

Voting behaviour of Norwegian investors

Analysis of active ownership strategies
on selected ESG resolutions

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About this report

This report has been commissioned by Fair Finance International. Fair Finance International (FFI) is an international civil society network of 70 CSOs, initiated by Oxfam, that seeks to strengthen the commitment of banks and other financial institutions to social, environmental and human rights standards. Currently Fair Finance International has set up local coalitions in 14 countries worldwide. This report is part of a research project conducted simultaneously by three Fair Finance coalitions: Framtiden i våre hender (Fair finance Norway), FF Germany, and FF Japan. The objective of this research is to assess the voting behaviour of large investors on ESG related resolutions. This report presents the findings of this research for the largest investors in Norway.

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Authorship

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Summary

Fair Finance International (FFI) is an international civil society network of 70 Civil Society Organisations (CSOs) initiated by Oxfam, that seeks to strengthen the commitment of banks and other financial institutions to social, environmental and human rights standards. Currently Fair Finance International has set up local coalitions in 14 countries worldwide. Fair Finance coalitions in three countries (Norway, Germany, and Japan) together with Profundo conducted a research project to evaluate to what extent the main investors in their countries (pension funds, insurance companies and asset managers) have voted on a selection of shareholder resolutions related to climate change, human rights, social and governance issues, all proposed during the 2019 or 2020 AGM seasons. This report focuses on the evaluation of the voting behaviour of the investors selected by Fair Finance Norway.

At the Annual General Meetings (AGMs) of companies, shareholders have the opportunity to raise questions, file shareholder resolutions and use their voting rights. Responsible investors can file shareholder resolutions on ESG topics, use their voting rights to vote on resolutions during AGMs and engage with companies in their portfolio outside AGMs, to foster the adoption of sustainable practices and strategies. These actions collectively are called “active ownership” and are generally considered as effective mechanisms for investors to have a positive impact on society and the environment.

This study analyses the voting behaviour of nine of the largest investors included in the Fair Bank Guide Norway (“Etisk bankguide Norge”) on a selection of 43 shareholder resolutions proposed by investors during the AGMs of companies active in the fossil fuels, energy, banking, mining, agribusiness, food and manufacturing sectors worldwide. 28 of the resolutions selected related to climate change, while 15 related to other human rights, social and governance topics (referred to as “Other ESG” in the remainder of this report).

The objectives of this project are to push the largest investors in Norway to be more transparent about their voting decisions during AGMs, to draw their attention on the potential inconsistencies in voting behaviour between the different asset managers managing their assets, and to stimulate them to become more active in using their voting rights to steer companies in the direction of sustainability and social justice.

Information presented in this report relies on different sources: a private database on global shareholder voting, public sources (e.g. voting policies of investors, PRI Transparency Report, investors’ websites) and answers received from all nine investors to a customised survey questioning them on their voting strategy and actual behaviour. Subsequently, the voting data was used in a scoring model to retrieve the responsible voting scores and classify the investors in one of the four following categories: “*laggards*” (score from 0 to 5), “*followers*”(score from 5 to 8), “*frontrunners*”(score from 8 to 9), and “*responsible investors*”(score from 9 to 10). Three rankings were created: one consolidating the scores for all ESG related resolutions, one for climate change related resolutions only, and one for other ESG related resolutions.

Main findings

Overall, the analysis of voting behaviour shows a significant gap between two investors leading the ranking, namely KLP and Storebrand, and the rest of the selected Norwegian investors scored. Only one Norwegian investor, KLP, classifies as “*responsible investor*”, with a consolidated score of 9.5 out of 10. Storebrand reaches the second place with a consolidated score of 8.1, and categorizes as “*frontrunner*”. Two investors, Eika Kapitalforvaltning and ODIN Forvaltning were not ranked along with the other investors due to a very low number of voting results collected on the selected resolutions. All other Norwegian investors fall into the category “*laggards*” (score between 0 and 5), this includes the biggest financial institutions as DNB, Nordea and Danske Bank. Although Danske Bank and Nordea score ahead of other investors categorized as laggards with a score above 3, their share of votes cast “Against” is also considerable.

Investors' scores for selected climate related resolutions, tend to be higher than for all selected ESG resolutions, indicating more support for climate proposals than for proposals on other ESG topics.

Two of the investors have more than one selected asset manager voting on their behalf and both investors have at least 4 split votes reported, meaning that asset managers operating on behalf of the same investor voted differently on the same resolution. These results highlight the risk of inconsistencies between the voting behaviour of asset managers and evidence that internal control mechanisms at group level to ensure alignment of voting are inexistence or ineffective. Information provided by the investors about such control mechanisms lacks sufficient details.

With regard to addressing ESG resolutions in their voting policies, all investors, except Eika Kapitalforvaltning, report to have such a policy in place and disclose this online. However, the results show that most of the policies only address ESG topics superficially, which leaves room for interpretation.

One third of the investors, namely Handelsbanken, DNB and Nordea, display a high percentage of "No vote" (abstain, withdrew or did not vote) respectively 86%, 79% and 47%. DNB and Nordea justified this with their passive investment strategy and their minor ownership in companies. Although voting policies and processes are in place, these investors report this is part of their strategy to exercise voting rights at a limited number of AGM's of companies invested in. Aside from differences between asset managers of the same investor, differences in rationales among investors have been observed for the same resolution. For instance, some investors would vote against a resolution, because they prefer a different approach of engagement or they perceive the company's efforts on incorporating ESG issues as sufficient. On the other hand, some investors are more demanding and vote in favour of the same resolution, because they believe it would improve the company's sustainable practices.

