



Active Ownership Report: H1 2021

Danske Invest Fund Management Ltd.

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

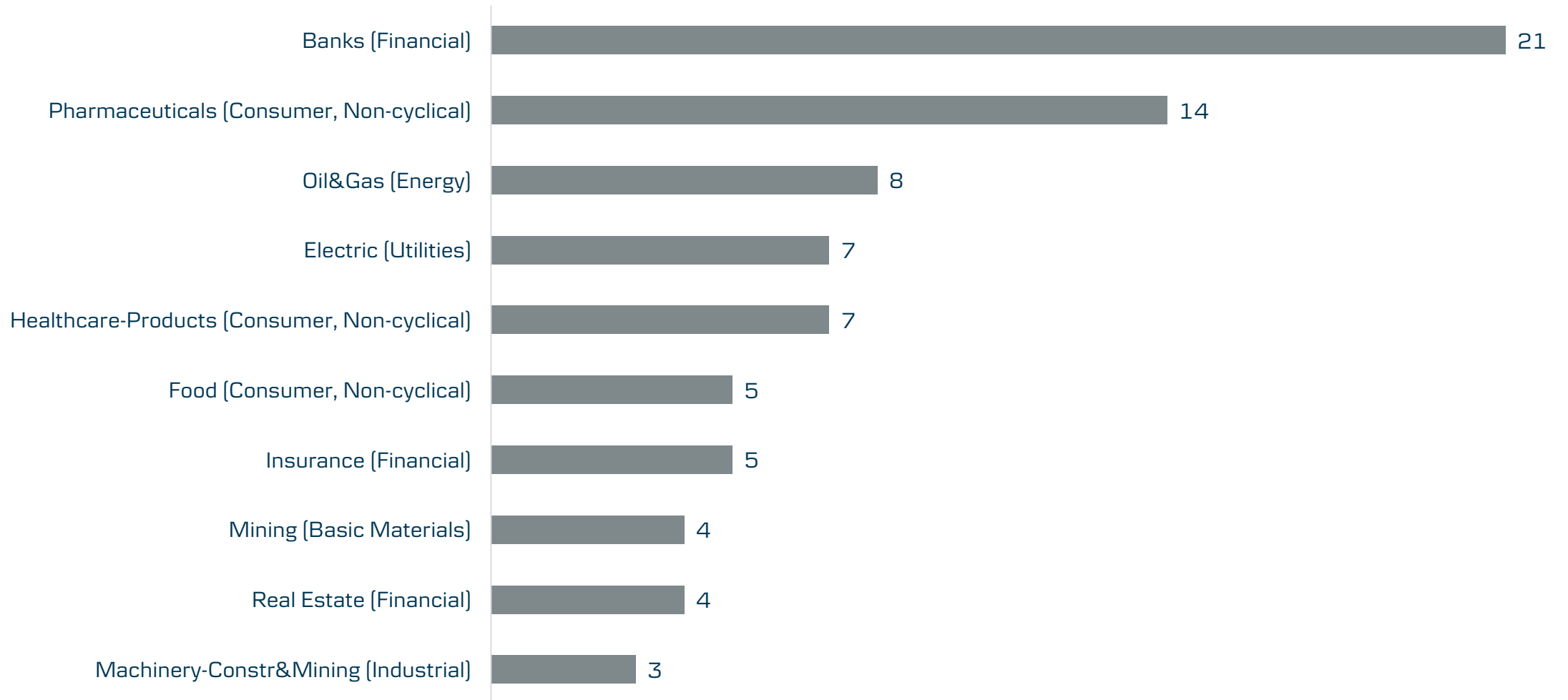


	Companies	131
	Country domiciles	22
	ESG engagement subjects	76
	Interactions	192



Top 10 industries most engaged with

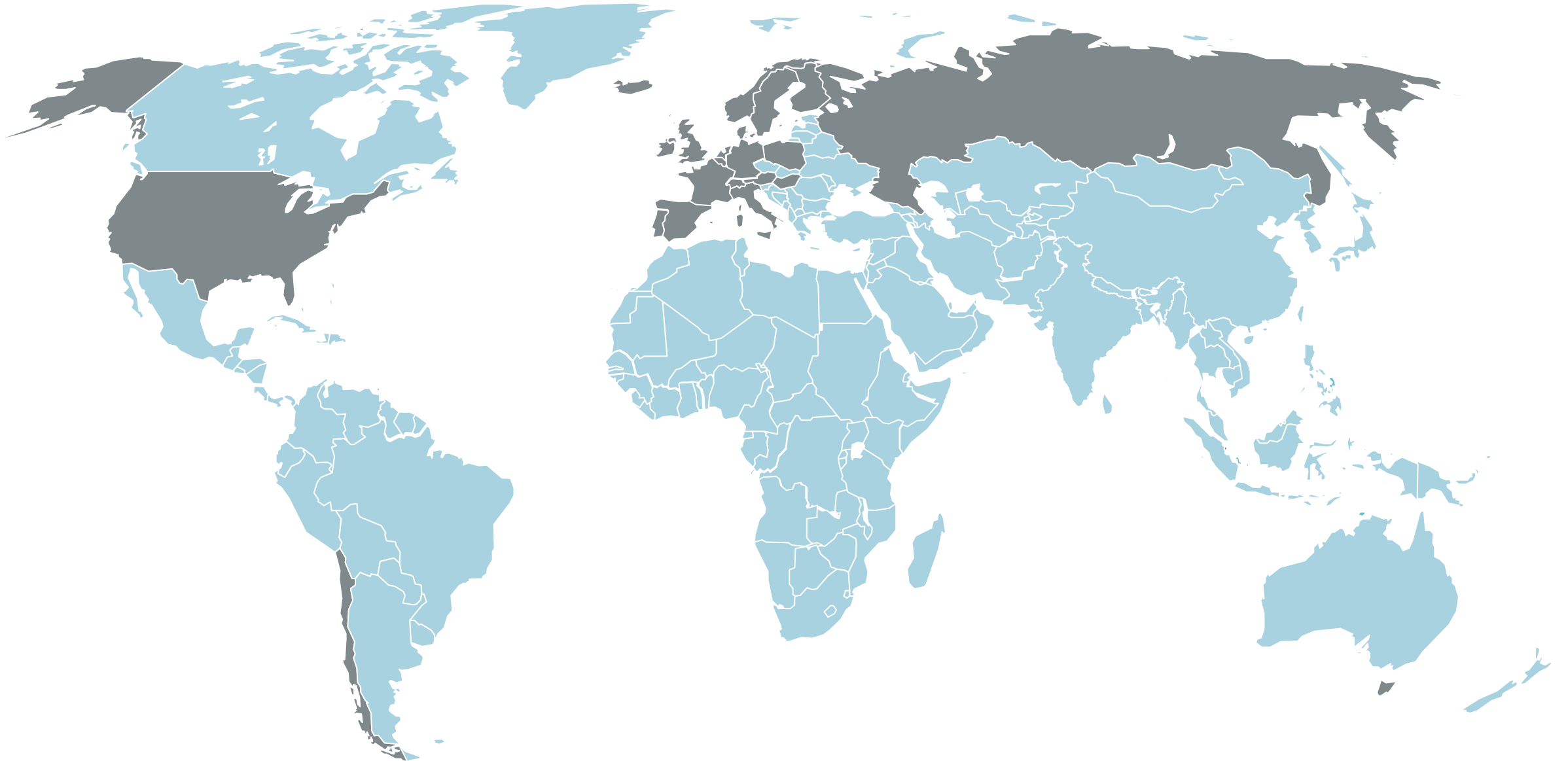
Number of companies per industry (Sector in bracket)



