



Active Ownership Report: H1 2022

Danica Pension

September 2022

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

Active Ownership Report, Part 1

Engagements



Engagements introduction

We believe that investment manager-driven dialogue with portfolio 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.





As such, the investment teams engage on a regular basis with investee companies on material ESG matters in order to enhance and protect the value of the investments.

In order to ensure a structured engagement process, we log and monitor company dialogue and progress.



In H1 2022, we have had the following engagement activities

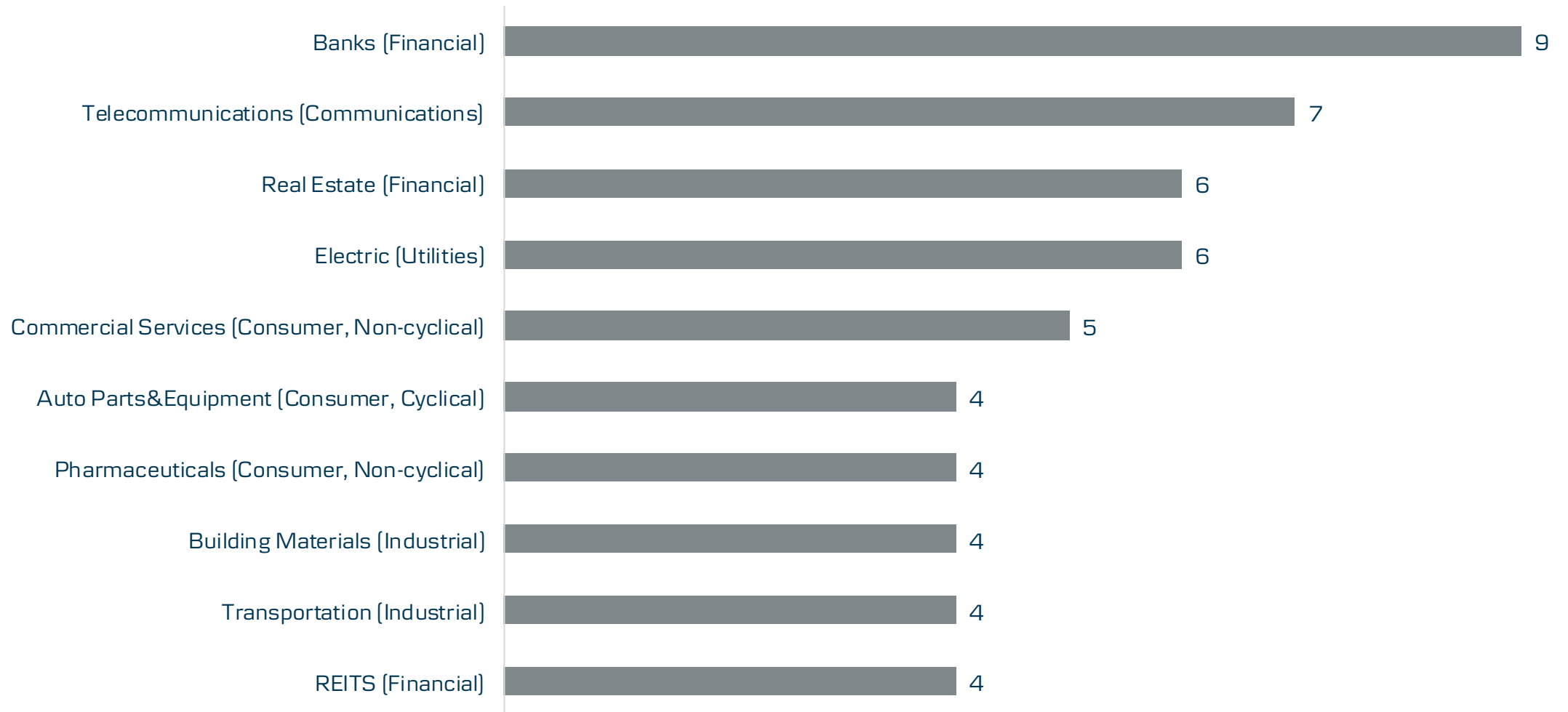


	Companies	106
	Country domiciles	22
	ESG engagement subjects	71
	Interactions	164