As part of investor influencing strategies, investors can take the initiative to file shareholder resolutions on ESG topics, either individually or collectively. None of the investors report that they have taken this initiative during the Annual General Meeting (AGM) season 2020.

Recommendations to investors

Based on the outcomes of this research, Fair Finance International makes the following recommendations to investors:

1. Investors should vote at the Annual General Meetings of all companies in which they hold shares, independent of their passive/active strategy or exposure.
2. Investors should have clear voting policies on ESG-topics and mechanisms to monitor the voting behaviours of the asset manager(s) working on their behalf, the mechanisms should lead to actions if such behaviours are not aligned with their voting policy.
3. Investors should be more proactive in filing shareholder resolutions on ESG topics at Annual General Meetings of the companies they are invested in, and consider the opportunity to do this collectively to maximise their impact

Abbreviations

AGM	Annual General Meeting
CSO	Civil Society Organisation
ESG	Environmental, Social and Governance
FFI	Fair Finance International
GHG	Green House Gases
PRI	Principles for Responsible Investment

Introduction

Fair Finance International (FFI) is an international civil society network of 70 CSOs, initiated by Oxfam, that seeks to strengthen the commitment of banks and other financial institutions to social, environmental and human rights standards. Currently Fair Finance International has set up local coalitions in 14 countries worldwide. Fair Finance coalitions in three countries (Norway, Germany, and Japan) conducted a research project to evaluate to what extent the main investors in their countries use their voting rights to steer companies in the direction of sustainability and social justice.

At the Annual General Meetings (AGMs) of companies, shareholders have the opportunity to raise questions and use their voting rights. Responsible investors can use their voting rights when they hold equity and engage with companies in their portfolio to foster the adoption of sustainable practices and strategy. Various international sustainability standards recognised the influence institutional investors can exercise when making use of their shareholders rights. For instance, the G20/OECD Principles of Corporate Governance states “for institutions acting in a fiduciary capacity, such as pension funds, collective investment schemes and some activities of insurance companies, and asset managers acting on their behalf, the right to vote can be considered part of the value of the investment being undertaken on behalf of their clients. Failure to exercise ownership rights could result in a loss to the investor who should therefore be made aware of the policy to be followed by the institutional investors.”¹

Principle 2 of the United Nations Principles for Responsible Investment (PRI)² states that active ownership and incorporation of ESG issues into ownership policies and practices are essential components of a responsible investment strategy³

Since investors usually have different amounts of shareholdings in a large number of companies, they often outsource voting, which is called ‘proxy voting’, because they cannot attend all AGMs themselves. Therefore, voting can be executed either by the investor itself, or via an asset manager. The asset manager, in turn, can be a subsidiary of the investor (“internal” asset manager) or an external asset manager. Furthermore, both the investor and the asset manager can use the services of a proxy advisor to vote on their behalf. Such a proxy advisor conducts research and can provide voting advice, as well as execute the voting rights on behalf of the investor or asset manager. As the market of proxy advising is highly concentrated, these advisors have a large influence on the voting outcomes. A further distinction can be made between investors that have their own voting policy, who use the service provider to execute their voting rights in line with their policy, and investors that also follow the service providers’ advice.⁴ Another trend is the growth in passively managed funds over the last decade, creating a shift away from active funds, resulting in a high concentration of assets managed by a small group of institutional investors.⁵ In the US, for example, 71% of the shares are held by institutional investors.⁶

1 OECD (2015), G20/OECD Principles of Corporate Governance, OECD Publishing, Paris, online: <http://dx.doi.org/10.1787/9789264236882-en>

2 The Principles for Responsible Investment (n.d.), “What are the Principles for Responsible Investment?”, online: <https://www.unpri.org/pri/what-are-the-principles-for-responsible-investment>, viewed in December 2020

3 The Principles for Responsible Investment (2019), “How can a passive investor be a responsible investor?”, online: <https://www.unpri.org/download?ac=6729>, viewed in December 2020

4 VBDO (2020), *Proxy Voting for Sustainability, research among Dutch pension funds*, online: https://www.vbdo.nl/wp-content/uploads/2020/11/Themastudie-Proxy-Voting-2020_web.pdf.

5 The Principles for Responsible Investment (2019), *How can a passive investor be a responsible investor?*, online: <https://www.unpri.org/download?ac=6729>.

6 ProxyPulse (2020), *2020 Proxy Season Review*, online: <https://www.pwc.com/us/en/governance-insights-center/publications/assets/pwc-and-broadridge-2020-proxy-season-review.pdf>.

Investors, whatever their active or passive (such as index investing) strategies, can contribute to steer companies in the right direction by voting in favour of shareholders resolutions related to environmental, social and governance (ESG) issues, or, even better, by taking the initiative to file shareholder resolutions on ESG topics. Over the past decade, there has been a growing interest in responsible investing generally and the adoption of active ownership strategies.

For influencing European listed companies, filing a shareholder resolution is much less common than in the US. This is partially because of the threshold to be able to file a resolution, as well as the preference of shareholders to use voting as a last resort, after engagement efforts fail.⁷

During the 2020 AGM season, many ESG resolutions have been filed by investors. However, many of these resolutions did not pass, as they did not receive sufficient support.