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

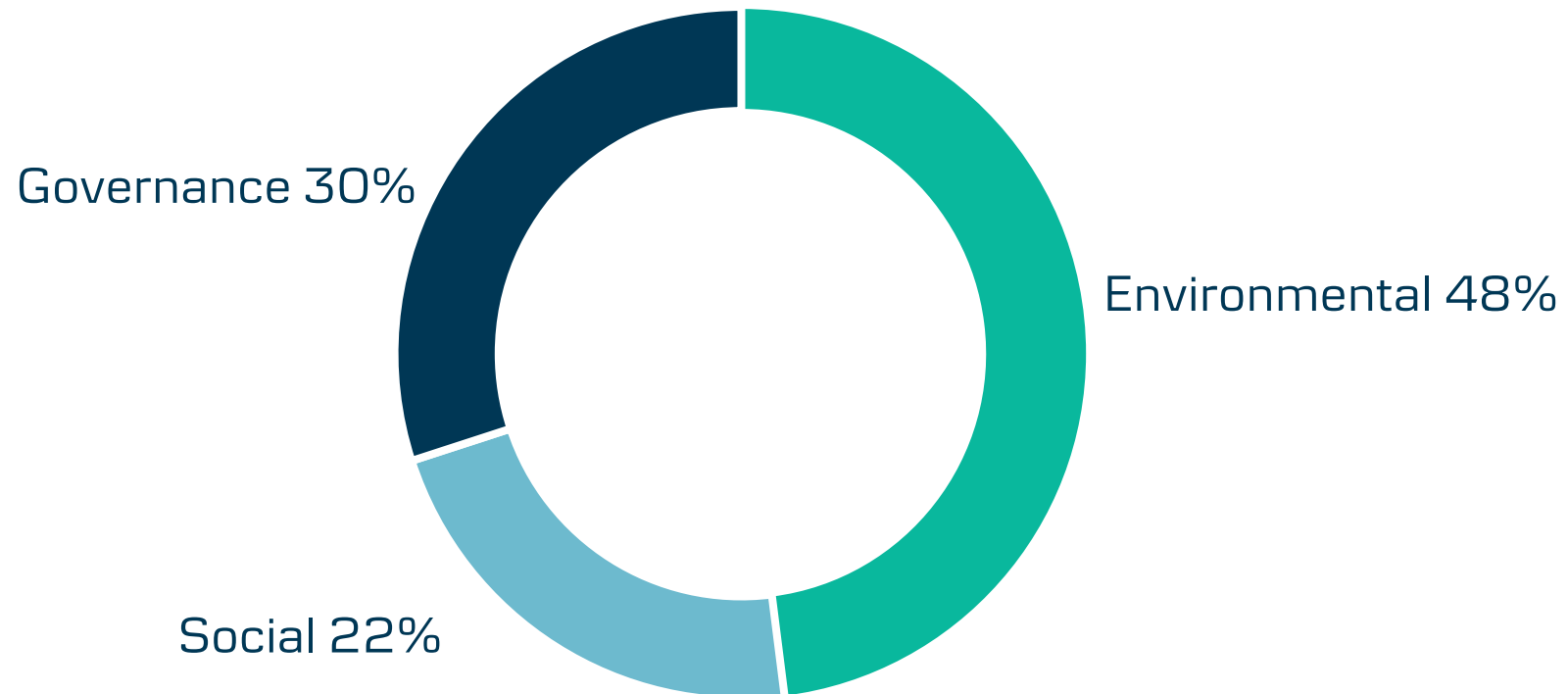


Engagement with companies domiciled across the world



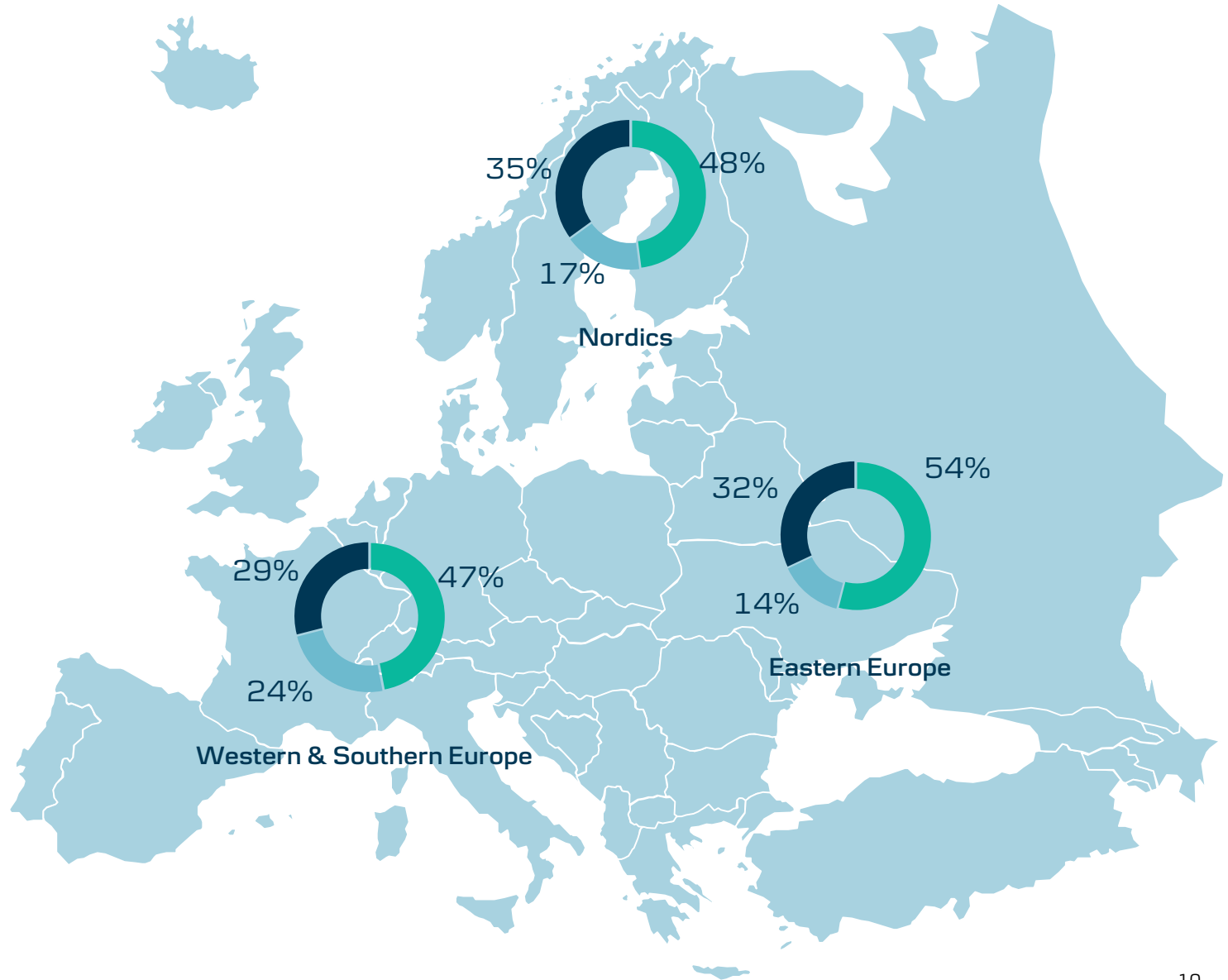
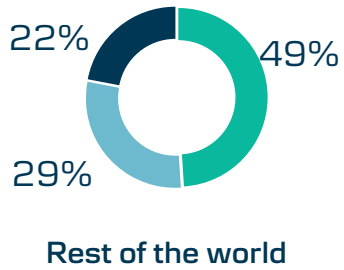


Split between ESG engagement themes





Split between ESG engagement themes across regions





ESG engagements subjects discussed

*Environmental Issues Corporate Disclosure Indigenous Rights Physical Impacts Of Climate Change Labor Standards/Practices Sustainability Certificates Share Buybacks
 Decent Work & Economic Growth Agriculture Environmental Regulation SDGs Research & Development Energy Efficiency Product Design & Lifecycle Management
 Water & Wastewater Management M&A Sustainability Strategy Employee Engagement, Diversity & Inclusion Management of The Legal & Regulatory Environment
 Anti-Trust Issues & Competitive Behavior SDGs Environmental Supply Chain Sustainability Integration & Reporting Ecological Impacts Data Security Biodiversity
 Human Rights & Community Relations Anti-Corruption Issues & Handling Plastic/Recycling Products Selling Practices & Product Labeling Systemic Risk Management
 Materials Sourcing & Efficiency ESG Issues In Fish Farming Business Ethics Sustainable Transports Future Fit Product Quality & Safety Environmental Incidents
 Energy Transformation ESG funding Employee Retention Automation Compliance Procedures Customer Welfare Energy Consumption Business Model Resilience
 Bond redemption Employee Health & Safety Sustainable Products Product Development Customer Education Digitalisation Regulatory Compliance Green Buildings
 Energy Management Military Sales Process Access & Affordability AML Issues & Handling EU Taxonomy Restructuring Digitalisation Incentive Programs
 Overboarding Accounting Climate Neutrality Board Composition Corporate Behavior Green Financing Technology Disruption Supply Chain Management
 Sustainability Targets Waste & Hazardous Materials Management Capital Structure Circular Economy ESG Integration Regulations GHG Emissions Dividends*