Top 10 industries most engaged with

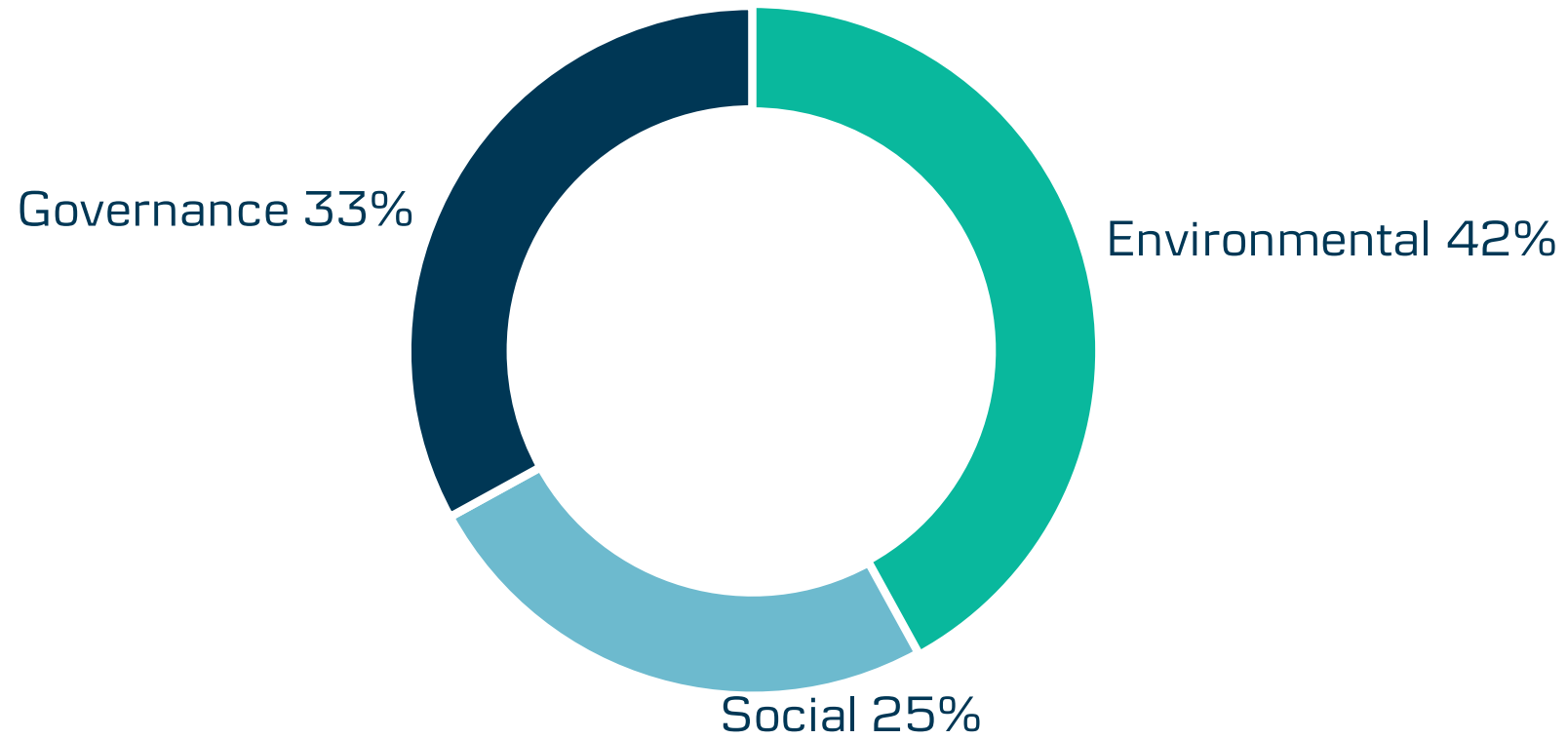
Number of companies per industry (Sector in brackets)