The Fair Finance coalitions therefore aim to analyse how the largest investors (pension funds, insurance companies and asset managers) in their countries have voted on a selection of shareholder resolutions related to climate, human rights, social and governance issues, proposed during the 2019 or 2020 AGM season.

This study analyses the voting behaviour of nine of the largest investors included in the Fair Finance Guide Norway⁸ (“ Etisk bankguide Norge”) on a selection of 43 shareholders resolutions proposed during the AGMs of companies active in the fossil fuels, energy, banking, mining, agribusiness, food and manufacturing sectors. 28 of the resolutions selected are related to climate change, while 15 tackle other human rights, social and governance topics. Notably, only 3 of the 43 selected ESG resolutions were carried, which were all related to climate change.

The objectives of this project are to push investors in the countries concerned to be more transparent about how they are voting and to stimulate them to become more active in using their voting rights to steer companies in the direction of sustainability and social justice.

The first chapter of this report explains the methodology, scope, and objectives of this study, the second chapter presents the ranking of the Norwegian investors according to their voting behaviour on the selection of the resolutions tied to ESG issues and the main findings. The third chapter provides an analysis of each of the investors assessed. Finally, some conclusions and recommendations are drawn in the fourth chapter.

A summary of the findings can be found on the first pages of this report.

7 The Principles for Responsible Investment (2019), *How can a passive investor be a responsible investor?*, online: <https://www.unpri.org/download?ac=6729>.

8 Fair Finance International (2020, November), “ Etisk bankguide Norge”, online: <https://etiskbankguide.no/>, viewed in December 2020

1

Methodology

This chapter outlines the methodology used for this study and is organized as follows. Section 1.1 explains the objectives of this study, section 1.2 and section 1.3 present the scope of the research including the selection of the financial institutions assessed and the shareholder resolutions on ESG issues researched. Section 1.4 elaborates on the research design, including the methods used and activities conducted.

1.1 Objectives of the study

The objectives of this study are to push investors in the countries concerned to be more transparent about how they are voting and to stimulate them to become more active in using their voting rights to steer companies in the direction of sustainability and social justice.

Based on the research objective, the following research questions are formulated:

1. How have the selected investors voted on a selection of ESG related shareholder resolutions?
Furthermore, if an investor has more than one asset manager, the voting results can be compared, leading to the following question:
2. What explains differences in voting behaviour between subsidiaries and/or external managers?
Are differences in voting behaviour explained by the absence of a clear, binding voting policy, by the use of different proxy companies, or by other reasons?
3. How could investors become more transparent and active regarding their voting?

Concrete measures need to be identified which would ensure that investors become more transparent about how they are voting as well as more active in using their voting rights to steer companies in the direction of sustainability and social justice.

1.2 Selected financial institutions and their asset managers

The Norwegian Fair Finance coalition selected 9 of the country's most important investors for this research, based on their market share and inclusion in their Fair Pension Guide. Desk research was conducted to find the relevant asset managers of the selected Norwegian investors. Subsequently, a list of asset managers was selected to be included in this study on the following criteria:

- Does the investor have (a) subsidiar(y)(ies) managing (part of) its assets (internal asset manager)?
- Does the investor disclose the name(s) of (an) external asset manager(s) to which it has outsourced the management of (part of) its assets?

The resulting list of asset managers included in this study can be found in Table 1.

Table 1 Selected financial institutions and their asset managers

Investor	Asset manager	Internal/external asset manager
Danske Bank	Danske Bank	Internal asset manager
DNB	DNB	Internal asset manager
Eika Kapitalforvaltning	Eika Kapitalforvaltning	Internal asset manager
Handelsbanken	Handelsbanken	Internal asset manager
KLP	KLP Kapitalforvaltning	Internal asset manager
Nordea	Nordea Investment Management	Internal asset manager
Sparebank 1 Forsikring	ODIN	Internal asset manager
	Danske Invest	External asset manager
	Arctic Assets Management	External asset manager
	Alfred Berg	External asset manager
	Holberg	External asset manager
	ClearBridge	External asset manager
	Invesco	External asset manager
	Morgan Stanley IM	External asset manager
	Wells Fargo	External asset manager
	Pareto	External asset manager
	Man Group	External asset manager
	Schroder IM	External asset manager
	ODIN Forvaltning	ODIN Forvaltning
Storebrand	Storebrand	Internal asset manager
	SKAGEN	Internal asset manager

1.3 Selected ESG resolutions

A total of 43 shareholder resolutions proposed during late 2019 and 2020 at the AGMs of companies from the fossil fuels, energy, banking, mining, agribusiness, food and manufacturing sectors were selected by the Fair Finance International network. The resolutions were selected for their thematical importance and potential impact for positive change. Of these, 28 resolutions focused on improving the climate change policy of the companies and 15 shareholder resolutions dealt with the companies' policies in the areas of human rights, labour rights, gender and tax (referred to as "Other ESG" in the remainder of this report). An overview with all selected resolutions can be found in Appendix 1.