Top 7 ESG engagement subjects discussed across themes

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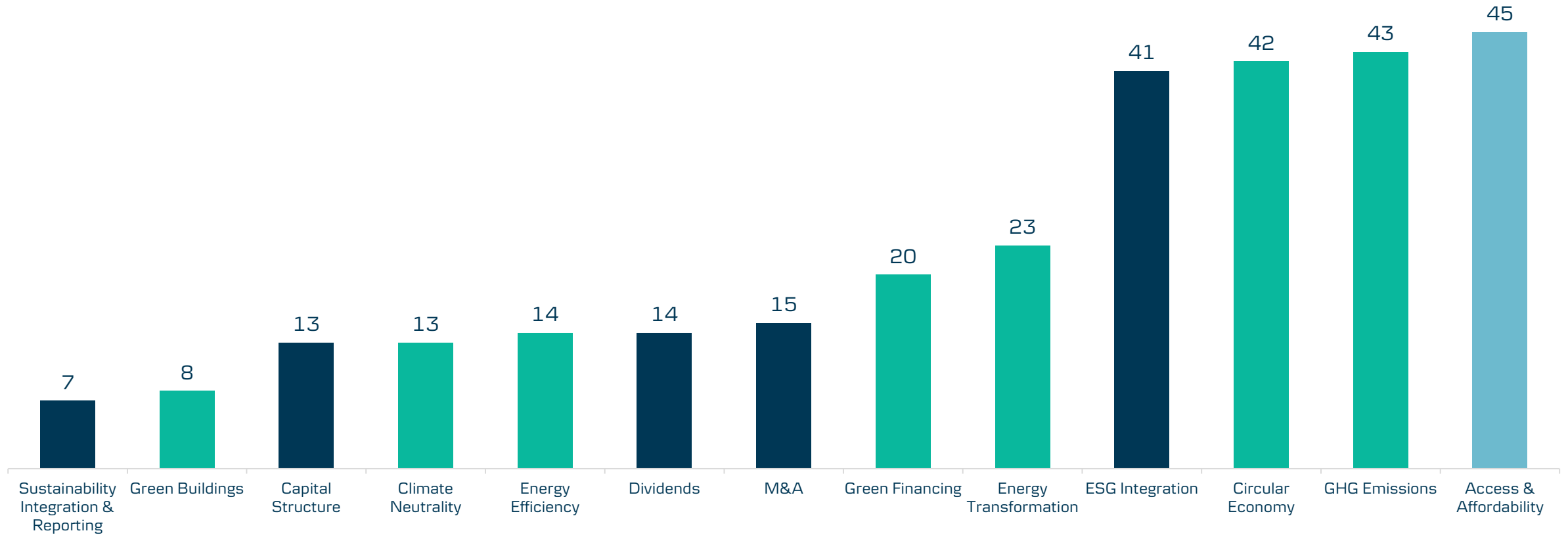
Rank	Subject	Count
1	GHG Emissions	43
2	Circular Economy	42
3	Energy Transformation	23
4	Green Financing	20
5	Energy Efficiency	14
6	Climate Neutrality	13
7	Green Buildings	8

Rank	Subject	Count
1	Access & Affordability	45
2	Employee Health & Safety	6
3	Human Rights & Community Relations	6
4	Product Design & Lifecycle Management	5
5	Product Development	5
6	Product Quality & Safety	5
7	Digitalisation	4

Rank	Subject	Count
1	ESG Integration	41
2	M&A	15
3	Dividends	14
4	Capital Structure	13
5	Sustainability Integration & Reporting	7
6	Sustainability Targets	5
7	AML Issues & Handling	5



Most frequent ESG engagement subjects discussed





Top 10 and interactions distribution across Nordic countries & regions

Rank	Country	Count
1	United States	25
2	Denmark	24
3	Sweden	21
4	Finland	17
5	Switzerland	16
6	France	16
7	United Kingdom	14
8	Russian Federation	14
9	Netherlands	7
10	Germany	7



Region	Count
Nordics	71
Western & Southern Europe	76
Rest of the world	28
Eastern Europe	17



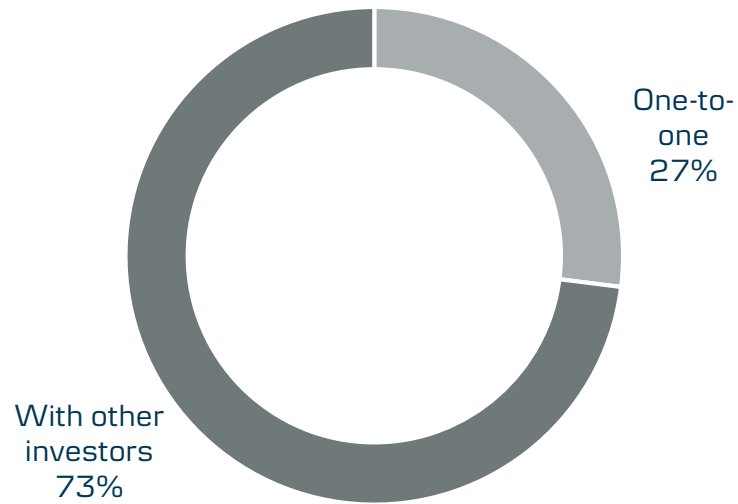
Most commonly addressed ESG engagement subjects across geography



