

Danske Bank

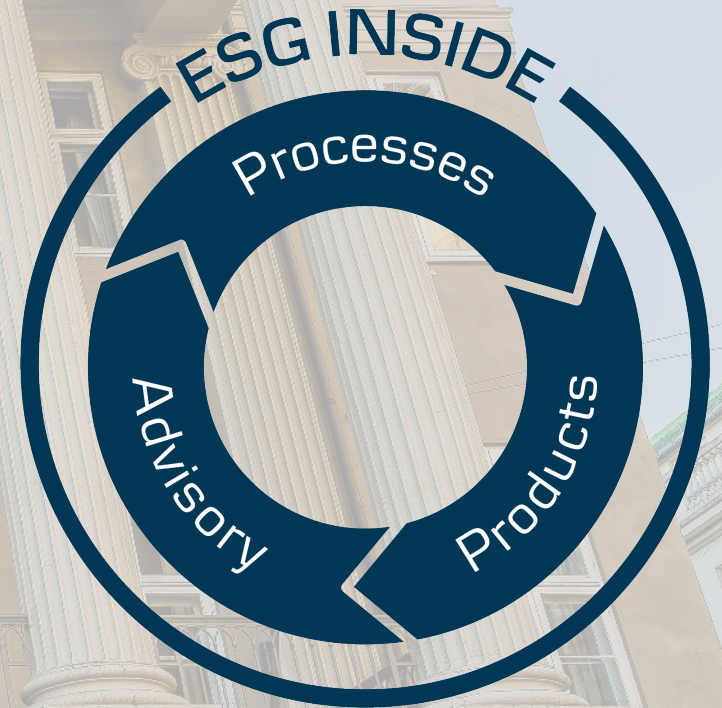
# Active Ownership Report: 2019

Danske Invest

Danske Invest Select

Danske Invest Index

March 2020



## Active Ownership Report: 2019

*When investors 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 investors.*

*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. The investment teams 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 investors and stakeholders with regular updates on our progress and results.*

## The two parts of the report



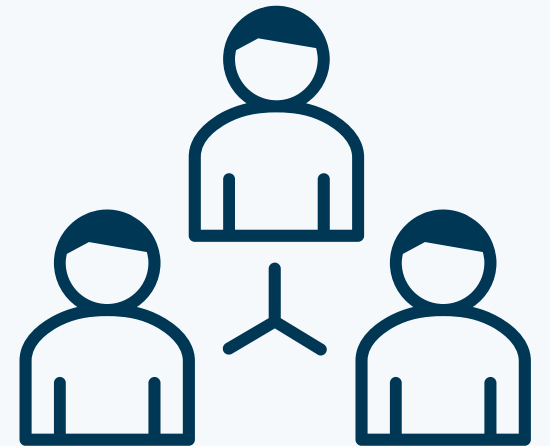
Part 1:  
Engagement Report



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.*



*The 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, the investment teams have had the following engagement activities*



Companies

356



Country domiciles

30



ESG engagement topics

103

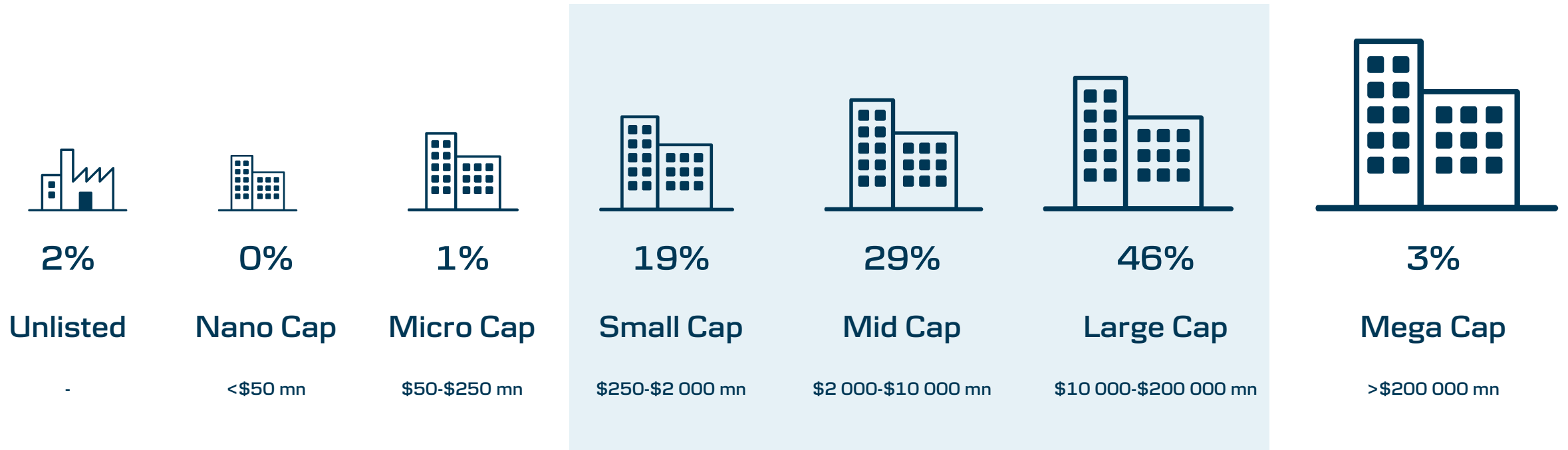


Interactions

663

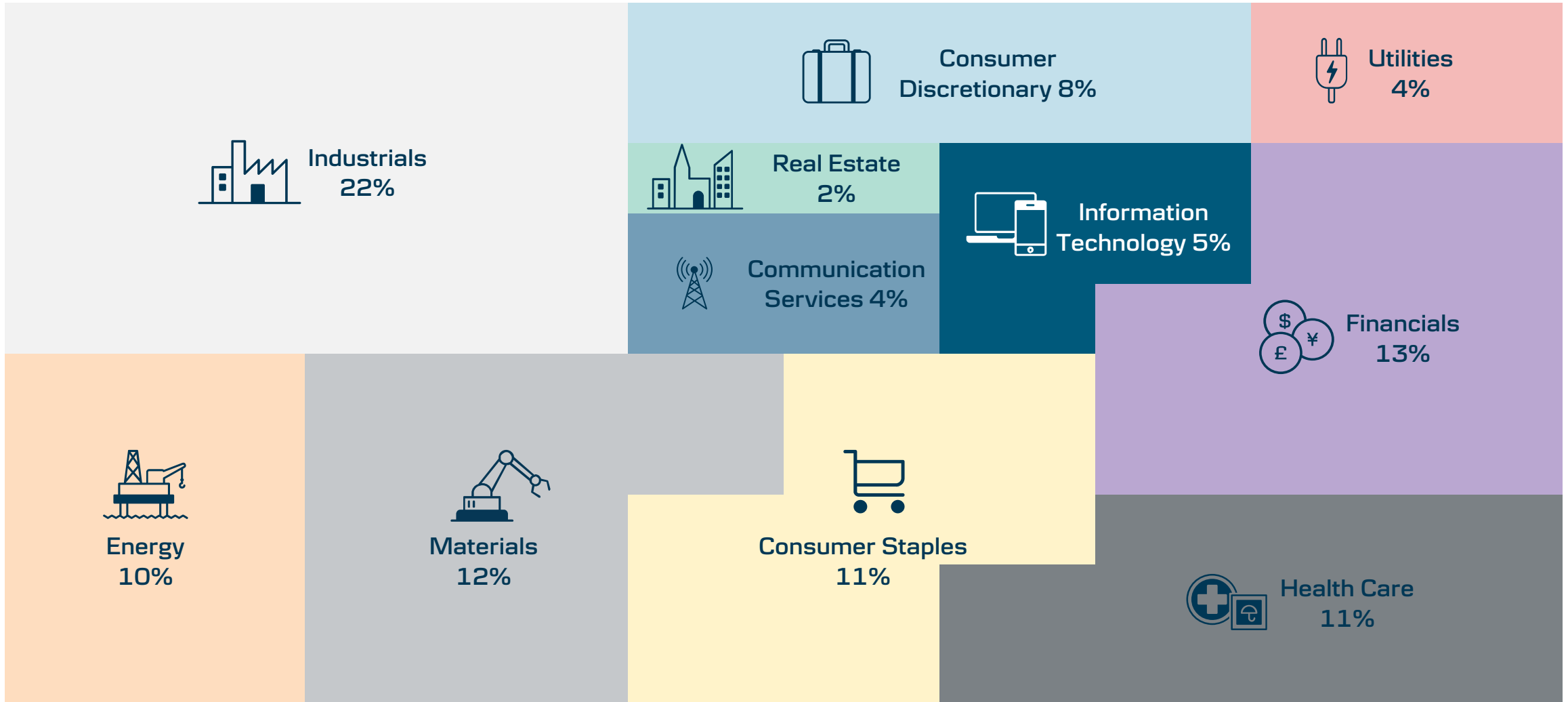


*The investment teams have engaged primarily with small, mid & large cap companies*





