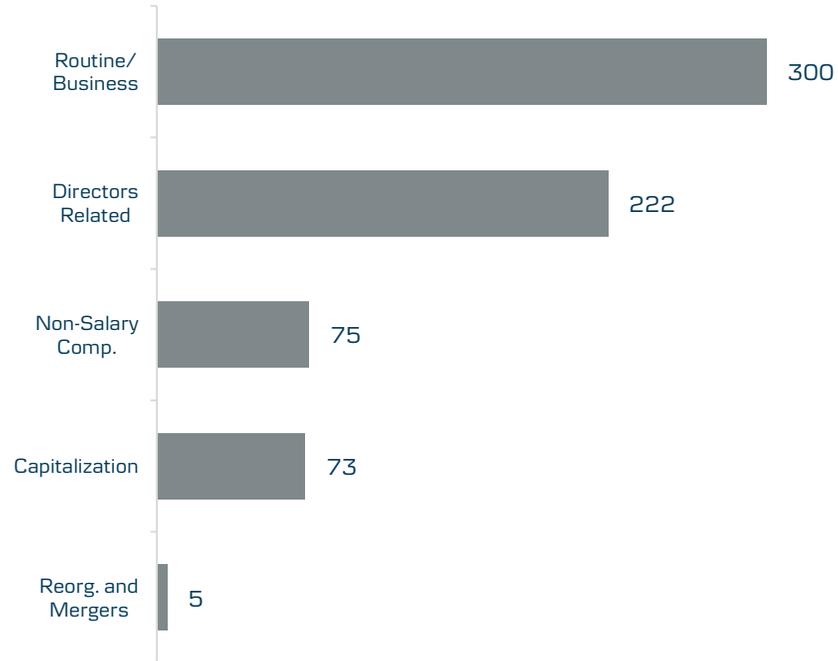


For	-
Against/Withhold	10
Abstain	1
<b>Total</b>	<b>11</b>

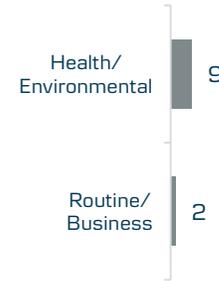


# Split between voted proposals categories

## Management proposals



## Shareholder proposals





# Top 10 voted proposals against Management recommendations



# *Active Ownership Report, Part 3*

## *Collaborative Engagements*



## *Collaborative Engagements introduction*

*In addition to our investment teams' direct engagement with companies and our voting activities, we are part of numerous investor initiatives and alliances where we together with other investors influence companies to take action on sustainability issues and contribute to sustainable development.*

*Through alliances and initiatives, we encourage companies to increase transparency and disclosure of e.g. climate impact and to move towards more sustainable business practices.*

*Collaborating with others supports and strengthens our ability to influence companies, as it can increase the power of our voice as an investor.*



# Danske Bank Group membership of Investor initiatives and alliances



## Sustainability Accounting Standards Board

We have partnered with the Sustainability Accounting Standards Board to leverage their research and approach to which sustainability issues are business-critical and important for companies to address and manage, including climate related issues. In our engagements, we urge companies to adopt this approach as a way of enhancing their disclosure of which climate issues are critical for their business.



## The Institutional Investors Group on Climate Change

The European investor alliance focuses on mitigating climate change. The group has more than 250 members and its mission is to mobilise capital for the low-carbon transition and to ensure resilience to the effects of a changing climate by collaborating with companies, policymakers and fellow investors. The group works to support and help define the public policies, investment practices and corporate behaviours that address the long-term risks and opportunities associated with climate change.



## Task Force on Climate-related Financial Disclosures

TCFD develops voluntary, consistent, climate-related financial risk disclosures for use by companies when providing information to investors, lenders, insurers or other stakeholders. Danske Bank use TCFD recommendations to help structure our engagements with companies as part of our goal of being a change agent supporting companies in the transition to low-carbon business models and creating real world positive outcomes.



## Carbon Disclosure Project

The organisation encourages companies and cities to disclose their climate impact and aims to reduce companies' greenhouse gas emissions and mitigate climate change risk. The organisation collects and shares information on greenhouse gas emissions and climate strategies in order to provide data and tools that enable investors to mitigate climate-related risks in investment decisions.

# Danske Bank Group membership of Investor initiatives and alliances

## Net Zero Asset Management Initiative

The Net Zero Asset Managers initiative is a group of international asset managers committed to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5 degrees Celsius; and to supporting investing aligned with net zero emissions by 2050 or sooner. It is an initiative designed to mobilise action by the asset management industry that demonstrates leading practice in driving the transition to net zero and delivers the ambitious action and investment strategies that will be necessary to achieve the goal of net zero emissions. It also provides a forum to share best practice and overcome barriers to aligning investments to that net zero goal.



## Montreal Carbon Pledge

We are a signatory to the Montreal Carbon Pledge and we publicly disclose the carbon footprint of our equity and bond investment funds. Going forward, we will continue to increase the number of funds where we disclose their carbon footprint.



## Climate Action 100+

It is one of the world's largest investor led engagement initiatives. Together with more than 500 global investors we engage with the world's largest corporate greenhouse gas emitters to curb CO2 emissions in line with the Paris Agreement's climate targets and improve carbon emission disclosures. The initiative targets companies in the oil and gas, utilities, mining and metals, transportation, industrials and consumer products sectors.



## Partnerships for Carbon Accounting Financials

A global partnership of financial institutions that work together to develop and implement a harmonized approach to assessing and disclosing the greenhouse gas emissions associated with their loans and investments.

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## *Engagement by company*

Aker BioMarine ASA  
Aker BP ASA  
Aker Horizons Holding ASA  
Bakkafrost P/F  
Cloudberry Clean Energy ASA  
DNB ASA  
Gjensidige Forsikring ASA  
Grieg Seafood ASA  
Kongsberg Gruppen ASA  
Leroy Seafood Group ASA  
Navamedic ASA  
Norsk Hydro ASA  
NRC Group ASA  
Orkla ASA  
Reach Subsea ASA  
Salmar ASA  
Sbanken ASA  
Skitude Holding AS  
Sparebank 1 Oestlandet  
SpareBank 1 SMN  
SpareBank 1 SR-Bank ASA  
Storebrand ASA  
Telenor ASA  
Veidekke ASA  
Yara International ASA