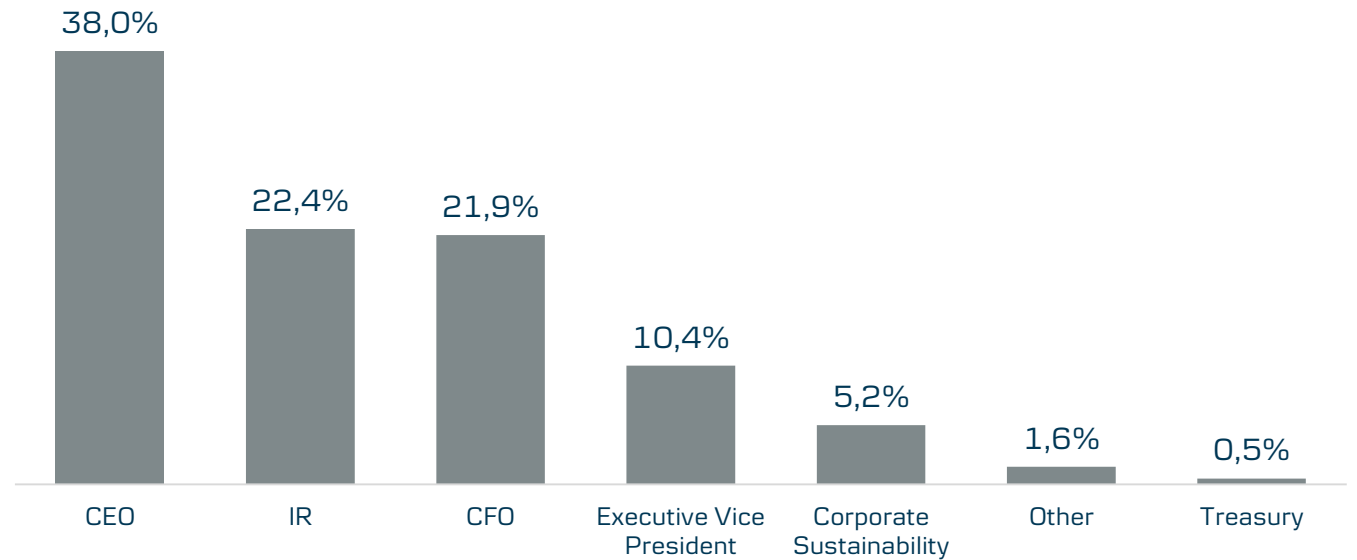


Company interactions by meeting type and participants

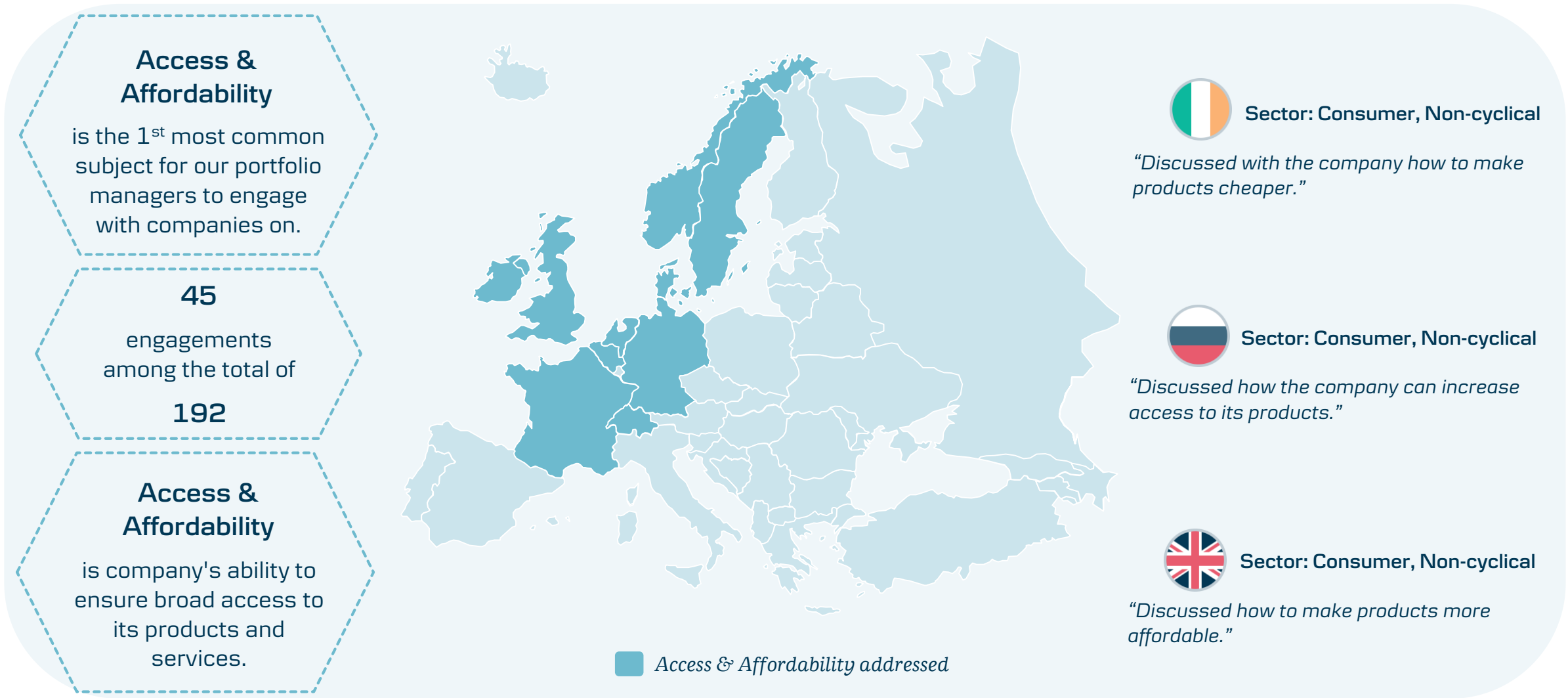
Share of meeting types



Share of meetings by participants



Top 3 ESG engagement subjects



Top 3 ESG engagement subjects

GHG Emissions

is the 2nd most common subject for our portfolio managers to engage with companies on.

43

engagements among the total of

192

GHG Emissions

are emissions into earth's atmosphere of any type of various gases contributing to the greenhouse effect.



■ GHG Emissions addressed



Sector: Energy

"Discussed about the development of battery technologies."



Sector: Utilities

"Discussion about future of gas and how it plays a role in decarbonising societies."



Sector: Utilities

"Discussion on new technology and EU regulation."

Top 3 ESG engagement subjects

Circular Economy

is the 2nd most common subject for our portfolio managers to engage with companies on.

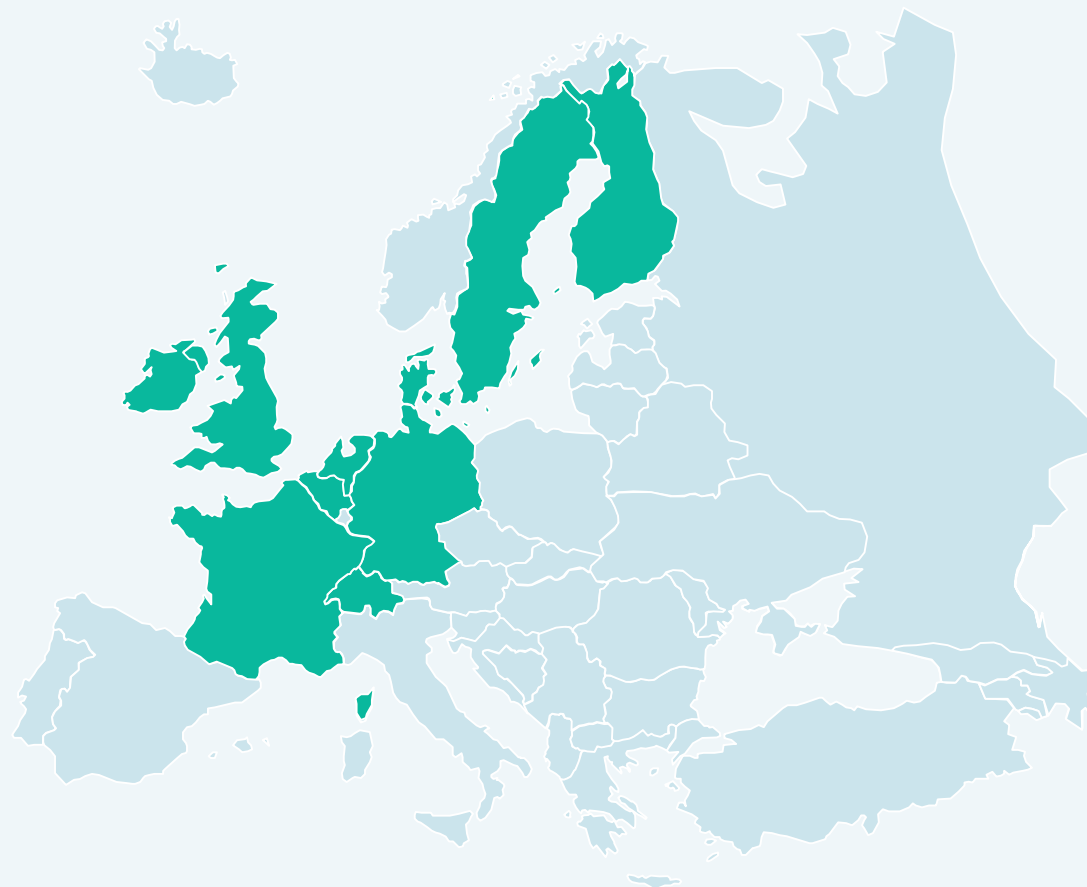
42

engagements among the total of

192

Circular Economy

Is an economic system that aims the value of products and materials is maintained for as long as possible.



■ Circular Economy addressed



Sector: Consumer, Cyclical

"Discussed how to integrate a circular economy in the company."



Sector: Energy

"Discussion about chemical recycling."



Sector: Consumer, Non-cyclical

"Discussed how to increase recycling and to integrate further ESG into the organization."

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

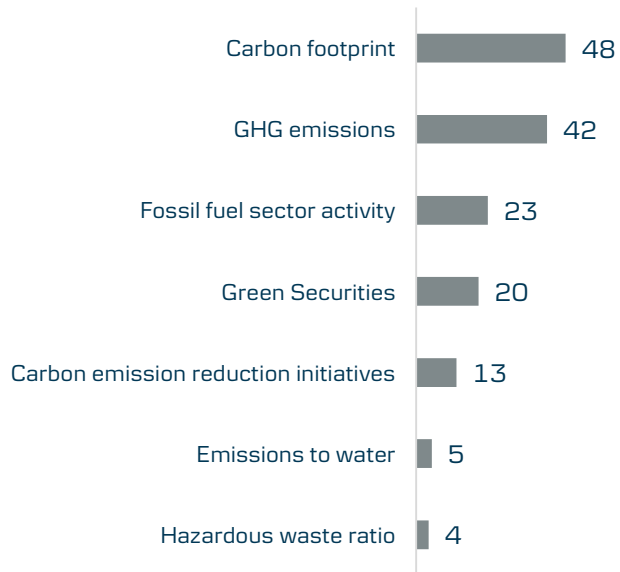
Activities negatively affecting biodiversity sensitive areas
 Carbon emission reduction initiatives
 Carbon footprint
 Chemical production
 Deforestation
 Emissions of air pollutants
 Emissions of inorganic pollutants
 Emissions of ozone depletion substances
 Emissions to water
 Energy consumption by 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

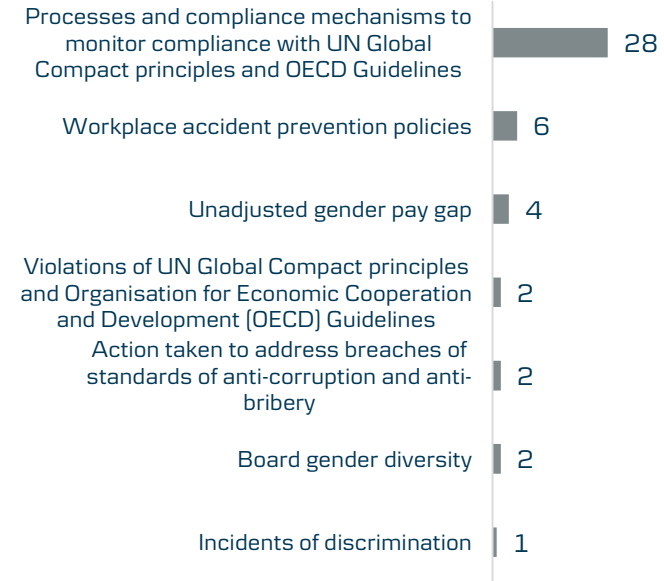
Action taken to address breaches of standards of anti-corruption and anti-bribery
 Anti-corruption and anti-bribery policies
 Board gender diversity
 Convictions and fines for violation of anti-corruption and anti-bribery laws
 Excessive CEO pay ratio
 Exposure to controversial weapons
 Grievance/complaints 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