1.4 Research design

For the data collection, the following research methods have been used:

1.4.1 Desk research

The following sources are used for the desk research:

- **Public sources:** Annual reports, Transparency Reports disclosed by PRI signatories⁹, and other publications of the investor groups were researched, as well as publications for the national and global investment sectors, to check the names of relevant subsidiaries (internal asset managers) and external managers to which the investor has outsourced the management of part of its assets.
- **Private sources:** The investors' voting results on the 43 shareholder resolutions analysed in this study were obtained from the data platform ProxyInsight Online¹⁰.

1.4.2 Survey

A survey was developed and sent to the selected investors by the Norwegian FFG coalition, raising the following questions:

1. Do you have a voting policy addressing ESG resolutions?
2. How do you ensure that your asset management subsidiaries vote in line with your responsible investment strategy?
3. How do you ensure that your external asset manager(s) vote in line with your responsible investment strategy?
4. Are the voting results for the selected 43 ESG resolutions we found for your asset manager(s) correct? If there was a difference in voting between asset managers, how can this be explained?
5. Have you taken the initiative (individually or collectively with other investors) to file shareholder resolutions on ESG topics?

1.4.3 Scoring model

The Fair Finance International network expect investors in listed equity, whatever the size of their exposure, to support shareholder resolutions on ESG issues, as this is an opportunity for investors to steer companies in the right direction, and have a consistent voting policy applied by the different asset managers working for the investor.

Based on these expectations, the results of the survey and database research were combined to calculate a score. Each of the 9 Norwegian investors first received scores on their voting behaviour per resolution, ranging from 0 to 1. The calculation of these scores is based on how the different asset managers had voted on behalf of the investor on this resolution:

- 1 point was attributed to each asset manager that voted in favour
- 0 point was attributed to each asset manager that abstained, withdrew or did not vote (referred to as "No vote" in this report)
- -1 point was attributed to each asset manager that voted against

The scores for all asset managers were then added up to a consolidated score per resolution. If this score would be negative, it would be corrected to 0. If more than one asset manager was found, the consolidated score was divided by the total number of asset managers. To illustrate the calculation, the scoring of resolution number 32 for Storebrand is given as an example. Two asset managers voted on behalf of Storebrand on this resolution:

- Storebrand Asset Management voted "For";
- SKAGEN voted "For";

Consolidated score for Storebrand for resolution number 32: $(1 + 1) / 2 = 1$

⁹ The Principles for Responsible Investment (n.d.), "Public Signatory Reports", online: <https://www.unpri.org/public-signatory-reports/transparency-reports-2019/4506.article> viewed in December 2020

¹⁰ Proxy Insight (n.d.), "Products: Proxy Insight Online". Online: <https://www.proxyinsight.com/products/proxy-insight-online/> viewed in December 2020

As a next step, the scores for the different resolutions were added up in three different ways, to create three investor rankings:

- The responsible voting scores for all 43 selected ESG resolutions
- The responsible voting scores for the 28 climate related resolutions
- The responsible voting scores for the 15 other ESG related resolutions

In cases where an investor had no voting results for a specific resolution, for example because the vote was not published or the investor was not invested in the company, the resolution was removed from the total number of resolutions to calculate the total scores. In the three categories, the scores per resolution were added up and divided by the total number of resolutions applicable, multiplied by 10. This resulted in a normalised score on a scale from 0 to 10, to facilitate the comparison of the responsible voting scores and create a national ranking.

Finally, Profundo ranked the investors for each of the three investor rankings in four categories according to their score on a scale of 0 to 10:

- From 0 - 5 points: laggards
- From 5 - 8 points: followers
- From 8 - 9 points: frontrunners
- From 9 - 10 points: responsible investors

The list of all selected resolutions can be found in Appendix 1 and the detail of voting results per investor is reported in Appendix 2.

1.4.4 Research steps

The different research steps for this study were conducted between October 2020 and December 2020 and consisted of four main steps:

1. The Identification of the main asset managers for each of the nine investors that are responsible for voting during investment companies' AGMs. Indeed investors have different options: they can choose to vote directly or via dedicated voting service providers, or - if the investors mandates external manager(s) to manage a part or the full amount of its assets - they can also mandate external managers to vote on their behalf. In turn, external asset managers can use the services of a proxy advisor for voting.
2. The collection of the voting results of the 43 shareholders resolutions of the main asset managers responsible to vote for the nine Norwegian investors using the Proxy Insight Online database.
3. The collection of feedback from the selected investors on these results and on their voting policy via a survey. Two weeks were given to the investors to answer the survey and all the investors contacted provided their feedback to Fair Finance Norway. Where investors indicated in the survey that the voting results collected were not correct, the voting results were adjusted in line with their feedback. If no response was received from the investor, only the results from the voting data platform were used.
4. The analyses of the responses from the financial institutions to the survey in combination with the voting results collected. This resulted in a responsible voting score for each investor, using the scoring model explained in 1.4.3, and was used to answer the research questions raised in section 1.1.

1.4.5 Limitations of the study

Financial research aiming at confirming the actual investment of these nine investors in the companies covered by these 43 resolutions was not conducted. Consequently, when no voting result was found for a selected resolution, and the investor did not provide additional feedback, this could be either due to the fact that the investor was not invested in the company (at the time) or because the voting result was not reported in the database, or because the investor did not vote. If this was the case, the resolution was omitted from the calculation of the responsible voting score. Consequently, investors scores are not calculated on the same number of resolutions. The addition of financial research into the shareholdings in these selected companies by the investors could have reduced this limitation.