# Sector distribution of companies engaged with during 2019

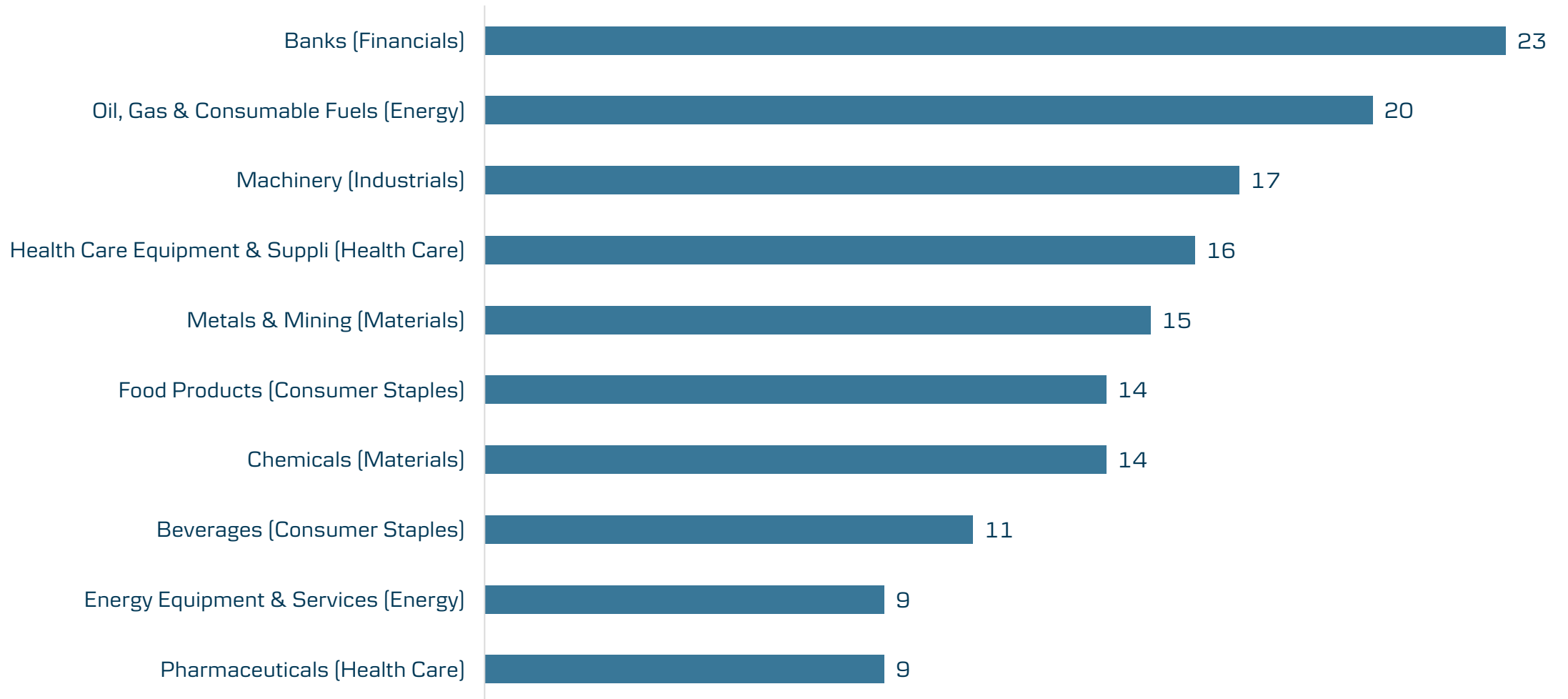


Note: Global Industry Classification Standard (GICS) is used for sector classification.



## Top 10 industries most engaged with during 2019

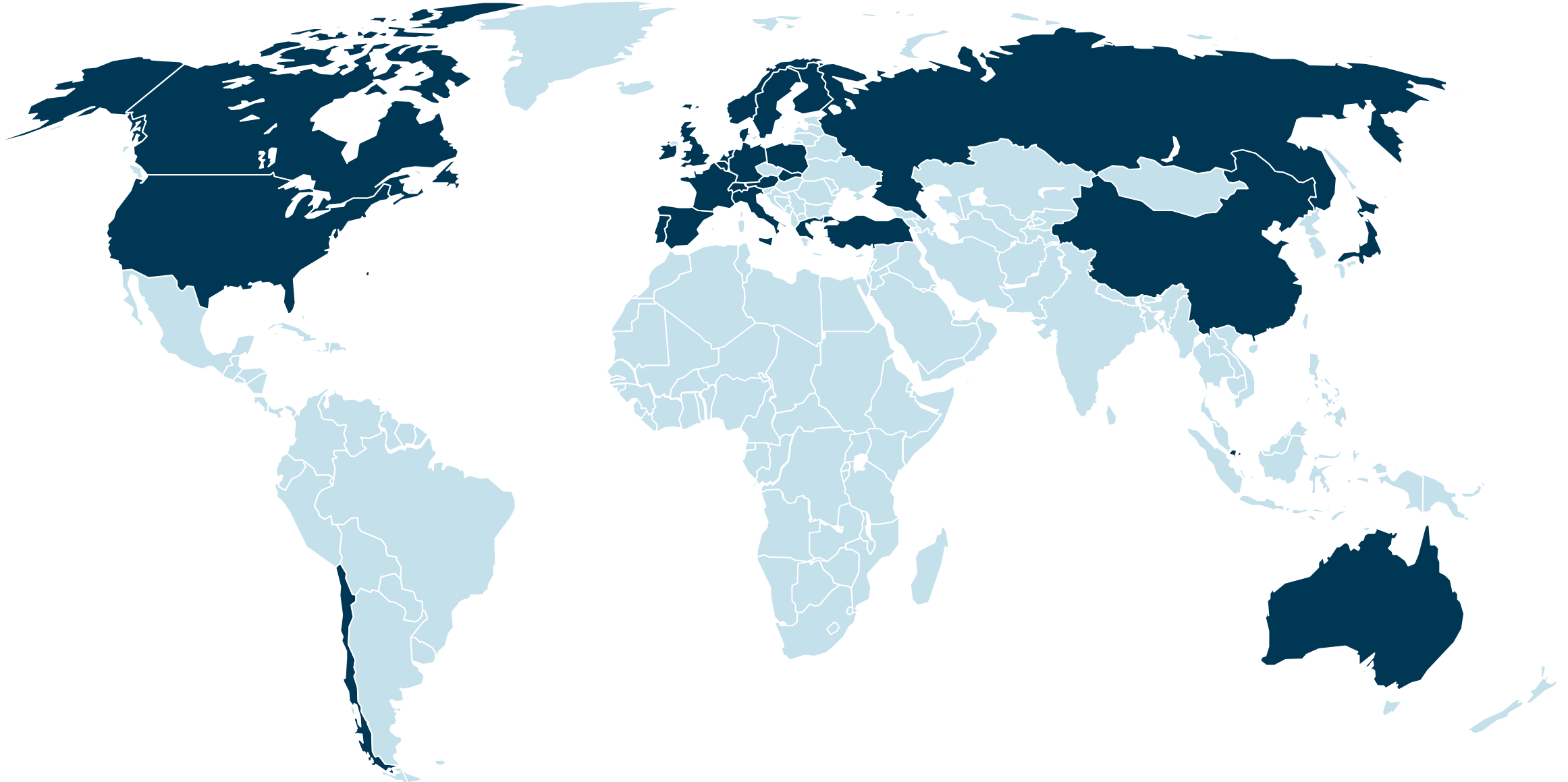
Number of companies per industry (Sector in bracket)