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



Split between ESG engagement themes





Top 7 ESG engagement subjects discussed across themes

E

S

G

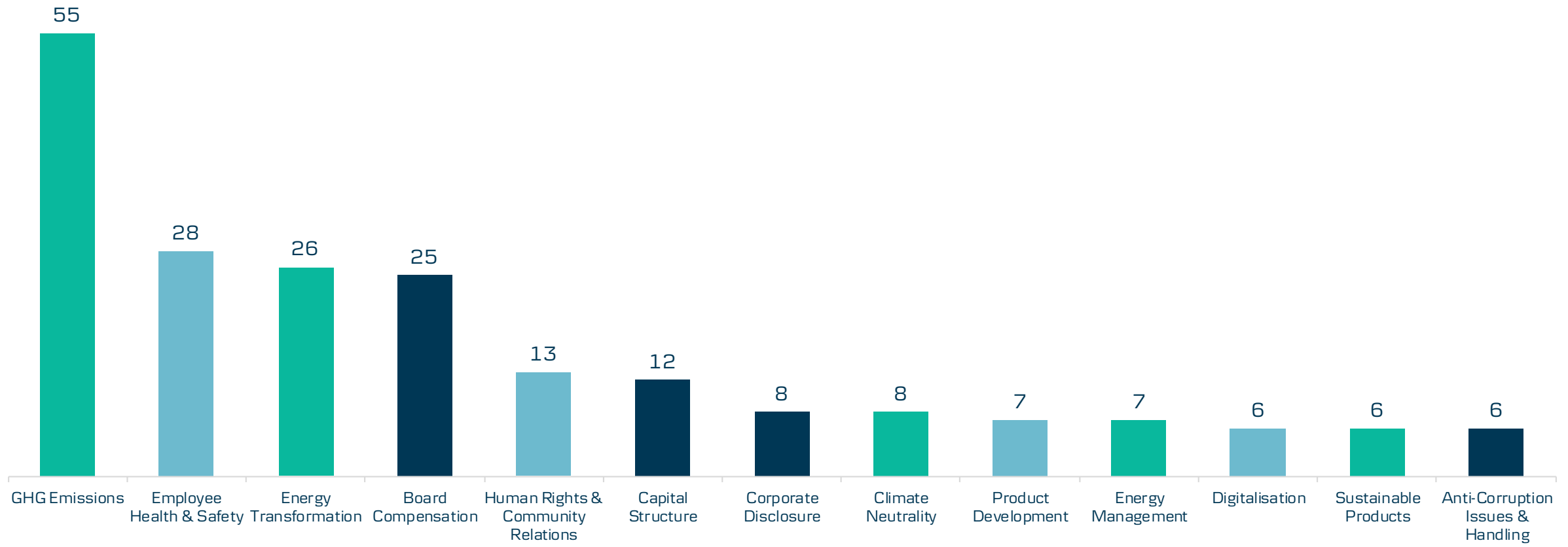
Rank	Subject	Count
1	GHG Emissions	55
2	Energy Transformation	26
3	Climate Neutrality	8
4	Energy Management	7
5	Sustainable Products	6
6	Circular Economy	5
7	Energy Efficiency	4

Rank	Subject	Count
1	Employee Health & Safety	28
2	Human Rights & Community Relations	13
3	Product Development	7
4	Supply Chain Management	4
5	Employee Engagement, Diversity & Inclusion	4
6	Customer Welfare	4
7	Selling Practices & Product labelling	3

Rank	Subject	Count
1	Board Compensation	25
2	Capital Structure	12
3	Corporate Disclosure	8
4	Anti-Corruption Issues & Handling	6
5	Dividends	5
6	Sustainability Integration & Reporting	4
7	Corporate Behavior	4



Most frequent ESG engagement subjects discussed





Top 10 and interactions distribution across Nordic countries & regions

Rank	Country	Count
1	Denmark	32
2	United States	31
3	Sweden	16
4	Japan	13
5	Germany	13
6	Norway	11
7	France	11
8	Italy	7
9	Great Britain	6
10	Hong Kong	4



Region	Count
Nordics	61
Western & Southern Europe	50
Eastern Europe	0
Rest of the world	53

Principal Adverse Impacts (PAIs)

We consider principal adverse impacts on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters that our investment decisions for managed assets have or may have. Through the consideration of principal adverse impacts, we are monitoring and reporting on 18 mandatory principal adverse impact indicators and two voluntary indicators defined by the EU Sustainable Finance Regulation. Our aim is to address these impacts at an investment product and entity level in order to reduce the negative footprint our investments have and/or may have on society. How and to what extent we consider and address principal adverse impacts will evolve over time and hence continuously alter this statement. Further, there are differentiations between the investment products that we manufacture.

Identification of principal adverse impacts

We use external market research providers and other publicly available information, dashboards, tools and frameworks and the expertise of our Responsible Investment team to identify principal adverse impacts on the basis of anytime applicable indicators. The complete methodology for the identification, measurement and reporting on these indicators are under development. Once finalized it will be built into due diligence policies of the investment organizations and this statement updated accordingly.

Prioritization of principal adverse impacts

We address principal adverse impacts through our inclusion, active ownership and exclusion activities. Principal adverse impacts on sustainability factors are prioritized according to their materiality and type, as well as the nature of our investment products. How indicators are taken into account are also specifically dependent on the strategy of the relevant product and how sustainability aspects and sustainable objectives are taken into account.

Engagement policies and references to international standards

In Danske Bank Active Ownership is conducted mainly through: 1) Dialogue; 2) Collaborative engagement, and 3) Voting. Engagement and Voting practices are interrelated and feed into each other and one can be the initiator or the complement of the other. Our approach takes into account internationally recognized corporate governance standards, e.g., the G20/OECD Principles of Corporate Governance, as well as voluntary principles, such as the UN Global Compact and OECD Guidelines for Multinational Enterprises. We also consider local regulation and/or guidelines such as the Danish Stewardship Code, the Finnish Corporate Governance Code, the Norwegian Code of Practice for Corporate Governance, and the Swedish Corporate Governance Code, as well as variation in legal and regulatory requirements between countries. There are also country variations as to whether corporate governance is regulated by rules-based legislation or by a comply-or-explain principle that needs to be considered in this context. The Active Ownership approach is based on the belief that it is more sustainable to address challenging issues through active ownership and dialogue rather than divesting and thereby refraining from an opportunity to make a positive impact and acting as a responsible investor.