Secondly, as most investors are not (fully) transparent on which asset manager manages which part of their assets, and who executes the voting rights, the selection of asset managers is non-exclusive and bound by data availability, and the vote of each asset manager is weighted equally in the calculation of the score per resolution (disregarding the share of asset under management they manage for the investor's group).

2

Main findings

This chapter discusses the results of the research. In section 2.1, the ranking based on the responsible voting score per selected investor will be presented. Section 2.2 will subsequently present the main findings of the research.

2.1 Responsible voting score

The responsible voting score for each of the selected Norwegian financial institutions is presented in Table 2, indicating the level of their responsible voting behaviour based on all the selected ESG resolutions. Furthermore, Table 3 and Table 4 show a breakdown into separate scores for climate related and other ESG resolutions. In the subsequent table, information on the number of votes, split votes and the reason for a split vote are provided. Due to a very low number of voting results collected on the selected resolution for Eika Kapitalforvaltning and ODIN Forvaltning, respectively 4 voting results and 2 voting results, it was not possible to calculate a meaningful score for these two investors. Indeed, since these two investors do not hold shares in the remainder of companies for which resolutions were promoted, scoring them on a such low number of resolutions would not have been relevant. Consequently, the tables do not report scores for these two investors.

Table 2 Responsible voting score on all selected ESG resolutions

Investor	Laggards	Followers	Frontrunners	Responsible investor
KLP				9.5
Storebrand			8.1	
Danske Bank	3.7			
Nordea	3.2			
Sparebank 1 Forsikring	1.1			
DNB	0.8			
Handelsbanken	0.7			
Eika Kapitalforvaltning*	n.a.			
ODIN Forvaltning*	n.a.			

* n.a stands for "not applicable".

Table 3 Responsible voting score on climate related resolutions

Investor	Laggards	Followers	Frontrunners	Responsible investor
KLP				9.6
Storebrand			8.8	
Danske Bank	4.3			
Nordea	3.5			
Handelsbanken	1.7			
Sparebank 1 Forsikring	1.4			
DNB	0.4			
Eika Kapitalforvaltning*	n.a.			
ODIN Forvaltning*	n.a.			

* n.a stands for "not applicable".

Table 4 Responsible voting score on other ESG resolutions

Investor	Laggards	Followers	Frontrunners	Responsible investor
KLP				9.3
Storebrand		6.7		
Danske Bank	2.7			
Nordea	2.5			
DNB	1.5			
Sparebank 1 Forsikring	0.7			
Handelsbanken	0.0			
Eika Kapitalforvaltning*	n.a.			
ODIN Forvaltning*	n.a.			

* n.a stands for "not applicable".

2.2 Main findings

For each investor assessed, Table 5 provides an overview of the number of selected asset managers, number of resolutions with a voting result, the share of split votes reported, and the share of votes cast “For”, “Against” and “No vote”, per investor.

Table 5 Voting on selected ESG resolutions

Investor	No. of selected asset managers	No. of resolutions	% of split votes	% of votes “For”	% of votes “Against”	% of “No vote**”
KLP	1	40	0%	95%	2%	3%
Storebrand	2	36	11%	81%	8%	0%
Danske Bank	1	43	0%	37%	44%	19%
Nordea	1	38	0%	32%	21%	47%
Sparebank 1 Forsikring	12	12	50%	8%	25%	17%
DNB	1	38	0%	8%	13%	79%
Handelsbanken	1	15	0%	7%	7%	86%
Eika Kapitalforvaltning	1	4	0%	0%	50%	50%
ODIN Forvaltning	1	2	0%	0%	100%	0%

* Total of abstained, withdrawn or did not vote.

The analysis of voting behaviour shows a significant gap between two investors leading the ranking namely KLP and Storebrand and the rest of the selected Norwegian investors scored. Regarding the responsible voting scores, only one investor, KLP, is categorized as a “*responsible investor*” with an overall score of 9.5 out of 10. Storebrand is categorized as a “*frontrunner*” (score between 8 and 9). Two investors, Eika Kapitalforvaltning and ODIN Forvaltning were not ranked along with the other investors due to a very low number of voting results collected on the selected resolutions and all the other investors fall in the category “*laggards*” (score between 0 and 5). Among the laggards, Danske Bank and Nordea rank ahead of the other banks with a score of above 3, while DNB, Sparebank 1 Forsikring and Handelsbanken obtained a score between 0 and 1.5. It is interesting to note that six investors (KLP, Storebrand, Danske Bank, Nordea, Handelsbanken and Sparebank 1 Forsikring) obtained higher scores for climate related resolutions than for other ESG resolutions, evidencing more support for the climate related resolutions than for other selected ESG resolutions.

As shown in Table 5, KLP has the highest share of votes “For” (95 %), which is the case for both climate related and other ESG related resolutions too, followed by Storebrand (81 %). There is a considerable gap between KLP and Storebrand, on the one hand, and Danske Bank (37 %) and Nordea (32 %), on the other hand, in their share of votes cast “For”. Also, Danske Bank has a high share of votes “Against”, for both climate related and other ESG related resolutions, and Nordea and Sparebank 1 Forsikring have a considerable share of votes “Against” too.