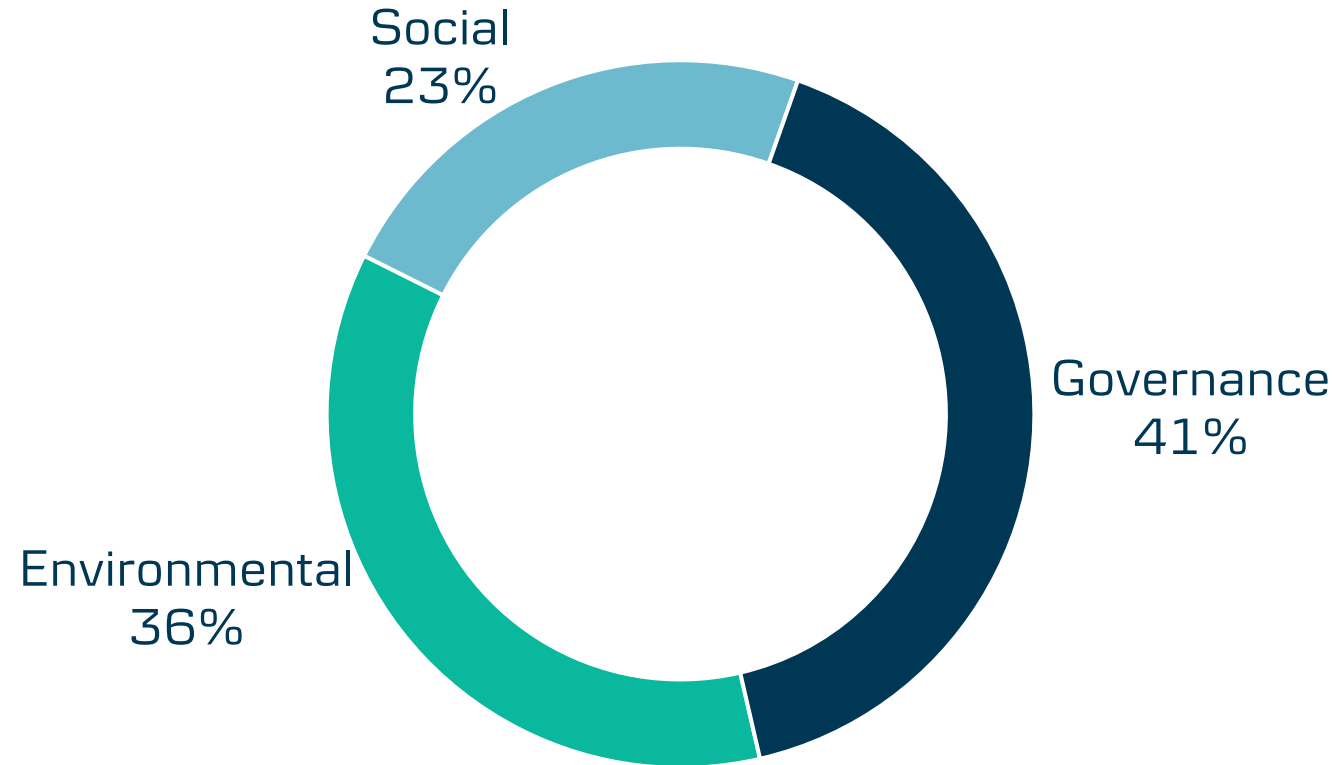




# *Engagement with companies domiciled in 30 countries*



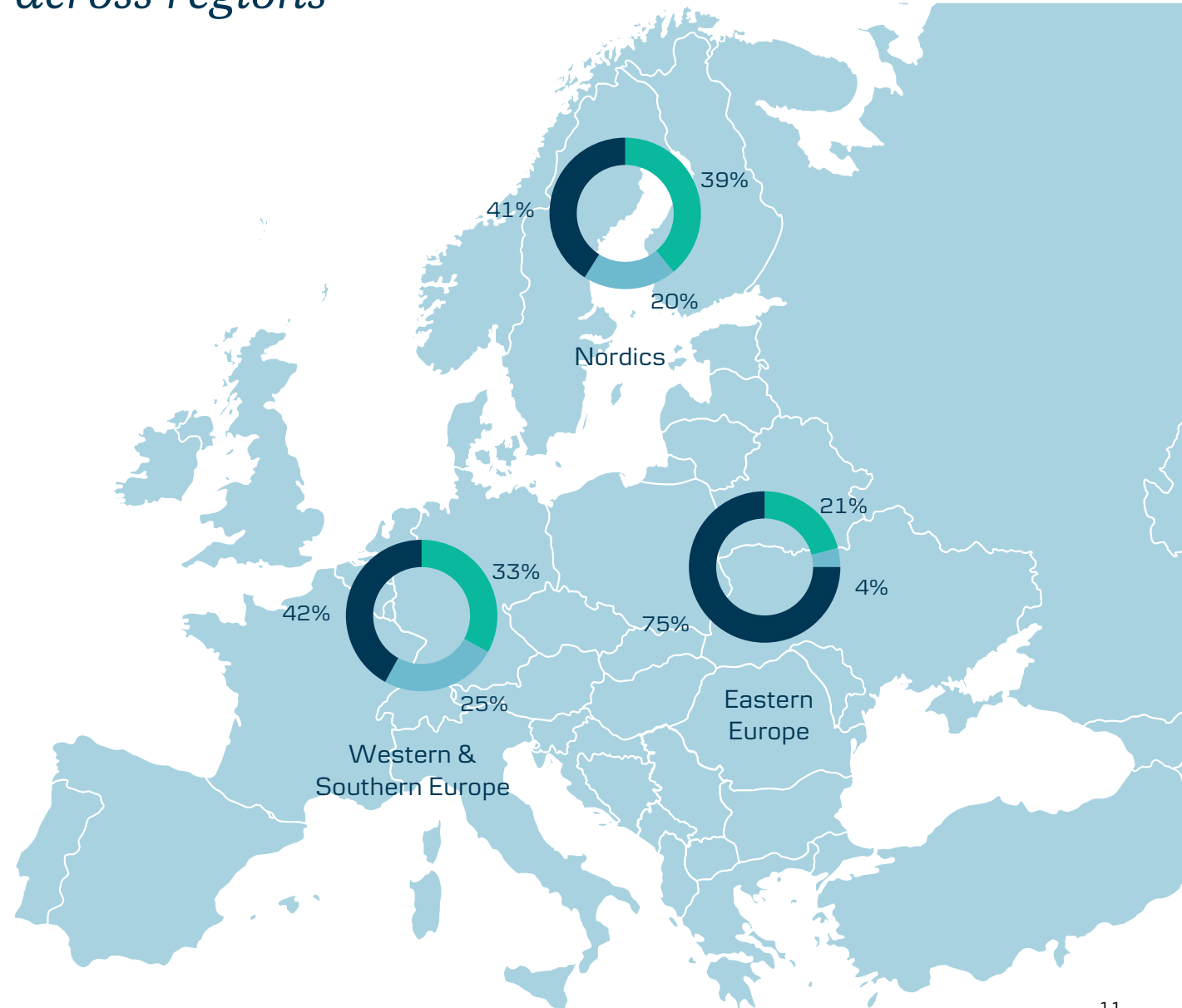
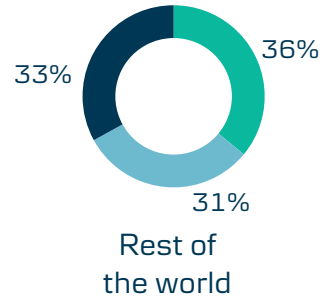
## *Split between ESG engagement themes*





# Split between ESG engagement themes across regions

- = Environmental
- = Social
- = Governance





# 103 ESG engagements topics have been addressed and discussed





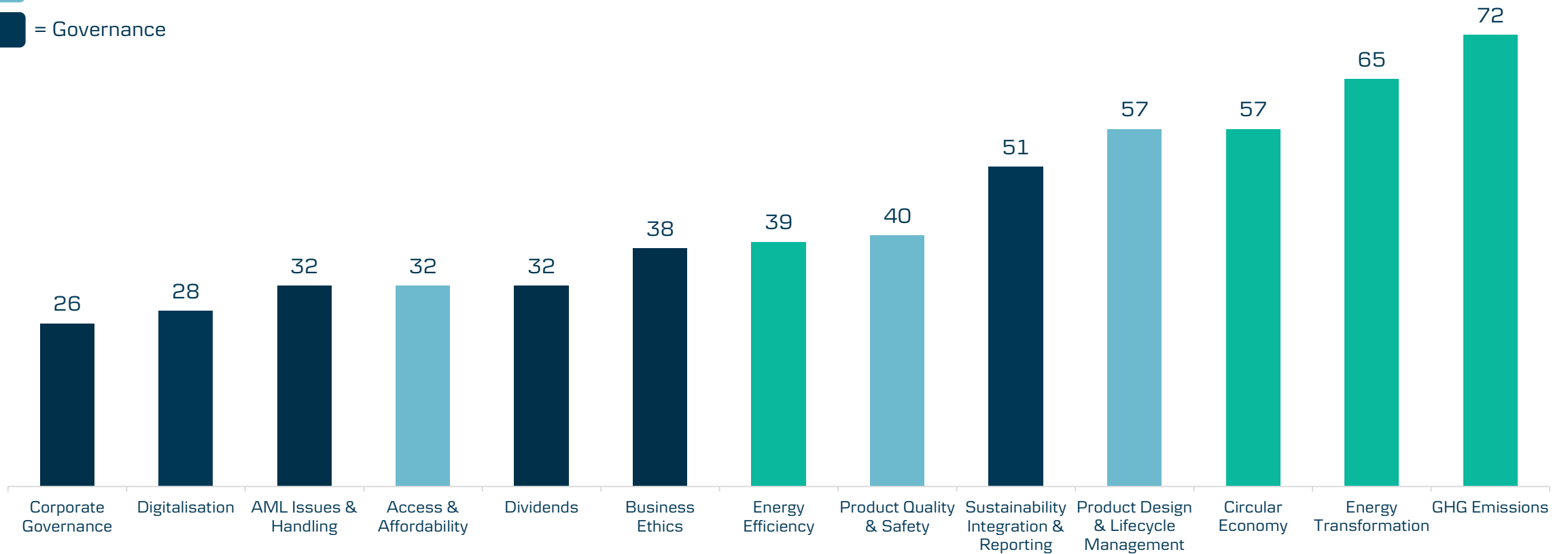
## Most frequent ESG engagement topics across the E, S, and G theme

Environmental			Social			Governance		
Rank	Topic	Count	Rank	Topic	Count	Rank	Topic	Count
1	GHG Emissions	72	1	Product Design & Lifecycle Management	57	1	Sustainability Integration & Reporting	51
2	Energy Transformation	65	2	Product Quality & Safety	40	2	Business Ethics	38
3	Circular Economy	57	3	Access & Affordability	32	3	AML Issues & Handling	32
4	Energy Efficiency	39	4	Customer Welfare	25	4	Dividends	32
5	Plastic/Recycling Products	25	5	Selling Practices & Product Labeling	20	5	Digitalisation	28
6	Sustainable Products	24	6	Supply Chain Management	13	6	Corporate Governance	26
7	Waste & Hazardous Materials Management	24	7	Employee Health & Safety	13	7	M&A	25



# Top 3 among the 103 ESG engagement topics: GHG Emissions; Energy Transformation; Circular Economy and Product Design & Lifecycle Management