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 investee companies, Sovereigns & Supranational and Real Estate is included in the following slides.

[Our principal adverse impact statement can be found here](#)

Adverse sustainability indicators in scope for PAIs

Climate and other environmental-related indicators

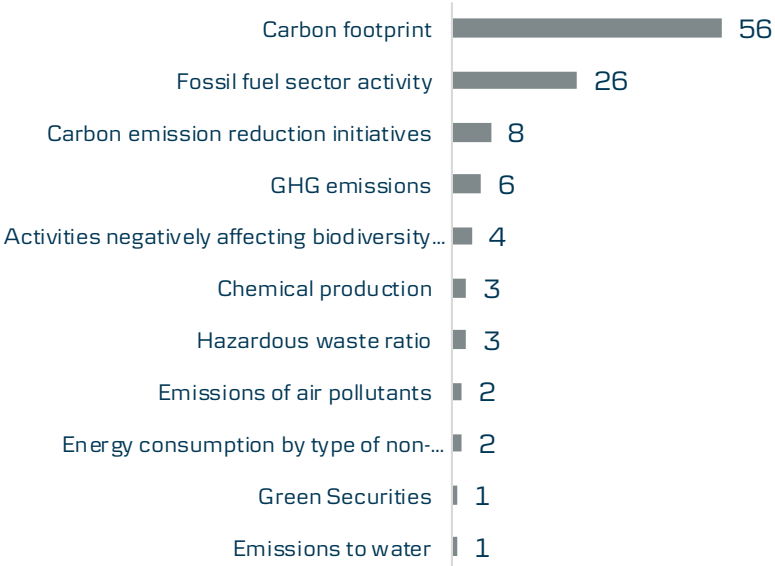
Activities negatively affecting biodiversity sensitive areas
 Carbon emission reduction initiatives
 Carbon footprint
 Chemical production
 Deforestation
 Emissions of air pollutants
 Emissions of inorganic pollutants
 Emissions of ozone depletion substances
 Emissions to water
 Energy consumption by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

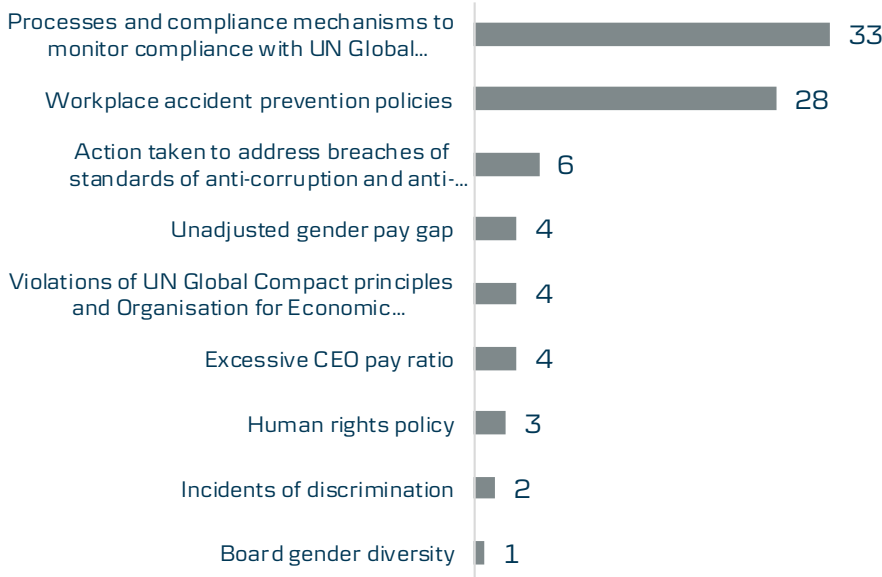
Action taken to address breaches of standards of
 anti-corruption and anti-bribery
 Anti-corruption and anti-bribery policies
 Board gender diversity
 Convictions and fines for violation of anti-corruption and anti-bribery
 laws
 Excessive CEO pay ratio
 Exposure to controversial weapons
 Grievance/complaints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