Top 7 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

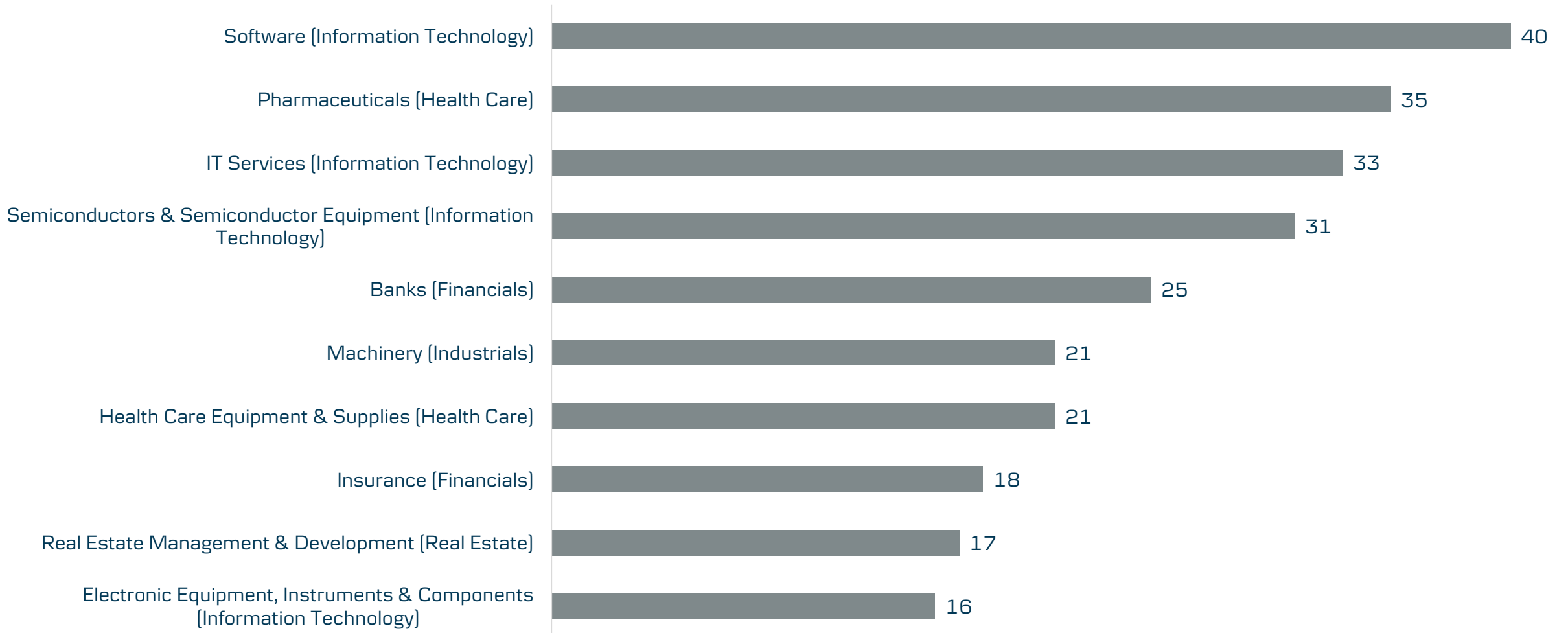


	Companies	527
	Country domiciles	37
	Meetings	569
	Proposals	7 353



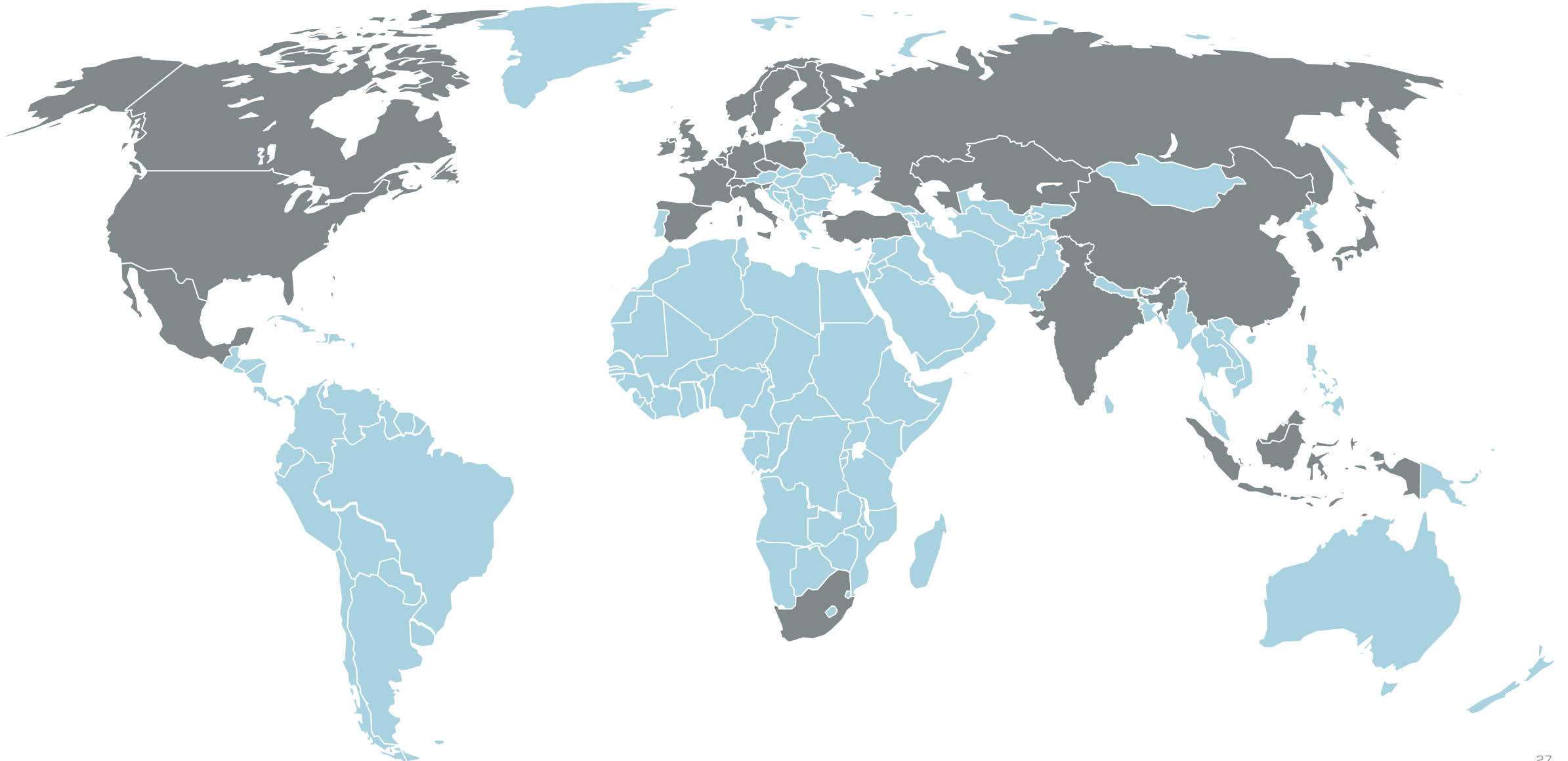
Top 10 industries most voted

Number of companies per industry (Sector in bracket)