- = Environmental
- = Social
- = Governance





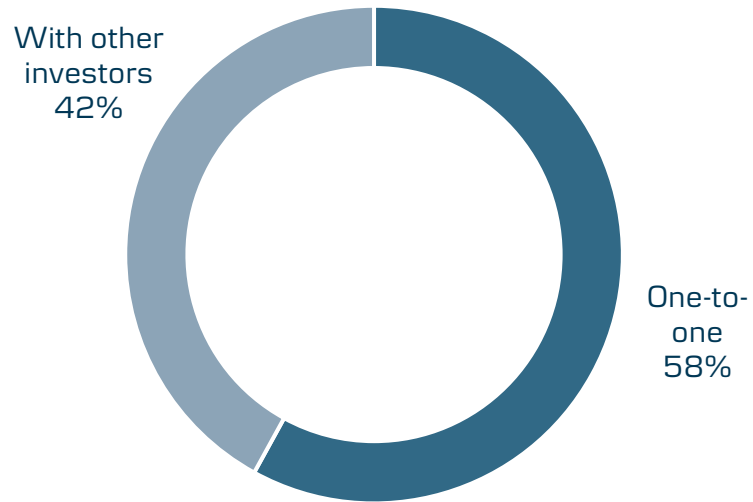




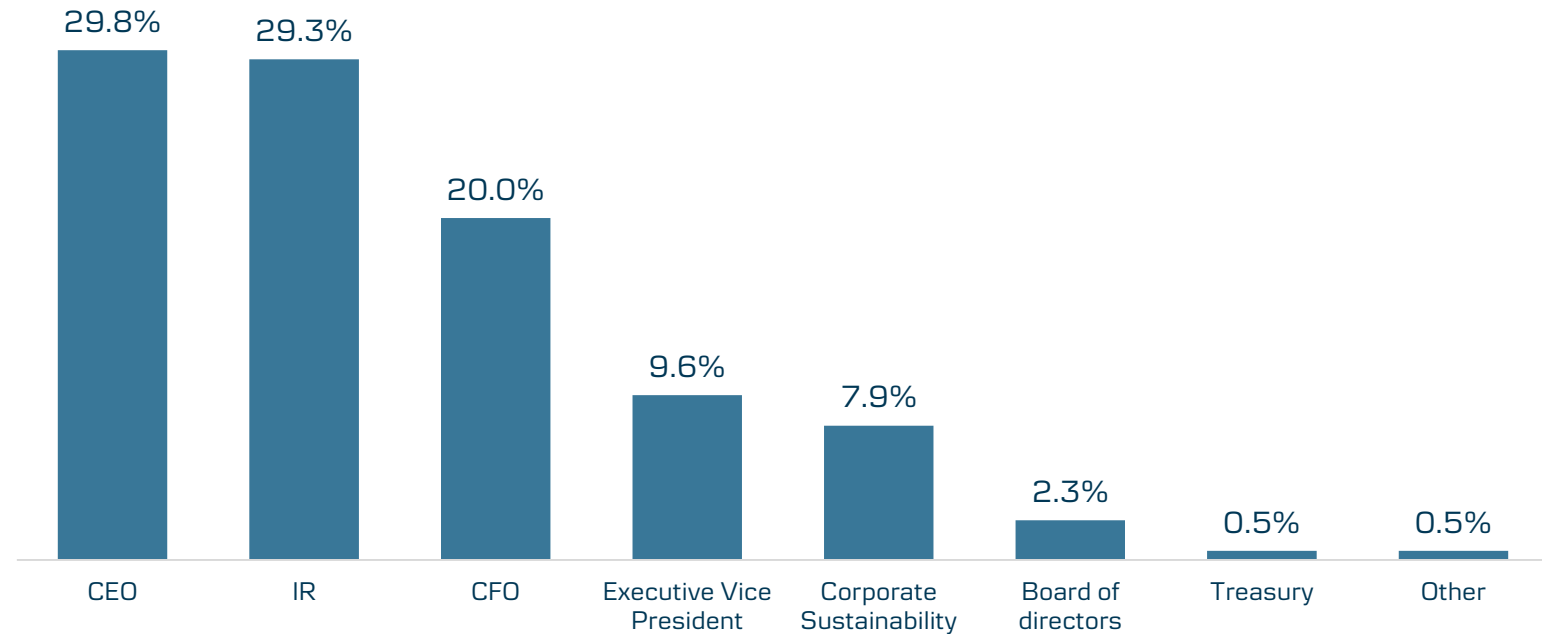


# Company interactions are mainly one-to-one and with CEO, IR or CFO

### Type of meeting



### Share of meetings by level of participants



# Engagement examples: GHG Emissions

## 72 engagements



Among the 663 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.

Topic addressed in the following countries



## Company Example



**Sector: Industrials**

“Discussed with company on fuel consumption and CO2-emissions in drilling.”



**Sector: Consumer Discretionary**

“The company’s trials ongoing with hybrid and electric cars to reduce CO2-emissions.”



**Sector: Consumer Staples**

“The company’s products with lower carbon footprint.”

# Engagement examples: Energy Transformation

## 65 engagements



Among the 663 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: Energy**  
 “Discussed the approach for carbon separation technology.”

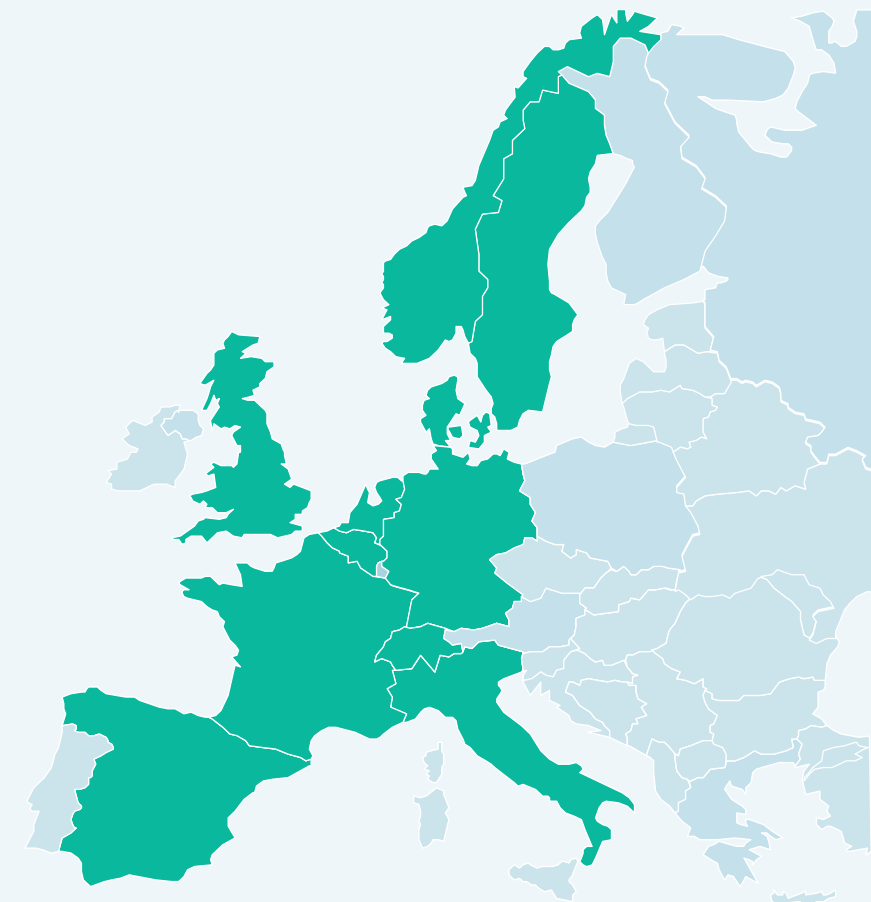


**Sector: Consumer Discretionary**  
 “The company’s plans for launching electric cars, R&D.”



**Sector: Energy**  
 “The company’s energy transition opportunities.”

Topic addressed  
 in the following countries



# Engagement examples: Product Design & Lifecycle Management

## 57 engagements



Among the 663 total engagements focused on Product Design & Lifecycle Management.

**Product Design & Lifecycle Management** is the third most common topic for our portfolio managers to engage with companies on during 2019. **Product Design & Lifecycle Management** refers to the handling of a good as it passes through the typical stages of its product life. It involves both the manufacturing and the marketing of the product.

## Company Example



**Sector: Consumer Staples**  
 “Discussed with company the approach to reduce negative footprint throughout value chain.”



**Sector: Information Technology**  
 “Plans on R&D, innovation and digitalization.”



**Sector: Industrial**  
 “Discussed their focus on extending product lifecycle and positive outcome for environment.”

Topic addressed in the following countries



Product Design & Lifecycle Management Other topics 20



# Engagement examples: Circular Economy

## 57 engagements



Among the 663 total engagements focused on Energy Transformation.

**Circular Economy** is the third most common topic for our portfolio managers to engage with companies on during 2019. **Circular Economy** is an economic system that aims the value of products and materials is maintained for as long as possible.

## Company Example



**Sector: Industrials**

“Discussed about new plastic regulations.”



**Sector: Consumer Discretionary**

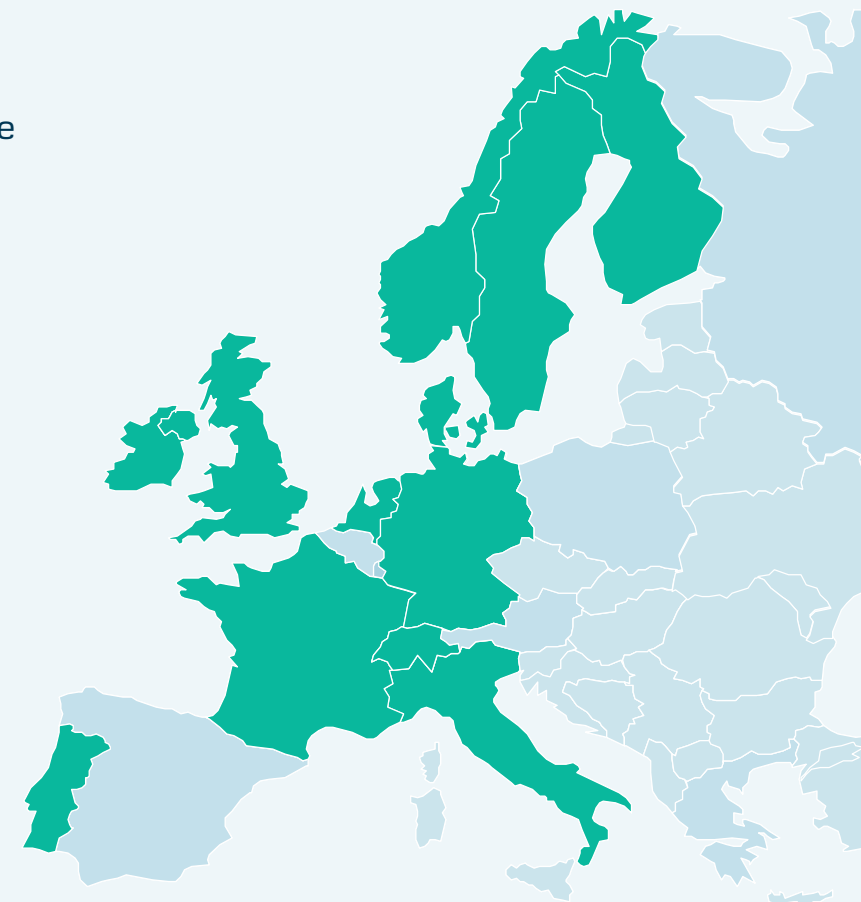
“The company’s integration in Circular Economy.”