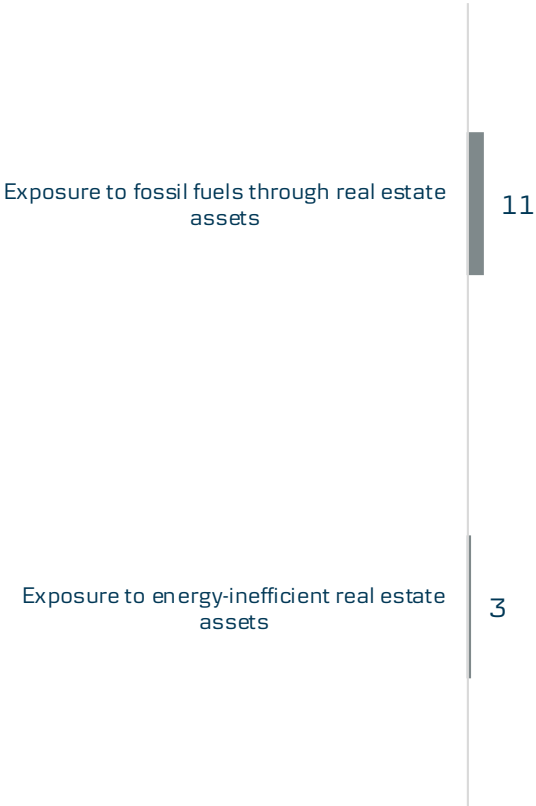
Social and employee, respect for human rights, anti-corruption and anti-bribery matters*



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

Adverse sustainability indicators addressed in sovereigns and real estate

Indicators applicable to investments in real estate*



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



Net Zero Engagements in H1 2022

CO2 reduction targets by 2025



Energy

15 % reduction



Transport

20 % reduction



Utilities

35 % reduction



Cement

20 % reduction



Steel

20 % reduction

Company engagements

Oil & Gas

- Petroleo Brasileiro
- Equinor ASA
- Shell PLC
- Chevron Corp
- Repsol
- Occidental Petroleum Corp
- BP PLC
- Valero Energy
- Eneos Holding
- Eni
- Total Energies