As Table 5 presents, two of the investors have more than one selected asset manager for their listed equity. Both investors have at least 4 split votes reported. A split vote means that asset managers have voted differently on the same resolution. These results highlight the risk of inconsistencies between voting behaviour of asset managers. For instance, Storebrand Group has a voting policy, specifying situations in which it typically should vote against management, but this has either not been followed or has been interpreted differently among its asset managers for some resolutions (for further details see 3.9).

This could be due to insufficient internal control mechanisms to ensure alignment of voting. Sparebank 1 Forsikring has a less elaborate policy, but does report to have processes in place to review and evaluate their external asset managers' voting policies, to ensure alignment. However, the results show that this mechanism is not adequate enough to prevent inconsistent voting behaviour by the investor's external asset managers.

In order to ensure that asset managers vote in line with their responsible investment strategy, investors use different internal mechanisms, but do not report about this in much detail. Three of the investors (Nordea, DNB and Danske) organize the decision making on voting centrally within the organization, while two others (Storebrand and ODIN Forvaltning) report that this process is decentralized and determined at fund level. Nordea and DNB report that they developed a methodology to evaluate on which resolutions and AGM's they chose to vote. Danske Bank does not report whether it allocates resources to specific AGM's and resolutions only.

Sparebank 1 Forsikring, which is mandating external asset managers to vote on its behalf, reports the steps taken to ensure that voting behaviour is aligned between managers and its policy, such as reviewing the managers' policies and procedures. Other investors did not provide feedback on these processes or mechanisms.

With regard to addressing ESG resolutions in a voting policy, all investors, except Eika Kapitalforvaltning, report to have such a policy in place and disclose this online. However, the results show that most of the policies only address ESG topics superficially, which leaves room for interpretation. More detailed guidelines or principles would support the managers' ability to implement these in practice. For example, Storebrand reports in more detail on the different ESG topics and how it wishes its asset managers to vote on respective resolutions. On the other hand, Eika Kapitalforvaltning reports it does not have a voting policy in place addressing ESG issues and it does not vote at all during AGM's of international companies, only for Norwegian and Nordic companies.

Furthermore, all investors, except Eika Kapitalforvaltning, are PRI signatories and disclose a transparency report online. Signatories commit to adopt six principles for responsible investment, which refer to incorporating ESG topics into a voting policy, exercising voting rights and disclosing (the results of) these activities.¹¹ It is difficult to say if this means that committing to the PRI contributes to more awareness on ESG issues and incorporation of these into a voting policy, or that investors who are more inclined to integrate ESG issues in their voting policy are more likely to join the PRI.

As evidenced in Table 5, three investors, namely Handelsbanken, DNB and Nordea display a significant percentage of "No vote" (abstain, withdrew or did not vote) respectively 86%, 79% and 47%. DNB and Nordea justified their behaviour by their passive investment strategy (investment in index funds) and their minor ownership in companies, while Handelsbanken did not provide further explanation about its "No vote" decisions. Although voting policies and processes are in place, these investors choose to only vote at a limited number of AGM's of companies invested in. As highlighted by the work of the PRI, passive investing is not incompatible with active ownership, which can also be supported by collaborative shareholder engagement to have more impact.¹²

11 The Principles for Responsible Investment (n.d.), "What are the Principles for Responsible Investment?", online: <https://www.unpri.org/pri/what-are-the-principles-for-responsible-investment>, viewed in December 2020

12 The Principles for Responsible Investment (2019), *How can a passive investor be a responsible investor?*, online: <https://www.unpri.org/download?ac=6729>.

It is interesting to note that investors provided different rationales for their voting result on the same company and resolution. For example, the resolution on setting and publishing targets aligned with the goal of the Paris Climate Agreement to Limit Global Warming at the AGM of Equinor, on which all the 9 investors reported a voting result, shows mixed results. Indeed, part of the investors voted against, arguing that the company was already disclosing sufficient ambitious climate targets. Another investor voted against claiming it prefers to further engage in dialogue with the company. On the other hand, some investors supported the resolution, explaining that there is a relationship between the adoption of greenhouse gas reduction targets and the value and reputation of companies.

As part of investor influencing strategies, investors can take the initiative to file shareholder resolutions on ESG topics, either individually or collectively. Although this is most common in the US, this can be an important mechanism for investors globally. Even when the proposal is withdrawn before it goes to a vote, among the benefits of filing a shareholder resolution are that it creates leverage with the company to respond and can be used as a tool to engage in dialogue. Moreover, it raises awareness on ESG concerns among other shareholders, the management of the company and the wider community.¹³ Notwithstanding these benefits, none of the investors assessed in this study report that they have taken such an initiative during AGM season 2020.

Finally, it is interesting to mention that most of the selected investors publicly report a list of companies that they have excluded because of ESG concerns. These exclusions were not taken into consideration in the scoring model which focuses only on the voting behaviour of investors as explained in 1.4.3. However, the number of exclusions per investor is reported in Appendix 3, as additional information about the investors ESG strategy on the selected companies.

Chapter 3 provides further details per investor. An overview of the voting results per investor can be found in Appendix 2.

¹³ Ceres (2019), *The Role of Investors in Supporting Better Corporate ESG Performance*, online: https://www.ceres.org/sites/default/files/reports/2019-04/Investor_influence_report.pdf.

3

Assessment per investor

This chapter provides information about the profile, voting policies and voting results of each investor.