**Sector: Health Care**

“The company sees the transition from a linear to a circular economy as a necessary boundary condition.”

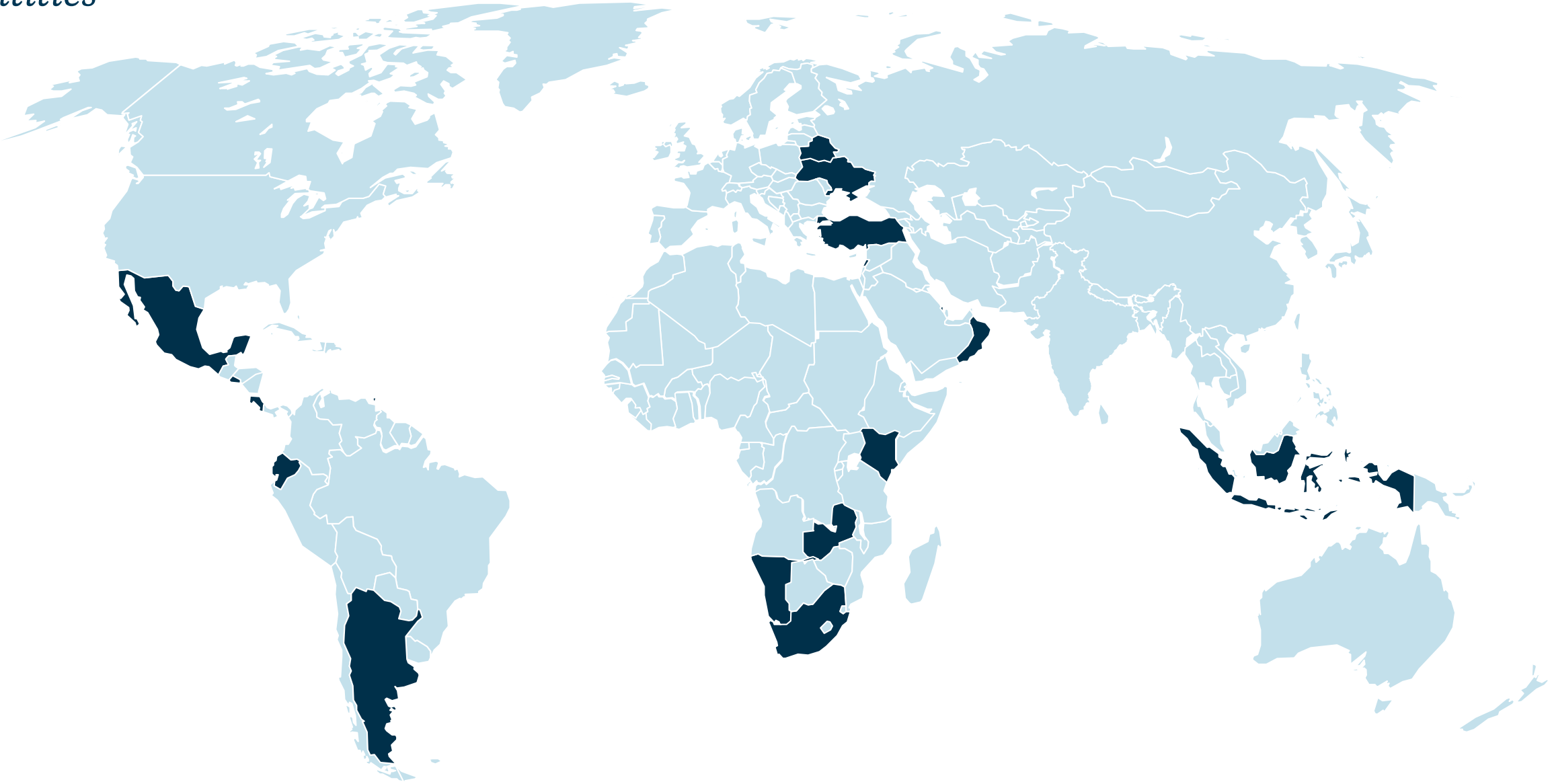
Topic addressed  
in the following countries



■ Circular Economy

■ Other topics

*Sovereigns: The investment teams have had 38 engagements with 17 governmental entities*



*Sovereigns: In total, have 77 topics been discussed*



# *Active Ownership Report: 2019*

## *Part 2: Voting Report*





## Engagement Report introduction



*The annual general meeting is an opportunity to voice opinions, 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 log and publish our voting records.*