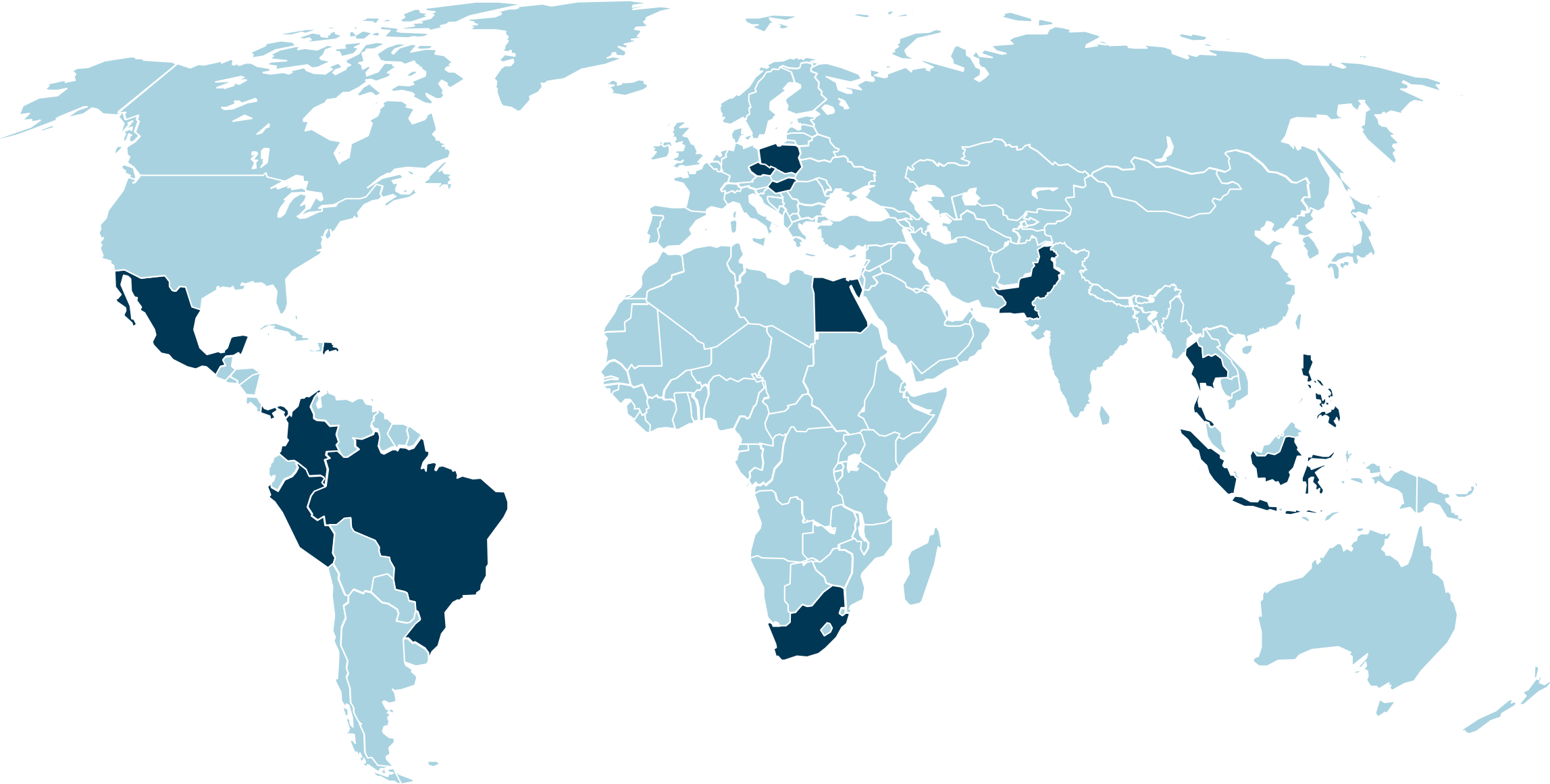
Steel

- United States Steel Corp
- Thyssenkrupp AG
- JFE Holdings Inc

Utilities

- RWE AG

Sovereigns: In H1 2022, we have had 32 engagements with 16 governmental entities



Active Ownership Report, Part 2

Voting



Voting introduction

The general meetings of companies are an opportunity to voice our opinion, vote on issues of key importance, and contribute to the good governance of the company. We seek to vote on all shares held, under both passive and active strategies, while taking into account preconditions, resources, and the costs of exercising voting rights.





Our Danske Bank Voting Guidelines serve as our default position for all proposals, but our investment teams managing our active portfolios can deviate based on case specific details. As enshrined in our Active Ownership Policy and Instructions, voting must always be carried out for the benefit of the investors.

In order to ensure a structured and transparent process, we log and publish records of the vote that we have conducted either by ourselves or through a service provider.



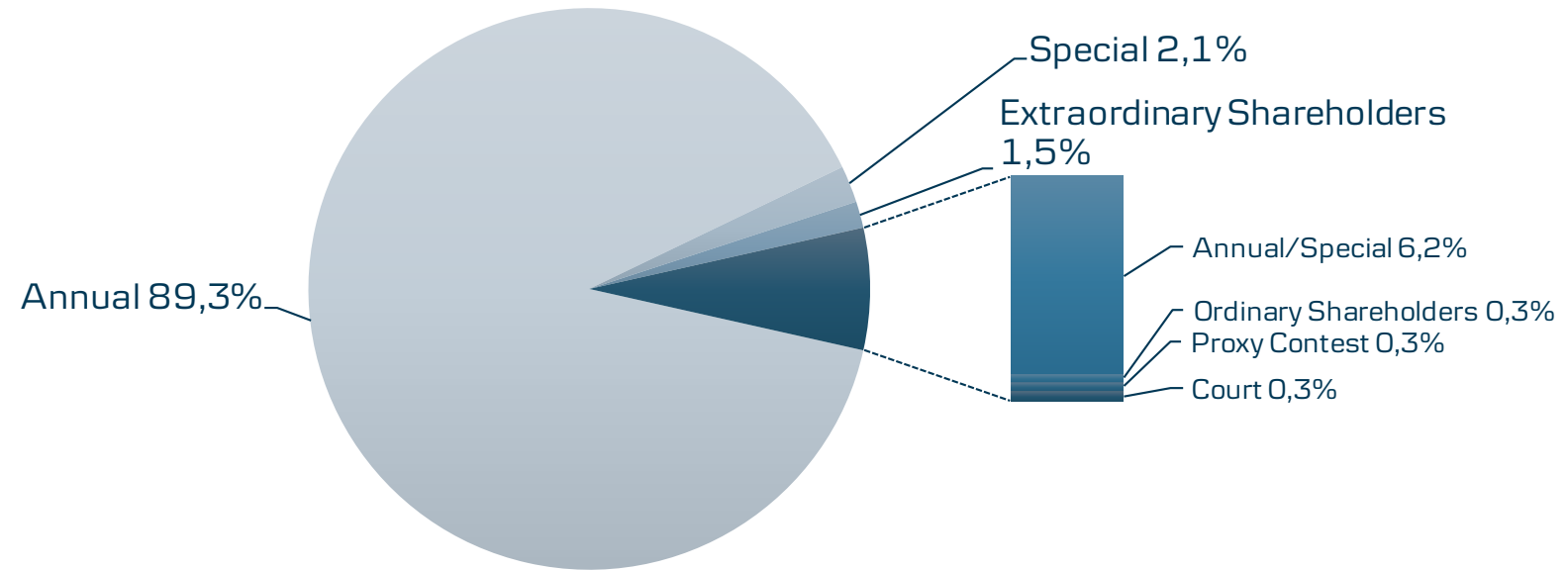
In H1 2022, we have had the following voting activities



