

Report on Active Ownership  
2018  
Sydbank A/S

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Report on active ownership – March 2019

## Report on active ownership 2018

In 2016, at the request of the Danish Ministry of Industry, Business and Financial Affairs, the Committee on Corporate Governance issued a “Stewardship Code” formulating seven principles for active ownership for investors in Danish listed companies. The purpose of the code is to ensure investors’ contribution to value creation in Danish listed companies by exercising active ownership.

The recommendations are based on a “comply or explain” principle and in addition the committee recommends that an annual report be prepared giving an overview of efforts made in connection with the seven recommendations.

Below is Sydbank’s report on its stewardship activities in 2018 and how Sydbank has addressed the seven recommendations.

## 1. Recommendation: Engagement policy

*It is recommended that institutional investors publicly disclose an engagement policy with respect to investments in shares in companies that are publicly listed in Denmark.*

Sydbank complies with the recommendation.

Sydbank’s engagement policy is available on the Bank’s website. The policy describes the Bank’s strategy and how it exercises active ownership, including its position on issues such as dialogue, voting policy, monitoring, conflicts of interest as well as collaboration with other investors.

Sydbank’s engagement policy includes all listed companies.

## 2. Recommendation: Monitoring and dialogue

*It is recommended that institutional investors monitor and engage in a dialogue with the companies in which they invest, taking due account of the investment strategy and the principle of proportionality.*

Sydbank complies with the recommendation.

Sydbank strives to exercise active ownership by means of monitoring and dialogue. Active ownership via dialogue is exercised in accordance with a principle of proportionality, which is why Sydbank seeks to select companies where the Bank has such a significant portfolio allocation and/or significant equity interest that it is realistic to engage through dialogue. In addition high priority is assigned to there being strategic and management circumstances or considerations making it relevant to engage in dialogue with a given company.

Sydbank monitors all direct investments in Danish listed companies. Sydbank considers all investor relevant information that is published by the companies. In 2018 Sydbank held extraordinary meetings and conversations with the following companies:

Limited liability company	Topic
ALK-Abelló A/S	Tablet portfolio, consumer goods approach and online strategy
Santa Fe Group A/S	2018 transformation and financing requirements
Zealand Pharma A/S	New strategy
Genmab A/S	Capital structure/payout ratio

### 3. Recommendation: Escalation

*It is recommended that institutional investors as part of the engagement policy determine how they may escalate their stewardship activities beyond regular monitoring and dialogue.*

Sydbank complies with the recommendation.

In cases where Sydbank has concerns about a company's strategy, performance or similar issues and extraordinary dialogue with the company does not result in greater responsiveness to solve the problems, Sydbank's Responsible Investment Committee will decide whether further attempts should be made to influence the company. If, after several attempts, it proves not possible to influence the company in the desired direction, the company will be added to the exclusion list and be sold. The official exclusion list is available on Sydbank's website.

### 4. Recommendation: Collaboration with other investors

*It is recommended that institutional investors as part of the engagement policy describe how they will act collectively with other investors in order to achieve a greater effect and impact.*

Sydbank complies with the recommendation.

Extraordinary dialogue and contact with companies typically involves collaboration with other investors as all things being equal this is believed to be more effective than taking action alone.

Internationally Sydbank collaborates with other investors via its business partner Sustainalytics. By doing so it is possible to work together to influence a larger number of companies and thereby achieve a greater effect.

### 5. Recommendation: Voting policy

*It is recommended that institutional investors as part of their engagement policy adopt a voting policy and are willing to publicly disclose whether and how they have voted.*

Sydbank complies in part with the recommendation.

# Sydbank

Sydbank endeavours to vote at all the general meetings of Danish listed companies. In 2018 the Bank voted in favour of the board of directors' recommendation in 30 cases in relation to 29 companies while in one case it voted against the recommendation of the board of directors. In three instances Sydbank abstained from voting.

The table below shows how the Bank cast its votes in 2018.