*In 2019, the investment teams has had the following voting activities*



Meetings

181



Country domiciles

33



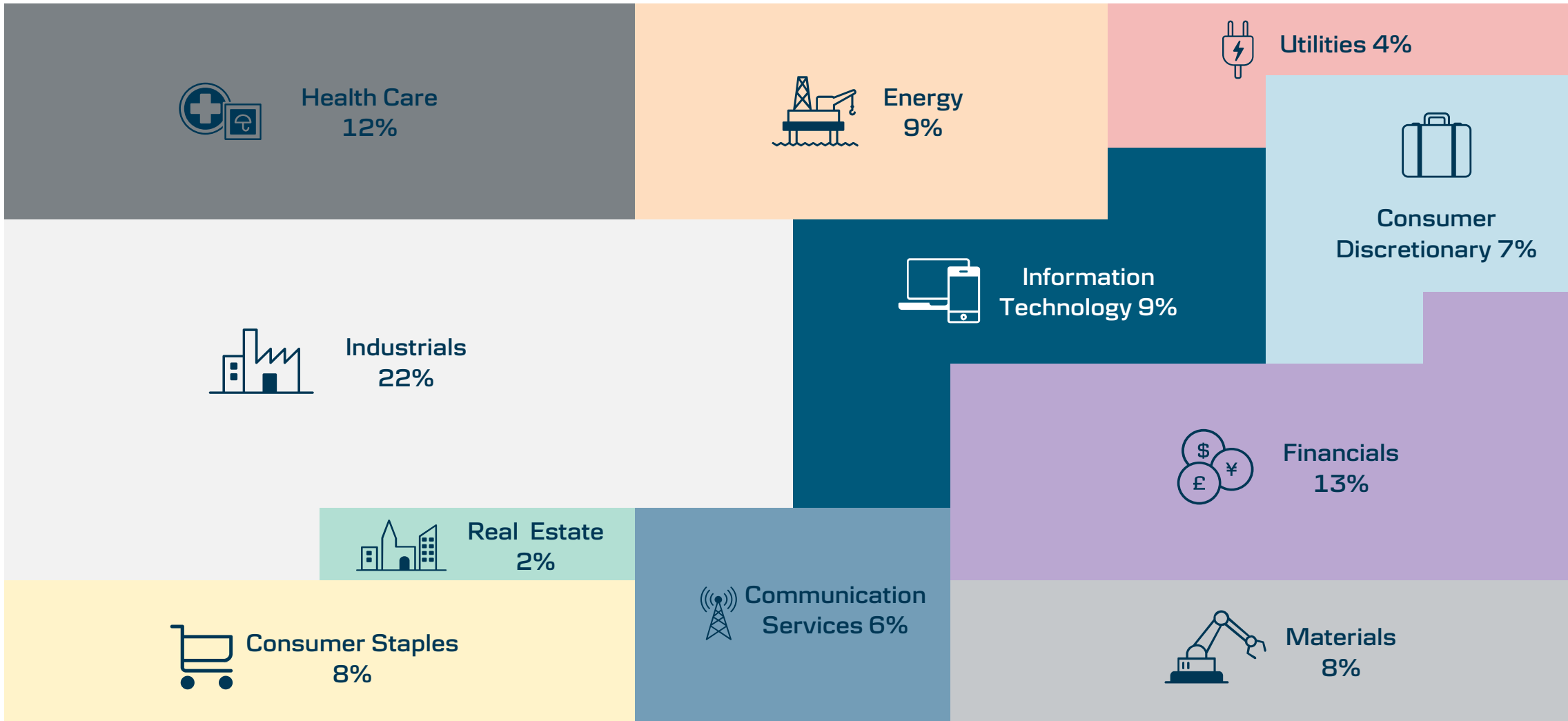
Proposals

2,709



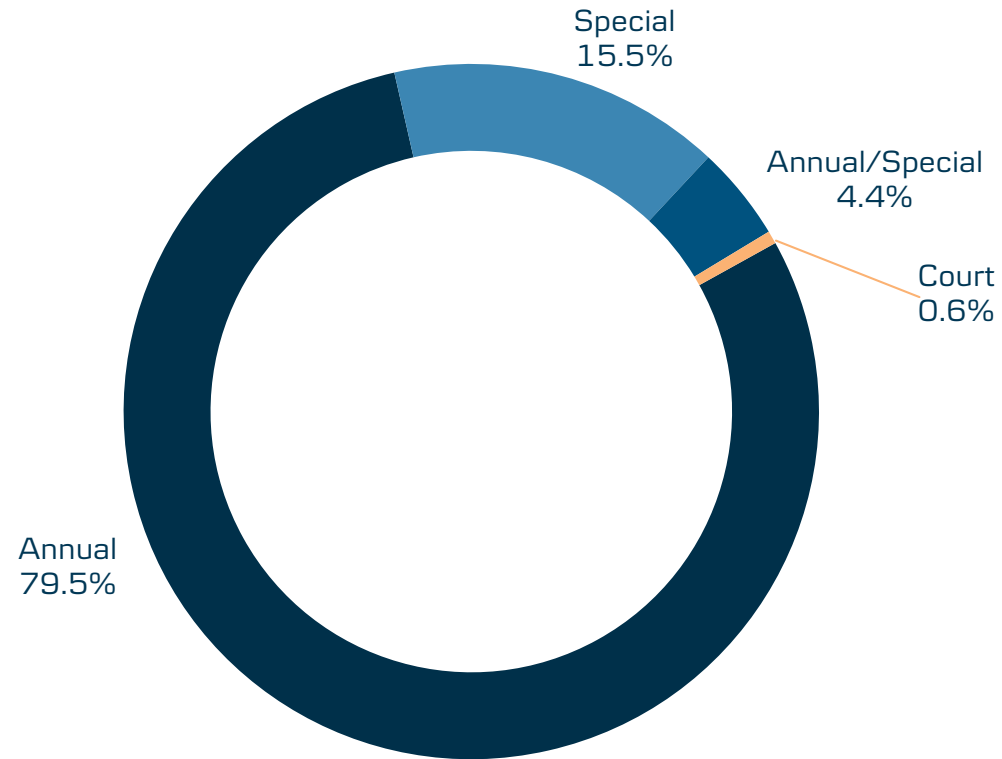


# Sector distribution for voting during 2019

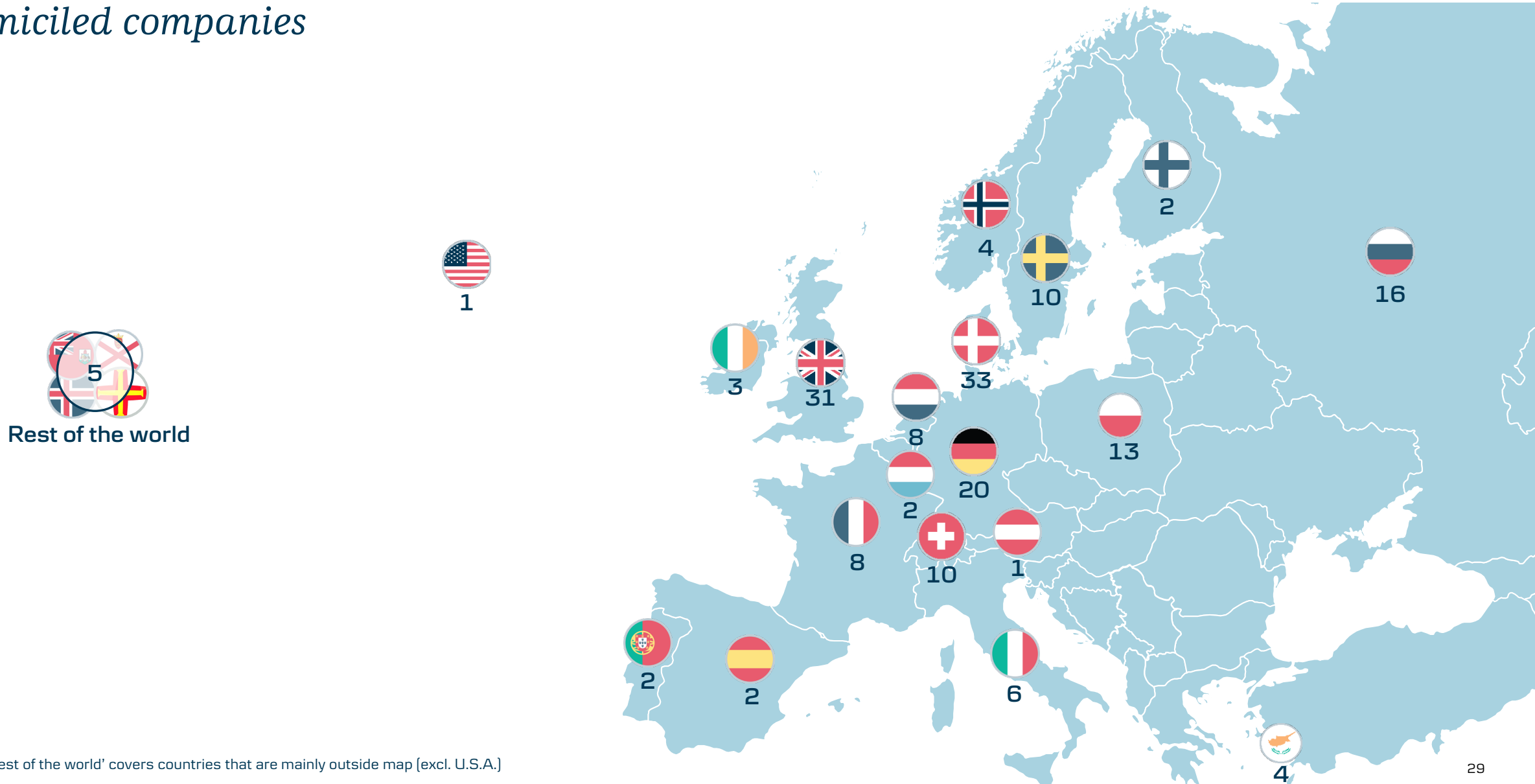




## *Voted primarily at Annual General Meetings (AGM)*



# Voting distribution across countries shows main focus on Nordic domiciled companies



Note: 'Rest of the world' covers countries that are mainly outside map (excl. U.S.A.)