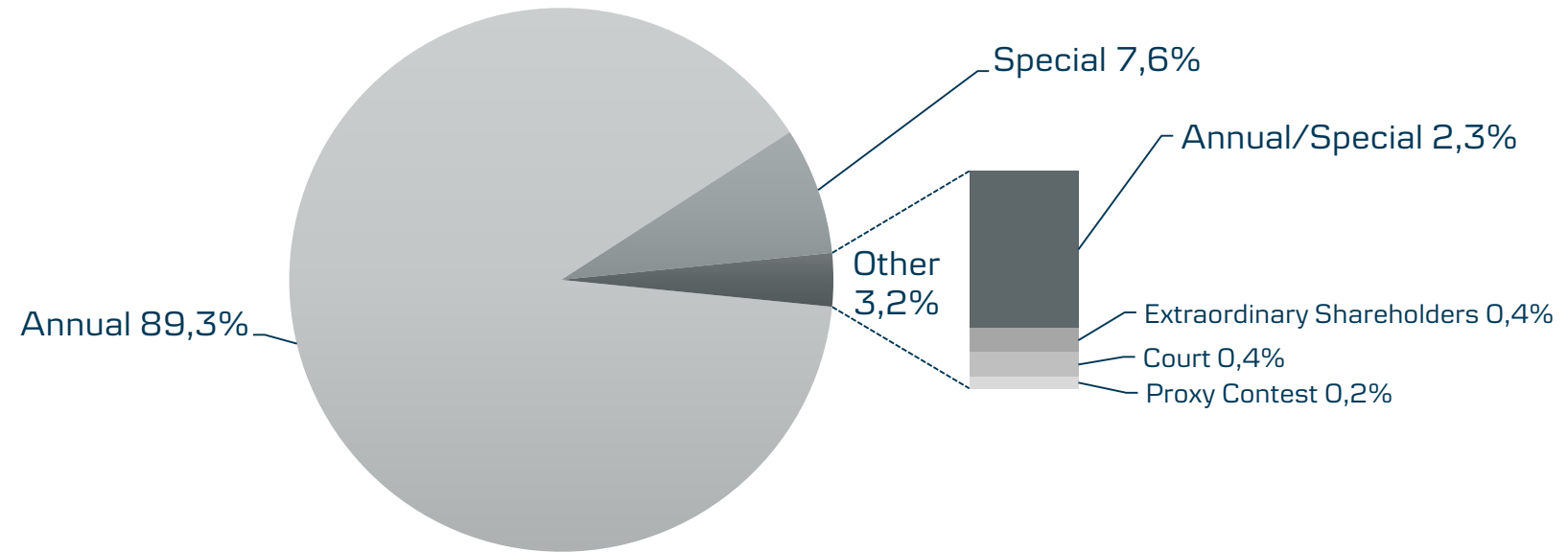


Voting on companies domiciled across the world





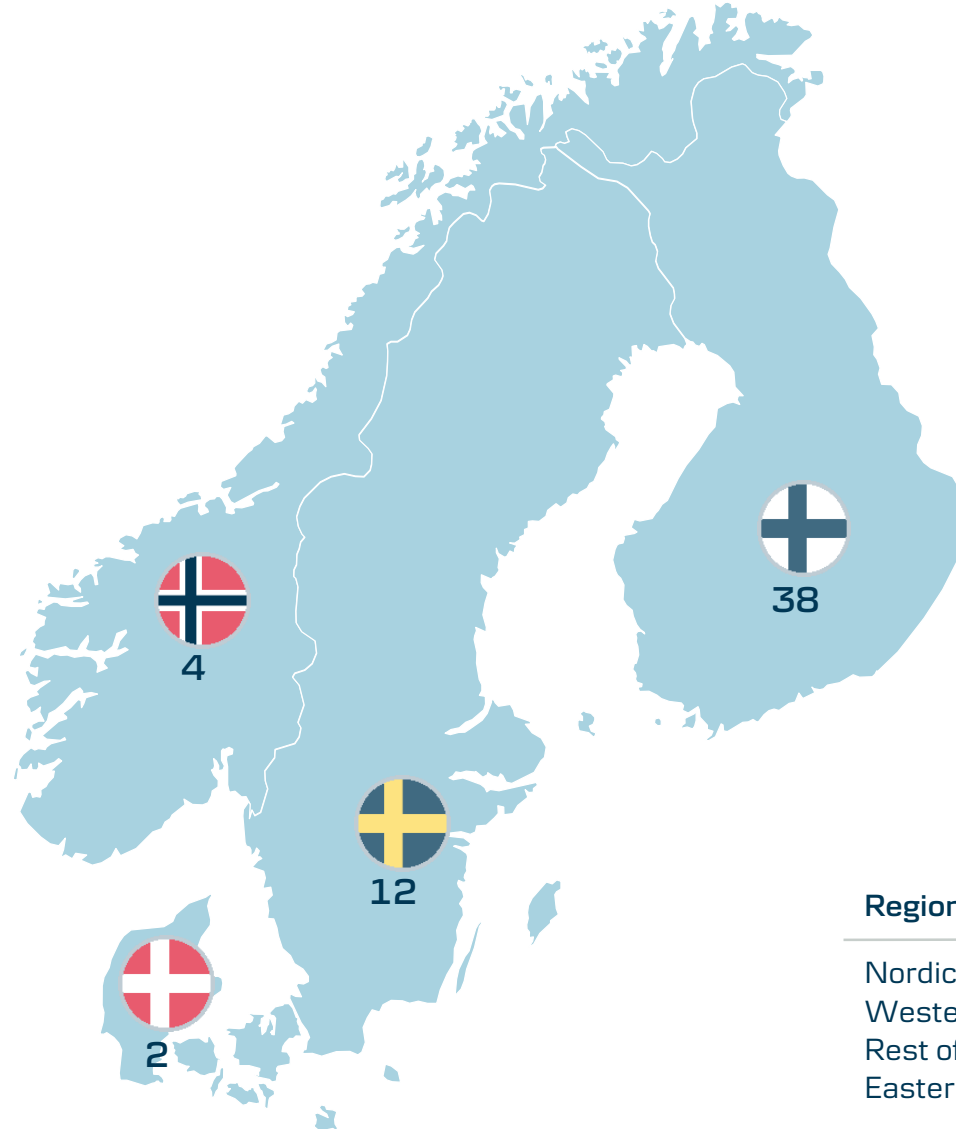
Split between meeting types





Top 10 and voting distribution across Nordic countries & regions

Rank	Country	Count
1	USA	171
2	Japan	71
3	China	69
4	Cayman Islands	38
5	Finland	38
6	United Kingdom	25
7	Taiwan	18
8	Germany	12
9	Netherlands	12
10	Sweden	12

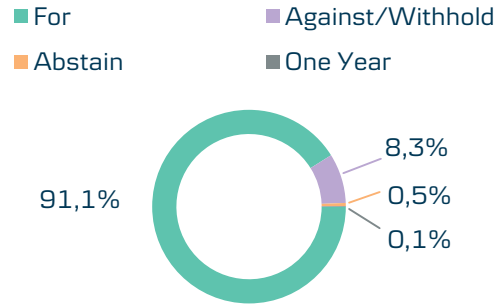


Region	Count
Nordics	56
Western & Southern Europe	134
Rest of the world	368
Eastern Europe	11



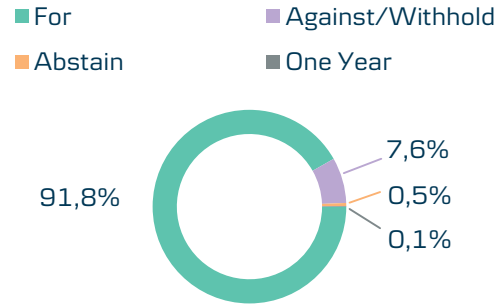
Split between voting instructions and voted proposals

Voted proposals



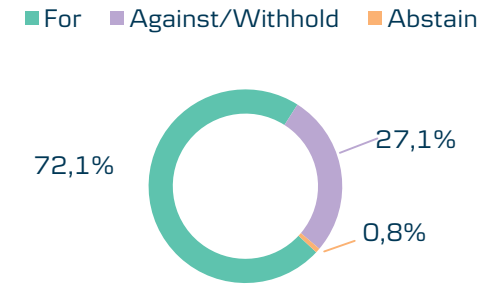
For	6 698
Against/Withhold	610
Abstain	37
Total	7 345

Management proposals



For	6 512
Against/Withhold	540
Abstain	35
Total	7 807

Shareholder proposals



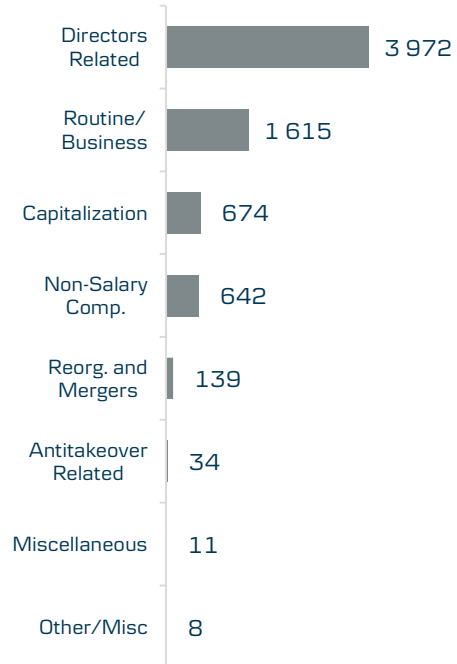
For	186
Against/Withhold	70
Abstain	2
Total	258

Note: Across all voted proposals, 8 proposals with the type of 'Advisory Vote on Say on Pay Frequency' were voted on for one year