3.1 Danske Bank

3.1.1 Profile

Danske Bank is a Nordic banking group, servicing private and corporate customers with banking, lending, savings, investment, and insurance services.¹⁴ The Danske Bank Wealth Management division serves the Group in managing its assets and those of clients, and includes Danske Bank Asset Management (Danske Invest in Norway) and Danica Pension. Total assets under management is DKK 1,651 billion in 2019. The bank group reports that 2.7% of its listed equity is externally managed but does not require its external managers to vote on their behalf. Instead, Danske Bank cast votes directly or via a dedicated voting provider.¹⁵ Consequently, the voting results analysed in this study are focusing on the votes cast by Danske Bank.

3.1.2 Voting policy

Danske Bank discloses voting guidelines and instructions, that are applicable to assets held by Asset Management and Danica, and take into account internal standards and principles, as well as national Corporate Governance guidelines. The voting guidelines cover environmental and social issues and state that: *“companies should seek to manage the financial and economic implications of environmental and social matters that may have an impact not only on the company’s reputation but may also represent operational risks and costs to the business”*.¹⁶

However, this is rather limited, and Danske Bank further comments in the survey that:

“We are currently further developing our voting guidelines to include further guidelines related specifically to climate change and certain environmental issues”.

Furthermore, Danske Bank ensures alignment between its voting guidelines and actual voting, by centralizing all voting decisions within the Sustainable Investment team, that also submits the votes. The investor reports that this process is monitored and evaluated.

14 Danske Bank (2019), *Annual report 2019*, p.16.

15 Danske Bank (2020), *RI Transparency Report 2020*, online: <https://reporting.unpri.org/Download.aspx?id=A45920C0-BE62-49A3-8BF5-A2F1D808D408>.

16 Danske Bank (2020, September) *Voting Guidelines*, online: <https://danskebank.com/-/media/danske-bank-com/file-cloud/2020/9/danske-bank-voting-guidelines.pdf?rev=deef39453d804c66aa261ea51eec4ff3>.

3.1.3 Results

Danske Bank received a responsible voting score of 3.7, which categorizes the investor as a laggard in the ranking. In the survey, Danske Bank reports results for all 43 resolutions selected. For 19 of the resolutions (44%), the bank group voted “Against”, while for 16 (37%) it voted in favour, and for 8 (19%) no vote was cast. No explanation was provided for specific voting decisions per resolution, but more generally, Danske Bank comments that:

“Danske Invest has so far in 2020 voted for 19 different proposals relating to climate change mitigation”, and “Apart from voting activities (which is only an option within equity strategies), our 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. In 2019 and H1-2020, our portfolio managers held engagements with companies on topics such as “GHG emissions”, “Energy transformation”, “energy efficiency”, “circular economy” and “climate neutrality”.”

Regarding investment restrictions, Danske Bank implemented restriction for companies involved in certain activities, among which 2 of the companies for which resolutions are selected in this study. These companies are Duke Energy Corporation for being active in thermal coal and Philips 66 for violation of indigenous rights and water pollution.¹⁷ Furthermore, the investor claims it follow the exclusion list of Government Pension Fund Global, which excludes BHP Group and Duke Energy. Danske Bank was invested in the companies during their 2020 AGM’s because they report voting results.

The resulting low score of 3.7 out of 10 does not portray responsible voting behaviour by Danske Bank.

3.2 DNB

3.2.1 Profile

DNB is Scandinavia’s largest financial services provider and partially owned by the Norwegian Government. Subsidiaries that are involved in asset management include DNB Asset Management, which managed NOK 668 billion in 2019 in mutual funds and shares, Group Investments and DNB Life Insurance AS.¹⁸ DNB reports that all of its investments are internally managed and they do not use fiduciary managers. Furthermore, the Group casts its votes directly or via a dedicated voting service provider.¹⁹ Consequently, the voting results analysed in this study are focusing on the votes cast by DNB.

17 Danske Bank (2020, September), *Investment Restrictions*, online: <https://danskebank.com/-/media/danske-bank-com/file-cloud/2019/3/danske-bank-investment-restrictions.pdf?rev=0fd1b7c63b814137991db413562c8eb9>.

18 DNB Group (2019), *Annual report*, p.12.

19 DNB (2020), *RI Transparency Report 2020*, online: <https://reporting.unpri.org/Download.aspx?id=9CC6F242-636B-48F0-96ED-A9DD6AE6B3E0>.

3.2.2 Voting policy

DNB reports in detail on its voting policies and procedures in a response to the survey. The investor discloses two sets of voting guidelines; a global and a country-specific Norwegian version. The guidelines are applicable to DNB Asset Management, which is the subsidiary that is responsible for exercising ownership rights for the Group, in accordance with the Group's Standard for Responsible Investments.²⁰ In addition, DNB reports that it receives two sets of voting recommendations from proxy advisor ISS for each shareholder meeting; one standard SRI-based policy and one customized policy, which is based on DNB's voting guidelines. Regarding ESG topics, DNB Asset Management states that it: *"supports ESG shareholder proposals that enhance long-term shareholder and stakeholder value while aligning the interests of the company with those of society at large"*²¹, which is rather limited.

Furthermore, DNB ensures alignment between its voting guidelines and actual voting, by evaluating every proposal between the responsible investment team and the portfolio managers and deciding together on the final vote. The Group votes at a selected list of AGM's, based on an assessment that takes into consideration whether it may have a meaningful impact on the company, or whether the resolutions are of key importance for a company or society. As a result, their aim is to vote at all Norwegian and a selection of international AGM's. In this way, the Group chooses to do an assessment and vote on a selection of AGM's only, rather than all AGM's and resolutions. When DNB outsources asset management to an external manager, they are chosen, monitored, and evaluated based on their alignment with the DNB Group's Standards for Responsible Investment.