*The investment teams predominantly voted 'For' the proposals*

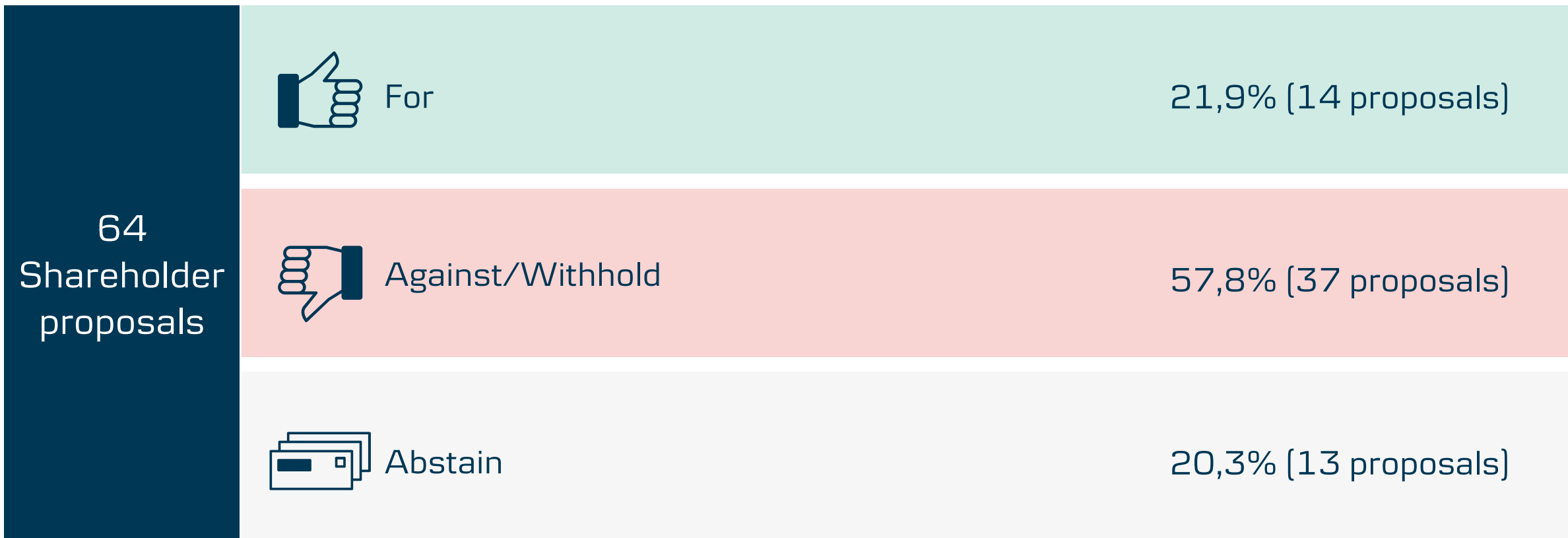




*The investment teams predominantly voted 'For' the Management proposals*



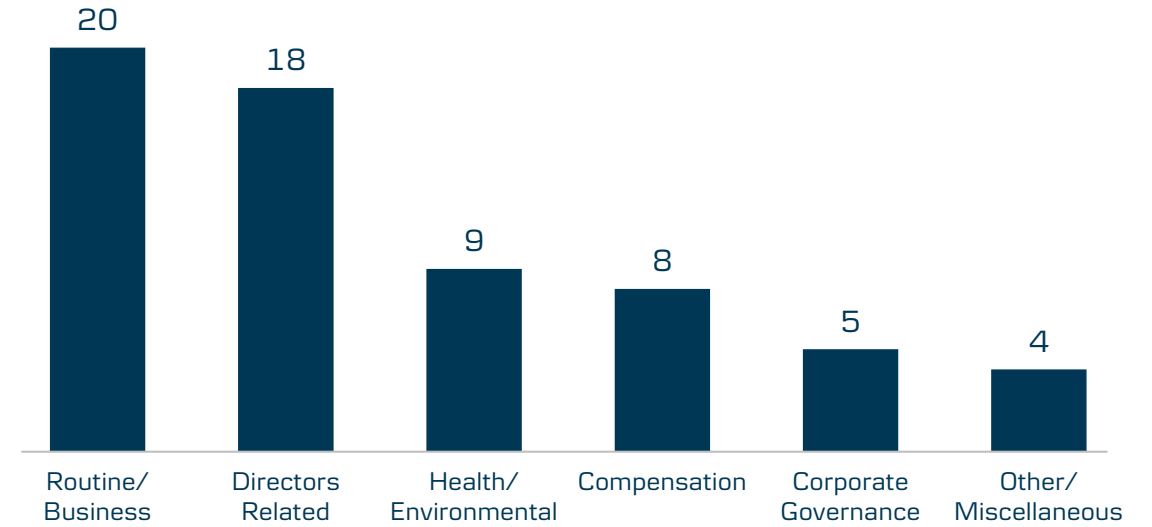
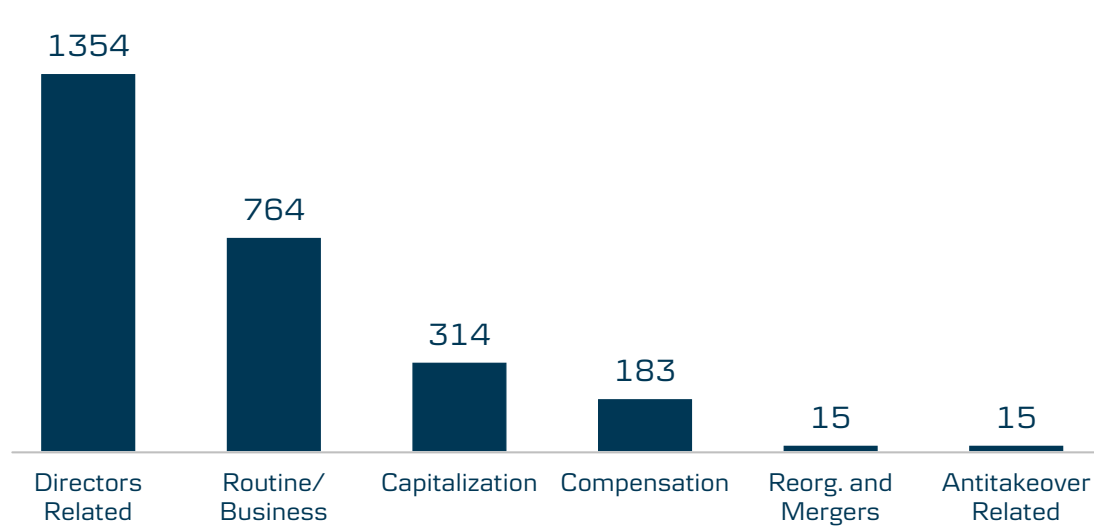
*The investment teams predominantly voted 'Against/Withhold' the Shareholder proposals*



# Most of the voted proposals have been Directors-related

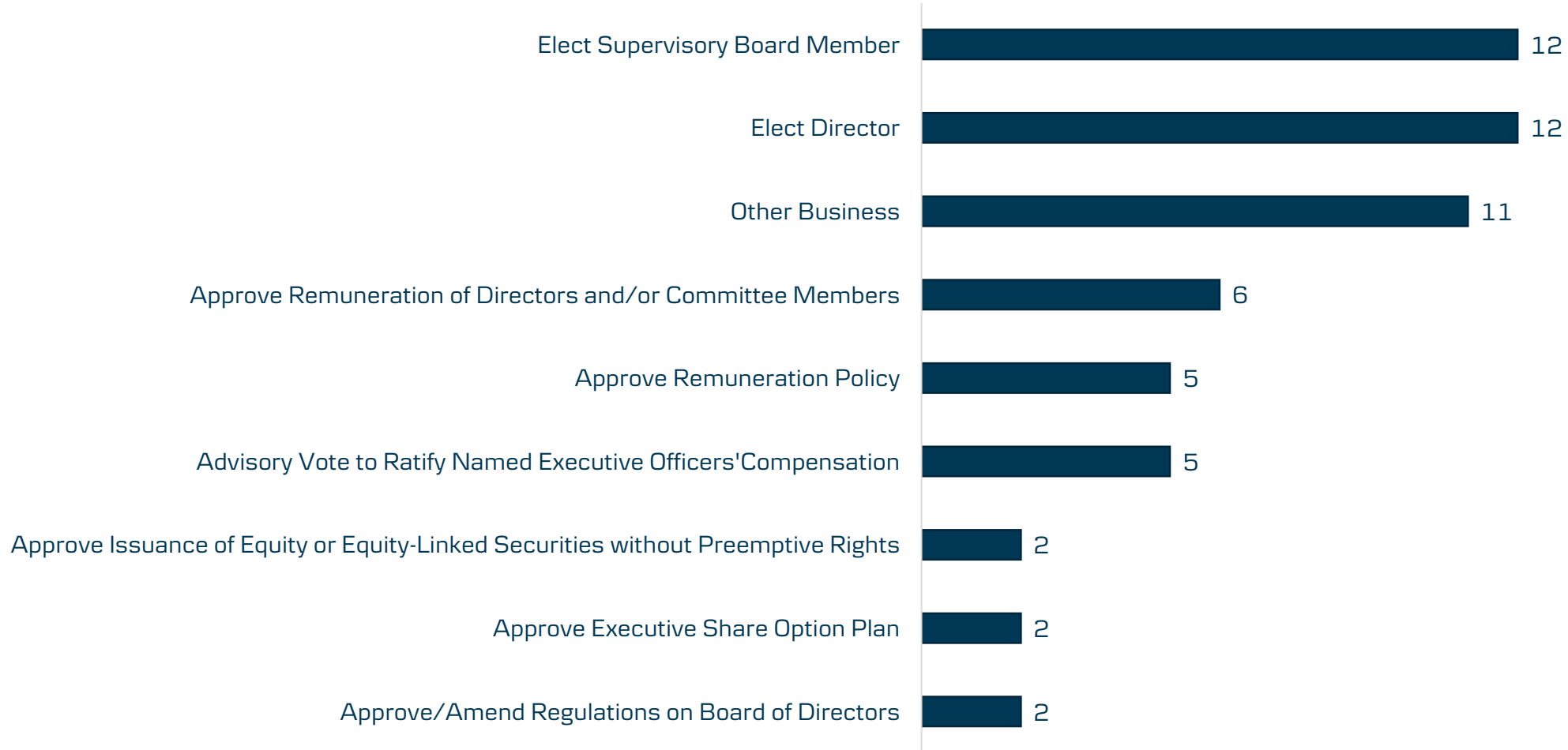
**Management proposals**  
A total of 2,645 proposals

**Shareholder proposals**  
A total of 64 proposals





## *Most common topics where we have voted against management recommendations*



## *Disclaimer & contact information*

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## Engagement during 2019, by company

A.P. Moller-Maersk A/S	Attendo AB	Campari Group	Darling Ingredients Inc	Epiroc AB
AAK AB	Autoliv, Inc.	Capgemini SE	Dassault Aviation SA	Equinor ASA
ABB Ltd.	AXA SA	Carlsberg A/S	Demant	Ericsson, Telefon AB
ABN AMRO Group NV	Axfood AB	Castellum AB	Devon Energy Corp.	Essilor International SA
Addtech AB	B2Holding AS	Caverion Oyj	DFDS A/S	Estee Lauder Co.
Adevinta	Bayerische Motoren Werke AG	Chr. Hansen Holding	Diageo Plc	Etalon Group PLC
AF Poyry AB	Bakkafrost P/F	Cisco Systems Inc.	Diamondback Energy Inc.	Eurofins Scientific SA
AIB Group PLC	Baloise Holding AG	Citrix Systems Inc.	DiaSorin SPA	Evrax Plc
Air Liquide SA	BASF SE	Cloetta AB B	Dino Polska S.A.	Fabege AB
Aker ASA	Bavarian Nordic A/S	CMS Energy Corp.	DnB ASA	Fevertree Drinks PLC
Aker BP ASA	Becton Dickinson & Co.	Coca Cola Co.	Dow Chemical	Finnair Oyj
Aker Solutions ASA	Beiersdorf AG	Coca-Cola European Partners PL	DowDuPont Inc New	Fjordkraft Holding ASA
Akzo Nobel NV	Beijer Ref AB	Coloplast A/S	DSV	Flex LNG
Alfa Laval AB	Berry Global Group Inc.	Compass group	Dufry Group AG Reg	Flora Foods
Alimak Group AB	Betsson AB	Conocophillips	Dustin Group AB	FLSmith & Co. A/S
ALROSA PJSC	BHP GROUP PLC	Consus Real Estate AG	E.ON SE	FMC Corp
Altice N.V. A	BillerudKorsnas AB	Continental AG	East Japan Railway	Fortum Oyj
Ambea AB	Björn Borg AB	Conzzeta AG	ECO Animal Health Group PLC	Fresenius Medical Care AG & Co. KgaA
Amerisafe Inc	BNP Paribas S.A.	Coor Service Management Holding AB	EDreams ODIGEO S.A.	Frontline Ltd
Amgen Inc.	Bonava AB	Corestate Capital Holding SA	Edwards Lifesciences Corp.	Gazprom Neft PJSC
Amplifon S.p.A.	Booz Allen Hamilton Holding Corp	Corticeira Amorim SGPS SA	Electricite de France (EDF)	GEA Group AG
Anglo American Plc	BorgWarner Inc.	Credit Mutuel Arkea SA	Electrolux AB	General Dynamics Corp.
Anheuser-Busch InBev SA/NV	Boston Scientific Corp.	Croda International PLC	Elekta AB	General Electric Co.
Antofagasta Plc	Bravida Holding AB	CSL Ltd.	Eli Lilly & Co.	Genmab A/S
Ashtead Group PLC	Bufab Holding AB	CVS Health Corp.	Elkem ASA	Gestamp Automocion SA
ASML Holding NV	Burford Capital Ltd.	Daimler AG	Eltel AB	Getinge AB
Assa Abloy AB	BW LPG Ltd.	Dali Foods Group Co., Ltd.	Enea AB	Gjensidige Forsikring ASA
AstraZeneca Plc	BW Offshore Ltd.	Danaher Corp.	ENEL SpA	Glencore Plc
Atea ASA	CAE Inc.	Danone	Entra ASA	Globaltrans Investment Plc
Atlas Copco AB	CaixaBank SA	Danske Bank A/S	EOG Resources Inc.	GN Store Nord A/S



