



## Our priorities and voting policy in 2023

Dear .

We hope this letter finds you well in spite of the challenges of geopolitical conflict, climate change, inflation and the health crisis that have marked 2022 so profoundly, and impacts the outlook for years to come.

This letter, which is sent to all Danish companies in our portfolio, is meant to transparently sign-post what you can expect of AkademikerPension when it comes to our voting and engagement priorities in the 2023 AGM season.

Every year we seek a more in-depth dialogue with a selection of companies in our portfolio with a view to understanding how core sustainability risks and opportunities are managed. This is perhaps even more important in the midst of the many and complex crises facing our society and businesses alike. While we may, or may not, be able to meet your company for a sustainability risk deep-dive this year, we will, as always, vote on all agenda items at Danish AGMs.

### Good corporate governance

We kindly refer to our publication 'Expectations on Good Corporate Governance'<sup>1</sup> which describes our expectations in line with, and often beyond, the recommendations from the Danish Committee on Good Corporate Governance.

Every company is unique and may need to adapt the recommendations, but we would like to express our clear preference for companies that follow the recommendations of the Committee on Good Corporate Governance, rather than those who explain why they deviate. This is reflected in our voting patterns. We may choose to deviate from our voting policy in this regard but will look for convincing arguments to do so.

In some areas our voting policy goes beyond the recommendations of the Committee on Good Corporate Governance. In areas such as remuneration reports, climate

### AkademikerPension

Akademikernes  
Pensionskasse  
Smakkedalen 8  
DK-2820 Gentofte

Tlf.: +45 3915 0102  
akademikerpension.dk  
CVR nr. 20766816

---

<sup>1</sup> AkademikerPension (2021): "Forventninger til god Selskabsledelse". Available on [akademikerpension.dk/publikationer](https://akademikerpension.dk/publikationer) ([link](#))

and sustainability concerns, diversity and inclusion, human rights due diligence and tax transparency we expect a more ambitious and transparent approach.

3 February 2023  
Page 2 | 4

### **Remuneration policies and reports**

In 2022, we were again unable to vote in favour of remuneration reports for a majority of Danish companies. This year, we will continue to focus on remuneration policies and reports as part of our voting policy.

Reports are valuable if they provide relevant information to recipients in a structured and transparent manner. We encourage companies to present the reader with useful and clear overviews, as well as detailed explanations to clearly reflect the link between paid remunerations and meaningful key performance indicators.

We view the remuneration policies and reports as inherently intertwined, and we will not vote for the remuneration report, if we do not support the underlying policy.

### **Climate and biodiversity**

Climate continues to top the ESG agenda in 2023. Investors are increasingly demanding ambition, transparency, and concrete policies to make sure that companies are not being left behind in the green transition that, we believe, will redefine all aspects of our societies. On top of this, the regulatory environment in especially the EU continues to evolve quickly with new standards for reporting. At AkademikerPension we very much appreciate that the agenda is moving fast as time is running out for avoiding severe irreversible climate change repercussions. We expect companies to take the fast pace and rising demands seriously as well.

Setting adequate climate targets for the company and following through is ultimately the responsibility of the board of directors of a company. In the coming AGM season, AkademikerPension will, again this year, assess your company's performance. In regard to medium and high-emitting sectors and banks it will be our policy to not vote in favour of the Chair of the Board of Directors at companies that do not have sufficient Paris-aligned goals, policies, and reporting in place by the AGM season of 2023. This is increasingly an approach adopted by international proxy advisors and ESG investors for banks and high-emitting companies. However, considering the escalating climate crisis we have chosen to take an even tougher stance on this.

Biodiversity is getting more and more attention and with a substantial new international agreement at COP15 we expect the issue to get even more concrete in the coming year. We already see many companies setting goals and reporting on biodiversity issues, and in 2023 we will engage with companies that are at risk of lagging on this next big ESG issue, or well-placed to lead the way forward. Unlike climate, which has taken many years to mature, we expect biodiversity to move much faster into regulation, corporate strategy and reporting.