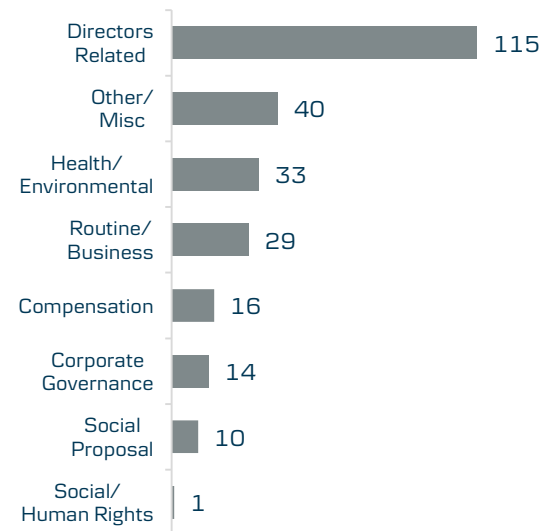


Split between voted proposals categories

Management proposals

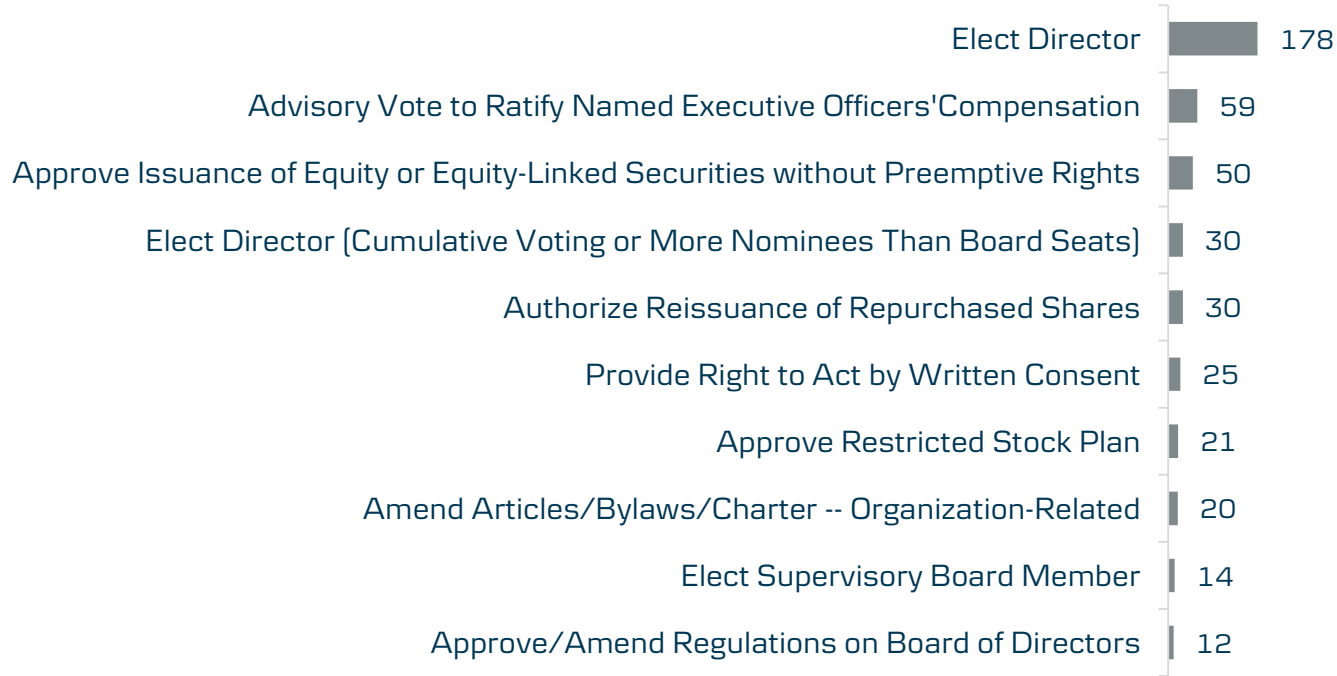


Shareholder proposals

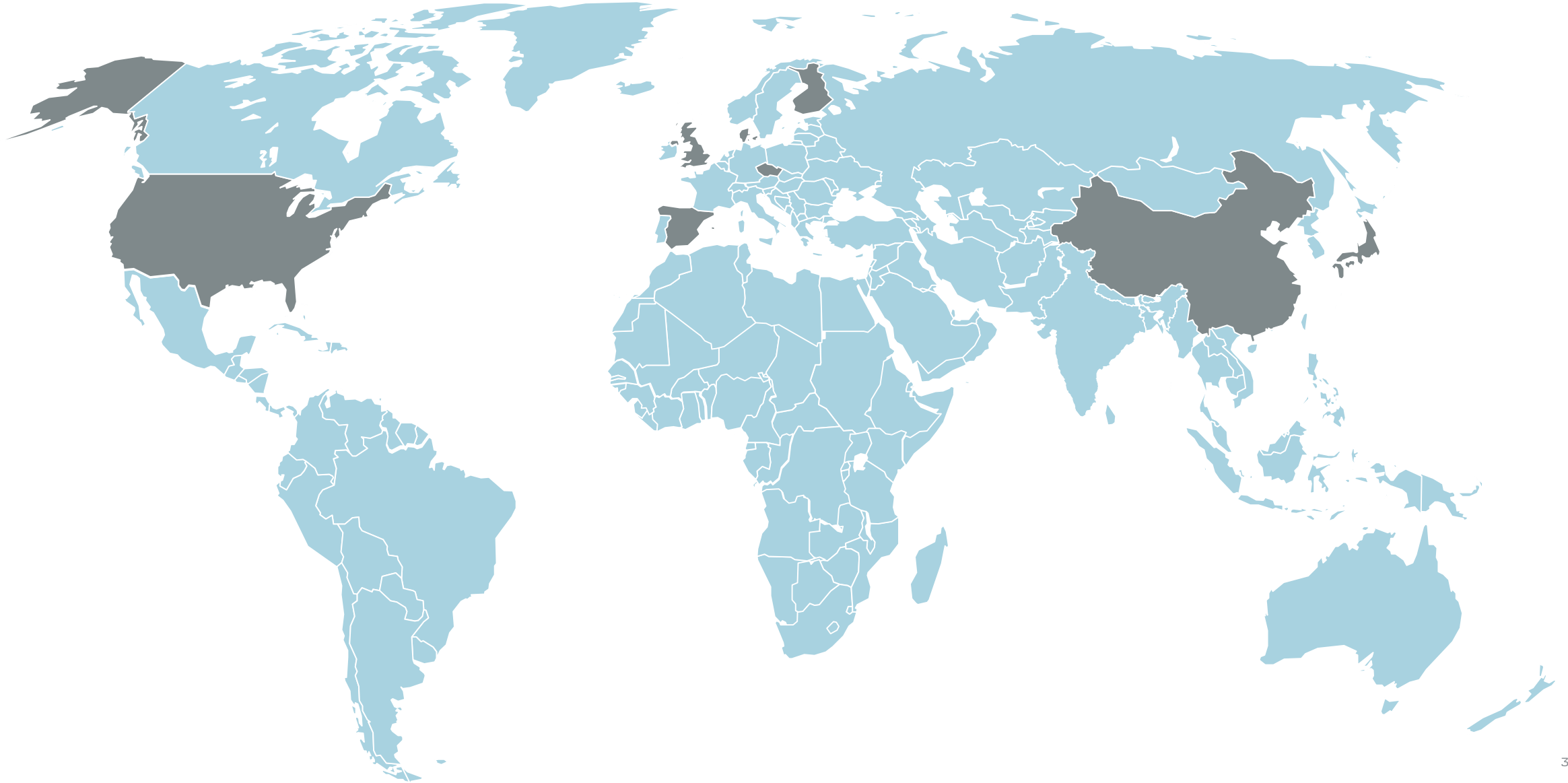




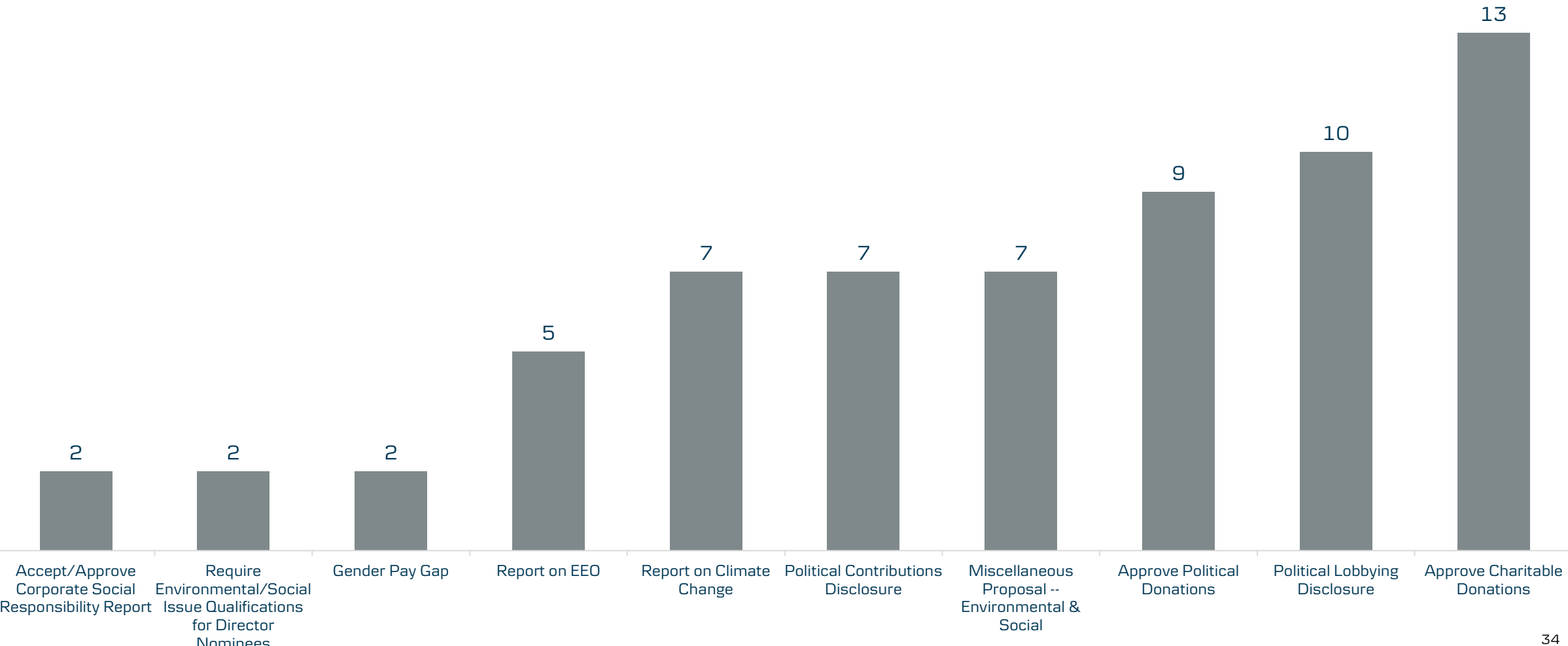
Top 10 voted proposals against Management recommendations