## Engagement during 2019, by company

Golden Ocean Group Ltd.	Johnson & Johnson	Motorola Solutions Inc	Orpea	S&P Global Inc
Grieg Seafood ASA	KBC Groep NV	Mowi ASA	Orphazyme A/S	Sandvik AB
Grupa Kety SA	Kerry Group Plc	MTU Aero Engines AG	Orsted A/S	Sanofi
Handelsbanken AB	Kojamo Oyj	Munters Group AB	Oshkosh Corp.	SAS
Heineken NV	Kongsberg Automotive ASA	Nabors Industries Ltd.	Outokumpu Oyj	SATS Ltd.
Hemfosa Fastigheter AB	Kongsberg Gruppen ASA	National Grid Plc	Paccar Inc.	Sberbank Of Russia PJSC
Hennes & Mauritz AB	Koninklijke Ahold Delhaize N.V.	Nederman Holding AB	Pandora AS	SCA AB
Hewlett Packard Enterprise Co.	Kose Corp.	Neste Corp.	Pernod Ricard	Scandi Standard AB
Hexagon Ab	Kuehne & Nagel International AG	Nestle SA	Peugeot sa	Scatec Solar ASA
Hiscox Ltd	Latour Investment AB	NextEra Energy Inc.	Philips	Schibsted ASA
Hoist Finance AB	Lendingclub Crop	NIBE Industrier AB	Platzer Fastigheter Holding AB	Schneider Electric SE
Holmen AB	Leroy Seafood Group ASA	Nobina AB	Polski Koncern Naftowy ORLEN SA	Sectra
HSBC Holdings Hong Kong	Liberty Global Group Plc A	Nokia Oyj	Procter & Gamble Co.	Sensient Technologies Corp
Huhtamaki Oyj	Lifco AB	Nokian Renkaat Oyj	Publicis Groupe	Severstal Cherepovets Metal Factory JSC
Humana AB	Lloyds Banking Group Plc Ord	Nolato AB	Reckitt Benckiser Group Plc	SGS
Yara International ASA	Lonza Group	Nordea Bank Abp	Remy Cointreau	Shiseido Co Ltd
Iberdrola SA	Lukoil Oil Company PJSC	Nordic Entertainment Group AB	Renault	Siemens AG
ICA Gruppen AB	Lundbeck	Nordic Semiconductor ASA	ResMed Inc.	Siemens Gamesa Renewable Energy SA
YIT Oyj	Lundbergföretagen AB	Norilsk Nickel	Resurs Holding AB	Symrise AG
Ikano Bank	Mcdermott International Inc	Norsk Hydro ASA	Rheinmetall	Systemair AB
IMI Plc	Medistim ASA	Northern Drilling	Rio Tinto Ord	Skandinaviska Enskilda Banken AB
Infineon Technologies Ag	Medtronic PLC	Norwegian Air Shuttle ASA	Roche Holding	Skanska AB
Ing Groep NV	Meggitt Plc Ord	Nova Ljubljanska Banka dd	Rockwell Automation Inc.	SKF AB
Intercontinental Hotels Group Plc	Mettler-Toledo International Inc.	Novartis AG	Rockwool International A/S	Softbank Group Corp
Intesa Sanpaolo SpA	Michelin	Novo Nordisk A/S	Royal Dutch Shell Plc	Solutions 30 SE
Inwido AB	Mycronic AB	Novozymes A/S	Royal Unibrew A/S	Solvay SA
ISS A/S	Mytilneos Holdings SA	NTT Docomo INC	Rolls-Royce Holdings Plc	Sony Corp.
JC Decaux SA	MMK	Ocado Group PLC	Rosneft Oil Co.	SpareBank 1 SR-Bank ASA
Jyske Bank A/S	Mondelez International Inc	Olav Thon Eiendomsselskab ASA	Rotork Plc	SSAB AB
JM AB	Motor Oil (Hellas) SA	Orkla ASA	RWE AG	SSE Plc Ord

## *Engagement during 2019, by company*

Stolt-Nielsen Ltd.	Tupras-Turkiye Petrol Rafinerileri A.S.
Stora Enso Oyj	Turk Telekomunikasyon AS
Storebrand ASA	Turkiye Is Bankasi
Stryker Corp.	Twilio Inc
Subsea 7 SA	Twitter Inc
Sunny Optical Technology Co Ltd	Unilever NV
Swedbank AB	UPM-Kymmene Oyj
Take-Two Interactive Software Inc.	Valeo Sa
Tatneft PJSC	Vallourec SA
TELE2 AB	Veidekke ASA
Telenet Group Holding NV	Veoneer, Inc.
Telenor ASA	Verizon Communications Inc.
Telia Company AB	Vestas Wind Systems A/S
Temenos AG	Vinci SA
Tesla Inc.	Vivendi SA
TGS-NOPEC Geophysical Co. ASA	Vodafone Group Plc
Thermo Fisher Scientific Inc	Voestalpine AG
ThyssenKrupp AG	Volution Group Plc
Thule Group AB	Volvo Ab
TietoEVRY Oyj	VTB Bank PJSC
Tkh Group NV	Wallenius Wilhelmsen ASA
Tomra Systems ASA	Wartsila Oyj Abp
Topdanmark A/S	Waters Corp.
Toro co.	Whirlpool Corp.
Total SA	XXL ASA
Transneft	Zealand Pharma A/S
Transocean Ltd.	
Trelleborg AB	
Tryg A/S	
TUI AG	

## Voting during 2019, by company

1&1 Drillisch AG	CD Projekt SA	Globaltrans Investment Plc	Magnitogorsk Iron & Steel Works PJSC	Sanne Group Plc
A.P. Moller-Maersk A/S	Coloplast A/S	Globe Trade Centre SA	Marlowe Plc	Sanofi
AddLife AB	Compagnie Generale des	GN Store Nord A/S	Medistim ASA	Santander Bank Polska SA
adidas AG	Etablissements Michelin SCA	GRENKE AG	MMC Norilsk Nickel PJSC	SAP SE
Allianz SE	Continental AG	Grupa Kety SA	Mobile TeleSystems PJSC	Schneider Electric SE
Alpha Financial Markets Consulting Plc	Conzzeta AG	H. Lundbeck A/S	National Grid Plc	Siemens AG
Amadeus IT Group SA	CORESTATE Capital Holding SA	Heineken NV	Nestle SA	SimCorp A/S
Ambu A/S	Corticeira Amorim SGPS SA	Hiscox Ltd.	Netcompany Group A/S	Skandinaviska Enskilda Banken AB
Antofagasta Plc	Craneware Plc	Iberdrola SA	NORMA Group SE	SNAM SpA
Applegreen Plc	CRH Plc	IMCD NV	Novartis AG	SNP Schneider-Neureither & Partner SE
Arrow Global Group Plc	Croda International Plc	IMI Plc	NOVATEK JSC	Solutions 30 SE
ASML Holding NV	CVS Group Plc	Infineon Technologies AG	Novo Nordisk A/S	Swedbank AB
Assa Abloy AB	Danske Bank A/S	InterContinental Hotels Group Plc	Novozymes A/S	Swisscom AG
AstraZeneca Plc	Davide Campari-Milano SpA	INVISIO Communications AB	Oil Co. LUKOIL PJSC	Tatneft PJSC
Atal SA (Poland)	Dermapharm Holding SE	ISS A/S	Orphazyme A/S	Telenor ASA
ATOSS Software AG	DFDS A/S	Johnson Service Group Plc	Orsted A/S	Telia Co. AB
AXA SA	Direct Line Insurance Group Plc	Jyske Bank A/S	OSRAM Licht AG	Temenos AG
Axel Springer SE	discoverIE Group Plc	Kardex AG	Ossur hf	TFF Group
Baloise Holding AG	DNB ASA	Kerry Group Plc	Pandora AS	TKH Group NV
BANK POLSKA KASA OPIEKI SA	DSV A/S	Keywords Studios Plc	Partners Group Holding AG	Topdanmark A/S
BASF SE	E.ON SE	KGHM Polska Miedz SA	Polski Koncern Naftowy ORLEN SA	Total SA
Basler AG	ECO Animal Health Group Plc	Koninklijke Philips NV	Polskie Gornictwo Naftowe i	Treatt Plc
Bavarian Nordic A/S	Enel SpA	KRUK SA	Gazownictwo SA	Tristel Plc
Bayerische Motoren Werke AG	Eni SpA	KWS SAAT SE & Co. KGaA	Premier Technical Services Group Ltd.	Tryg A/S
BOKU, Inc.	Epiroc AB	Learning Technologies Group Plc	Reckitt Benckiser Group Plc	Unilever NV
British American Tobacco plc	Etalon Group Plc	Lectra SA	Rockwool International A/S	Unilever Plc
Budimex SA	FILA - Fabbrica Italiana Lapis ed Affini	Lifco AB	Rosneft Oil Co.	Unipro PJSC
Burford Capital Ltd.	SpA	Lundin Petroleum AB	Rotork Plc	Vestas Wind Systems A/S
Carlsberg A/S	FLSmith & Co. A/S	LVMH Moet Hennessy Louis Vuitton SE	Royal Dutch Shell Plc	Victoria Plc
CCC SA	Gazprom Neft PJSC	Magnit PJSC	Royal Unibrew A/S	voestalpine AG
	Genmab A/S		Sampo Oyj	
	Gjensidige Forsikring ASA			

## *Voting during 2019, by company*

Voltabox AG  
Volution Group Plc  
Wartsila Oyj Abp  
William Demant Holding A/S  
Wirtualna Polska Holding SA  
X5 Retail Group NV  
Zurich Insurance Group AG