### Human rights due diligence and risk management

The area of human rights due diligence is equally gaining more traction as the EU regulatory initiatives are moving ahead. The new legislation seeks to address the impacts that companies have on human rights and labour rights by introducing mandatory human rights due diligence and disclosure of the approach to understand and handle related risks. This represents a comprehensive new reporting requirement, and, for most companies, it will take time to strengthen the ability to document human rights due diligence processes in order to comply with the new regulatory regime.

Implementing and reporting on companies' human rights due diligence processes have been an expectation since the adoption of the United Nations Guiding Principles on Business and Human Rights (UNGPs)<sup>2</sup> in 2011. However, recent studies<sup>3</sup> indicate that most companies have not taken the necessary steps to demonstrate sufficient implementation of human rights due diligence processes in their operations. This is also the case for Danish companies. As exemplified by the ordeals experienced by many companies in the wake of the illegal Russian invasion of Ukraine, undemocratic regimes, or irresponsible business partners, can expose companies to significant risks. Navigating, or even avoiding or exiting, such markets and relationships can benefit from a structured and robust risk management framework anchored in competent human rights risk assessment. In our view, it should be a priority for Danish companies to demonstrate, through improved disclosure, human rights due diligence from a 'double-materiality' perspective in 2023. Furthermore, a well-balanced approach to human rights risk assessment should not be limited to the war that Russia currently wages in Ukraine albeit it will likely be a focus area for many companies.

We urge companies to proactively approach this issue by acknowledging human rights risk assessment as an integral element in creating long-term value in an environment of complex global value chains and increased geo-political risk.

### Diversity and inclusion

International proxy advisors will this year be recommending a vote against re-election of the Chair of the Board or the nomination committee if the board consists of less than 30% of the underrepresented gender. AkademikerPension's voting policy will be aligned with this in 2023. We can make exceptions based on valid grounds, but we continue to hold the view that equality, diversity, and inclusion form the

---

<sup>2</sup> Link: [United Nations Guiding Principles on Business and Human Rights](#) (2011)

<sup>3</sup> Links: [2022 Corporate Human Rights Benchmark](#) (2022, World Benchmarking Alliance), [Documenting Respect for Human Rights](#) (2022, The Danish Institute for Human Rights), and [Study on due diligence requirements through the supply chain](#) (2020, European Commission)

basis for stronger and more robust businesses and are a key part of the solution to successfully navigating an environment of complexity and rapid changes.

3 February 2023  
Page 4 | 4

Additional statutory requirements will furthermore come into force in 2023. The newly revised Danish regulation will require companies to devise a diversity policy and set a diversity target for 'other management levels' (top two levels below board level). The target is to be set at the first board meeting following the 1<sup>st</sup> of January 2023 and must be ambitious and realistic. We expect progress towards reaching the target to be more expedient than it has been at board level amongst most, larger Danish companies, not least in light of the increased maturity of the issue.

### **Better ESG data**

Under the EU Sustainable Finance Disclosure Regulation (SFDR), investors such as AkademikerPension will, as of 1 July 2023, be required to report on 'principal adverse impacts' indicators of our investments. There is currently a significant data gap, and we urge companies to be highly transparent and to disclose relevant and robust ESG data points in line with the new EU regulatory reporting requirements (Corporate Sustainability Reporting Directive and Taxonomy Regulation), also before this becomes mandated by law.

### **We value your feedback**

The pressure on companies and their boards of directors shows little sign of diminishing in the years to come, and the topics and challenges highlighted in this letter do little to exhaust the list. We welcome your feedback and look forward to engaging with you in 2023 or soon thereafter.

Kind regards,



Jens Munch Holst  
CEO



Anders Schelde  
CIO



Louise Jørring Gev  
Head of Equities

*AkademikerPension is an active investor with DKK 130bn in assets under management on behalf of our more than 150,000 scheme members. We also manage a Danish equity mandate on behalf of LD Fonde, and are a signatory to the UN Global Compact, Climate Action 100+, UN-convened Net-Zero Asset Owner Alliance, PRI, and the Investor Alliance for Human Rights. AkademikerPension is invested in Danish companies mainly through Kapitalforeningen MP Invest.*