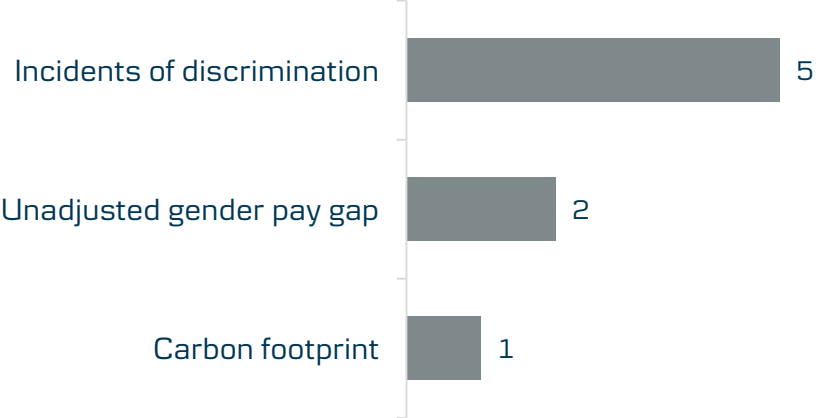
In H1 2021, we have voted 'For' on Environmental & Social proposals on 46 companies in 8 domiciles across the world



Most common Environmental & Social proposal items voted 'For'



In H1 2021, we have voted 'For' on the following proposals linked to Adverse Sustainability Indicators



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.

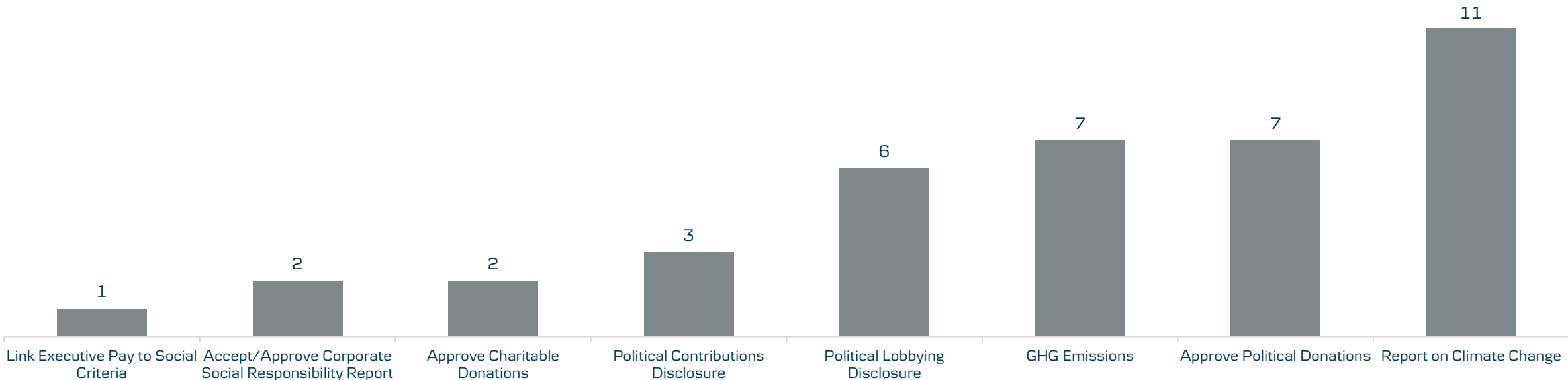
Focus on climate change through Climate Action 100+

Targeted engagement with Caterpillar Inc.

We are currently engaging directly with the US construction equipment manufacturer *Caterpillar Inc.* together with other members of Climate Action 100+ and other large shareholders. Main priority is to build trust and a long-term relationship with the company and to be able to help and support them in their climate efforts. One tangible climate objective is to have Caterpillar Inc. commit to setting carbon emission reduction targets aimed at achieving carbon-neutrality by 2050.

Voting for increased climate transparency

We use our voting rights at companies' annual general meetings to influence companies on climate matters. In H1 2021, we voted at general meetings on 33 companies and in favour on 39 proposals. From our perspective it is important that companies are transparent about their climate lobbying activities and that they do not influence lawmakers to drop new regulations aimed at curbing carbon missions and supporting the transition to a cleaner society. Therefore, we have an ambition to vote at the general meetings of all Climate Action 100+ companies where we are owners.



Disclaimer & contact information

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Engagement by company

AAK AB	Citigroup Inc	Intesa Sanpaolo SpA	Rio Tinto PLC	UPM-Kymmene Oyj
AbbVie Inc	Colgate-Palmolive Co	Johnson & Johnson	Roche Holding AG	Uponor Oyj
AddLife AB	CVS Health Corp	Jyske Bank A/S	Rockwell Automation Inc	Vantage Towers AG
AddTech AB	Cyfrowy Polsat SA	KBC Group NV	Rosneft Oil Co PJSC	Vattenfall AB
Agilent Technologies Inc	Danfoss A/S	Kemira Oyj	Royal Dutch Shell PLC	Verkkokauppa.com Oyj
Alrosa PJSC	Danske Bank A/S	Kerry Group PLC	Samhallsbyggnadsbolaget i Norden AB	Vestas Wind Systems A/S
Anheuser-Busch InBev SA/NV	Deere & Co	Kojamo Oyj	Sandvik AB	Zurich Insurance Group AG
Antofagasta PLC	Demant A/S	Kongsberg Gruppen ASA	Sanofi	
Arion Banki HF	Deutsche Pfandbriefbank AG	Koninklijke Ahold Delhaize NV	Sanoma Oyj	
Arjo AB	Dexcom Inc	Koninklijke Philips NV	Santander Consumer Bank AG	
Assa Abloy AB	DNB ASA	Landsbankinn HF	Sberbank of Russia PJSC	
Assicurazioni Generali SpA	DSV PANALPINA A/S	LUKOIL PJSC	Securitas AB	
AstraZeneca PLC	EDP - Energias de Portugal SA	Magnit PJSC	SGS SA	
AXA SA	Eli Lilly & Co	MasTec Inc	Siemens AG	
Baloise Holding AG	Embracer Group AB	Medtronic PLC	SKF AB	
Banco Santander SA	ENEL RUSSIA PJSC	Merck KGaA	Snam SpA	
Barclays PLC	Equinix Inc	Metso Outotec Oyj	Societe Generale SA	
Becton Dickinson and Co	Erste Group Bank AG	MMC Norilsk Nickel PJSC	Stellantis NV	
Berlin Hyp AG	Essity AB	MOL Hungarian Oil & Gas PLC	Stora Enso Oyj	
Biogen Inc	Exel Composites Oyj	Monitchem HoldCo 2 SA	Straumann Holding AG	
Booking Holdings Inc	Fastighets AB Balder	National Grid PLC	Svenska Handelsbanken AB	
Boston Scientific Corp	Gazprom PJSC	NatWest Markets PLC	Swisscom AG	
BPCE SA	Genovis AB	Neste Oyj	Syneos Health Inc	
Bristol-Myers Squibb Co	GN Store Nord AS	Nestle SA	Tatneft PJSC	
Cargotec Oyj	Heimstaden Bostad AB	Nordea Bank Abp	Tele2 AB	
Carlsberg AS	Heineken NV	Novartis AG	Telenor ASA	
Caterpillar Inc	HT Troplast GmbH	Novo Nordisk A/S	Texas Instruments Inc	
CD Projekt SA	Huhtamaki Oyj	Nykredit Realkredit AS	TotalEnergies SE	
Cerner Corp	Iberdrola SA	Orsted AS	Tryg A/S	
Chr Hansen Holding A/S	IMI PLC	Outokumpu Oyj	UCB SA	