# Sydbank

Limited liability company	Date of voting	Type of vote	FOR board of directors' recommendation	AGAINST board of directors' recommendation
A.P. Møller-Mærsk A A/S	6 Apr 2018	AGM	x	
A.P. Møller-Mærsk B A/S	6 Apr 2018	AGM	x	
ALK-Abelló B A/S	12 Mar 2018	AGM	x	
Alm. Brand	30 Apr 2018	AGM	x	
Arkil Holding B A/S	26 Apr 2018	AGM	x	
Bavarian Nordic	17 Apr 2018	AGM	x	
Carlsberg A/S	14 Mar 2018	AGM	x	
Chr. Hansen Holding A/S	29 Nov 2018	AGM	x	
Coloplast B A/S	5 Dec 2018	AGM	x	
Danske Bank A/S	15 Mar 2018	AGM	x	
Danske Bank A/S	7 Dec 2018	EGM	x	
DSV A/S	8 Mar 2018	AGM	x	
FLSmidth & Co. A/S	5 Apr 2018	AGM	x	
Genmab A/S	10 Apr 2018	AGM	x	
GN Store Nord A/S	13 Mar 2018	AGM	x	
ISS A/S	11 Apr 2018	AGM	x	
Jyske Bank A/S	20 Mar 2018	AGM	x	
Monberg & Thorsen B A/S	5 Apr 2018	AGM	x	
Nilfisk Holding A/S	23 Mar 2018	AGM	-	-
NKT A/S	22 Mar 2018	AGM	-	-
NNIT A/S	8 Mar 2018	AGM	x	
Novo Nordisk B A/S	22 Mar 2018	AGM	x	
Novozymes B A/S	13 Mar 2018	AGM	x	
Pandora A/S	14 Mar 2018	AGM	x	
Ringkjøbing Landbobank A/S	28 Feb 2018	AGM		x
Rockwool International B A/S	11 Apr 2018	AGM	x	
Santa Fe group A/S	27 Mar 2018	AGM	x	
SimCorp A/S	23 Mar 2018	AGM	x	
TDC A/S	16 Mar 2018	AGM	x	
Torm PLC A	12 Apr 2018	AGM	x	
Tryg A/S	16 Mar 2018	AGM	x	
Vestas A/S	3 Apr 2018	AGM	x	
William Demant Holding A/S	22 Mar 2018	AGM	-	-
Ørsted A/S	8 Mar 2018	AGM	x	

At the beginning of 2019 Sydbank is in the process of establishing a voting procedure at general meetings in an international context via a “proxy voting provider”. This applies to companies that have violated internationally accepted conventions and norms and as regards which Sydbank’s business partner Sustainalytics exercises active ownership on an ongoing basis on Sydbank’s behalf.

Sydbank is willing to disclose the outcome of the voting activity. In case of enquiries concerning specific companies Sydbank will disclose how it has voted.

## 6. Recommendation: Conflicts of interest

*It is recommended that the engagement policy contain a description of how conflicts of interest in relation to stewardship are identified and managed.*

Sydbank complies with the recommendation.

Sydbank's engagement policy describes how conflicts of interest are addressed and managed. In Sydbank's assessment no conflicts of interest relating to the portfolios exist at present. If any conflict of interest should arise, Sydbank's Responsible Investment Committee will convene to decide how to manage the conflict of interest in the best possible way.

Sydbank has formulated a conflicts of interest policy and a business procedure for this purpose regarding asset management.

## 7. Recommendation: Reporting

*It is recommended that institutional investors at least annually report on their stewardship activities, including voting activity.*

Sydbank complies with the recommendation.

This report concerning voting activity is available on Sydbank's website. A report on voting activity including any special deviations from the voting policy is submitted to Sydbank's Board of Directors annually.

RECOMMENDATION	COMPLIANCE	PARTIAL COMPLIANCE	NON-COMPLIANCE	EXPLANATION FOR PARTIAL COMPLIANCE/NON-COMPLIANCE WITH THE RECOMMENDATION
<p><b>1. ENGAGEMENT POLICY</b></p> <p><b>IT IS RECOMMENDED</b> that institutional investors publicly disclose an engagement policy with respect to investments in shares in companies that are publicly listed in Denmark.</p>	X			
<p><b>2. MONITORING AND DIALOGUE</b></p> <p><b>IT IS RECOMMENDED</b> that institutional investors monitor and engage in a dialogue with the companies in which they invest, taking due account of the investment strategy and the principle of proportionality.</p>	X			
<p><b>3. ESCALATION</b></p> <p><b>IT IS RECOMMENDED</b> that institutional investors as part of the engagement policy determine how they may escalate their stewardship activities beyond regular monitoring and dialogue.</p>	X			
<p><b>4. COLLABORATION WITH OTHER INVESTORS</b></p> <p><b>IT IS RECOMMENDED</b> that institutional investors as part of the engagement policy describe how they will act collectively with other investors in order to achieve a greater effect and impact.</p>	X			
<p><b>5. VOTING POLICY</b></p> <p><b>IT IS RECOMMENDED</b> that institutional investors as part of their engagement policy adopt a voting policy and are willing to publicly disclose whether and how they have voted.</p>		X		This report covers Danish shares. At the beginning of 2019 Sydbank is in the process of establishing a voting procedure regarding foreign shares via a proxy voting provider.
<p><b>6. CONFLICTS OF INTEREST</b></p> <p><b>IT IS RECOMMENDED</b> that the engagement policy contain a description of how conflicts of interest in relation to stewardship are identified and managed.</p>	X			
<p><b>7. REPORTING</b></p> <p><b>IT IS RECOMMENDED</b> that institutional investors at least annually report on their stewardship activities, including voting activity.</p>	X			