	Companies	544
	Country domiciles	42
	Meetings	1182
	Proposals	17493



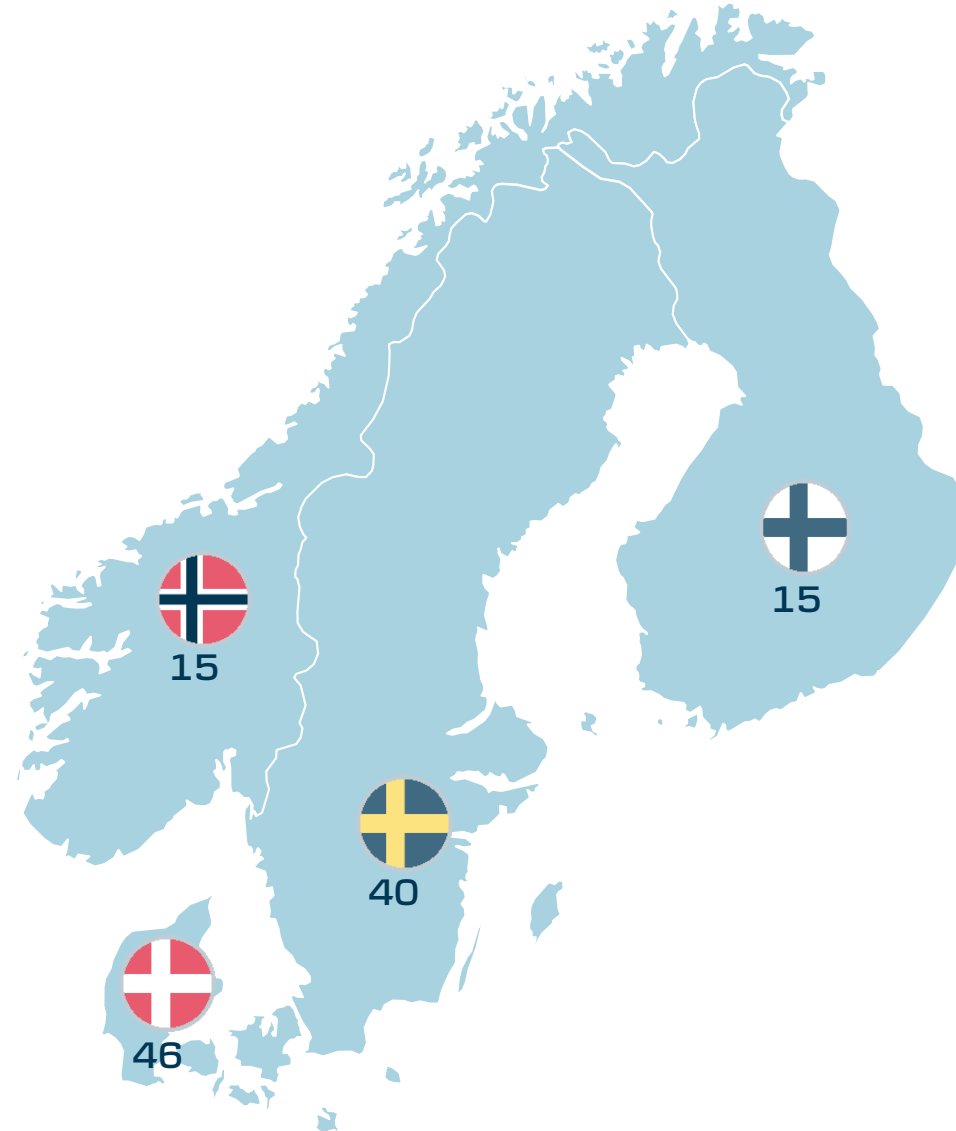
Split between meeting types





Top 10 and voting distribution across Nordic countries & regions

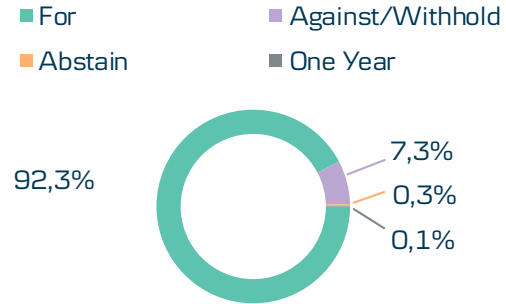
Rank	Country	Count
1	USA	439
2	Japan	163
3	United Kingdom	69
4	Canada	56
5	Germany	50
6	Denmark	46
7	France	44
8	Sweden	40
9	Switzerland	34
10	Netherlands	26





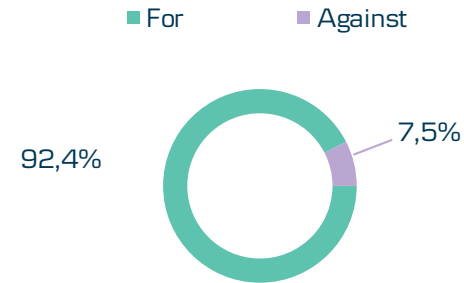
Split between voting instructions and voted proposals

Voted proposals



For	16151
Against/Withhold	1272
Abstain/One Year	70
Total	17493

Management proposals



For	16179
Against	1314
Total	17493

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.



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.



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.

Danske Bank Group membership of Investor initiatives and alliances

Net Zero Asset Owner Alliance

The UN-convened Net Zero Asset Owner Alliance (NZAOA) is a member-led initiative of institutional investors committed to transitioning their investment portfolios to net-zero GHG emissions by 2050 – consistent with a maximum temperature rise of 1.5°C. The Alliance members are the finance industry's first to set intermediate targets, which include CO2 reduction ranges for 2025 (22 – 32%) and for 2030 (49% – 65%).



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.

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.



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.

Danske Bank Group membership of Investor initiatives and alliances



FAIRR

Established by the Jeremy Coller Foundation, the FAIRR Initiative is a collaborative investor network that raises awareness of the material ESG risks and opportunities in protein supply chains. FAIRR helps investors to identify and prioritise these factors through cutting-edge research that investors can then integrate into their investment decision-making and active stewardship processes.



PBAF

The PBAF standard provides financial institutions with practical guidance on biodiversity impact and dependency assessments and define what is needed in order for these assessments to deliver the right information to financial institutions.

Emerging Markets Investors Alliance (EMIA)

The Emerging Markets Investors Alliance is a 501(c)(3) not-for-profit organization that enables institutional emerging market investors to support good governance, promote sustainable development, and improve investment performance in the governments and companies in which they invest. The Alliance seeks to raise awareness and advocate for these issues through collaboration among investors, companies or governments, and public policy experts.

ShareAction – Investor Decarbonisation Initiative

The Investor Decarbonisation Initiative aims to bring together investors to accelerate corporate action on climate change in key battleground sectors. Building on previous success securing corporate commitments across the global economy, it's now focusing its efforts on high-carbon sectors, specifically transport and chemicals.

Disclaimer & contact information

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Engagement by company

3M Co	Enel SpA	Novo Nordisk A/S	T-Mobile US Inc
Adler Pelzer Holding GmbH	EQT AB	Novozymes A/S	Tokyo Electron Ltd
Alexandria Real Estate Equities Inc	Equinix Inc	OHL Operaciones SA	TOPPAN INC
Altice Finco SA	Equinor ASA	Orsted AS	TotalEnergies SE
Amazon.com Inc	ERG SpA	Oversea-Chinese Banking Corp Ltd	Toyo Suisan Kaisha Ltd
AMC Entertainment Holdings Inc	Essity AB	Pan American Silver Corp	Tractor Supply Co
Anheuser-Busch InBev SA/NV	Getlink SE	Peach Property Finance GmbH	Tyler Technologies Inc
AP Moller - Maersk A/S	GN Store Nord AS	PrestigeBidCo GmbH	UniCredit SpA
Applied Materials Inc	Heimstaden Bostad AB	Procter & Gamble Co/The	Unilever PLC
Atlantia SpA	HT Troplast GmbH	Roche Holding AG	UPM-Kymmene Oyj
Autoliv Inc	International Consolidated Airlines Group SA	ROCKWOOL A/S	Vestas Wind Systems A/S
Autostrade per l'Italia SpA	Interpublic Group of Cos Inc/The	S&P Global Inc	Victoria PLC
BorgWarner Inc	Intesa Sanpaolo SpA	Samhallsbyggnadsbolaget i Norden AB	Volvo Car AB
Brother Industries Ltd	Intrum AB	Saudi Arabian Oil Co	Vonovia SE
Cable One Inc	Islandsbanki HF	SBA Communications Corp	Walt Disney Co
Carlsberg AS	ISS A/S	Sea Ltd	Xylem Inc
Cie Generale des Etablissements Michelin SCA	James Hardie Industries PLC	Siemens AG	
Citigroup Inc	KDDI Corp	Signa Development Finance SCS	
CK Hutchison Holdings Ltd	LANXESS AG	Skandinaviska Enskilda Banken AB	
Coloplast A/S	LKQ Corp	SKF AB	
CTP NV	Lumen Technologies Inc	SoftBank Group Corp	
Daiichi Sankyo Co Ltd	Marubeni Corp	Solar A/S	
Danske Bank A/S	Medical Properties Trust Inc	Sony Group Corp	
Delta Air Lines Inc	National Grid PLC	SS&C Technologies Holdings Inc	
Deutsche Bank AG	Nestle SA	Stellantis NV	
Dfds A/S	Netflix Inc	Svenska Handelsbanken AB	
Direct Line Insurance Group PLC	NextEra Energy Inc	Swisscom AG	
DSV A/S	NIKE Inc	Techtronic Industries Co Ltd	
E.ON SE	Nippon Shinyaku Co Ltd	Telenor ASA	
EDP - Energias de Portugal SA	NKT A/S	Teradyne Inc	