3.2.3 Results

DNB received a responsible voting score of 0.8, which categorizes the investor as a laggard in the ranking. In the survey, DNB reports it only has investments in part of the companies for which resolutions were selected, and therefore has voting results for 38 out of the 43 resolutions. One of the companies for which a resolution was selected is excluded based on ethical considerations. This excluded company is Duke Energy Corporation for violating DNB's environmental criteria.²² For 5 of the resolutions (13%), the bank group voted "Against", while for 3 (8%) it voted "For", and for 30 (79%) no vote was cast. For the largest part of the resolutions where no vote was cast, DNB explains that it did not vote because it holds *"Only a very small holding in (an) index fund(s)"* and for some companies it also holds shares in one or two active funds. DNB adds:

"In DNB AM's funds, 91% of the capital is in active portfolios, and across these funds there are many significant positions - sometimes over 10% ownership in a company. On the other hand, many of the positions across only index funds often account for a 0.01% ownership interest or less in a company.[...] Furthermore, we want to make a proper assessment of each proposal to be voted on, which can hardly be replaced with automatic or semi-automatic solutions."

20 DNB (2019, September), *Standard for Responsible Investments*, online: https://dnb-asset-management.s3.amazonaws.com/ESG-SRI-pdf/Standard-Responsible-Investment-KL-approved-September_2019.pdf?mtime=20200129161117&focal=none

21 DNB Asset Management (2019), *Guidelines for voting globally*, online: https://www.dnb.no/portalfont/nedlast/no/om-oss/samfunnsansvar/2019/Guidelines_for_voting_globally_2019_Oct_17.pdf

22 DNB (2020, September), "About us – Social responsibility – Dialogues and exclusions – Excluded companies as of September 2020", online: <https://www.dnb.no/om-oss/samfunnsansvar/ekskluderteselskaper.html>, viewed in January 2021.

This is in accordance with some of the challenges identified by the UN PRI regarding investors following passive strategies. Since the relatively low costs of passive funds often attracts investors in the first place, the incentive to engage (including voting) with companies is lacking because the share of the individual holding is relatively small and usually a large number of companies are included in the fund. Engagement would add to the costs the investor is not willing to spend and is therefore often outsourced.²³

For the resolution regarding Royal Dutch Shell (on GHG Reduction Targets) and two resolutions regarding Equinor (on target setting aligned with the Paris Agreement and refraining from “oil and gas exploration and production activities in certain areas”), DNB provides the following explanation for not voting “For”:

“we prioritize engagements rather than initiating shareholder resolutions. In some cases, the engagements lead to companies voluntarily taking important steps forward - replacing the need for shareholder resolutions. Examples are our participation in CA100+ and joint statements with Royal Dutch Shell and Equinor.”

For the resolution on a “Report on Global Median Gender/Racial Pay Gap” regarding Amazon.com, DNB explains it voted against because in their opinion, the proposal was not well enough formulated and would not contribute to better equality. At the AGM of Pfizer, DNB voted against a resolution on a “Report on Lobbying Payments and Policy”, because they thought that the recently enhanced lobbying disclosures of the company were already providing adequate information.

For the resolution regarding Mizuho Financial Group on “Articles to Disclose Plan Outlining Company’s Business Strategy to Align Investments with Goals of Paris Agreement”, DNB explains it voted in favour because the company “*needed nudging regarding their climate related strategy, and the shareholder proposal appeared to be constructive*”. With regard to the resolution on a “Report on Human Rights Risk Assessment Process” at Tyson Foods’ AGM, as well as the resolution on a “Human Rights Risk Assessment” at Amazon.com, DNB reports it voted “For” because, in their opinion, the improved reporting would make it easier to assess how the companies are managing human rights related risks.

The low score of 0.8 out of 10 does not portray a responsible voting behaviour by DNB. Voting is part of an active ownership strategy, regardless whether it involves passive or active investments and the size of the shareholding.²⁴

3.3 Eika Kapitalforvaltning

3.3.1 Profile

Eika Kapitalforvaltning is part of Eika Gruppen, which is the financial services provider within the Eika Alliance, comprising 66 local banks, Eika Gruppen and Eika Boligkreditt.²⁵ Eika Kapitalforvaltning had DKK 42.428 million under management at the end of 2019 and is responsible for managing the Eika funds, the Eika Forsikring portfolio and the assets for own account of most local banks in the larger Eika Alliance.²⁶ Consequently, the voting results analysed in this study are focusing on the votes cast by Eika Kapitalforvaltning.

23 The Principles for Responsible Investment (2019), *How can a passive investor be a responsible investor?*, online: <https://www.unpri.org/download?ac=6729>, p.16.

24 The Principles for Responsible Investment (2019), *How can a passive investor be a responsible investor?*, online: <https://www.unpri.org/download?ac=6729>, p.11.

25 Eika Boligkreditt (2020), *Annual report 2019*, p.4.

26 Eika Gruppen (2020), *Annual report 2019*, p.23.

3.3.2 Voting policy

Eika Kapitalforvaltning does not have a voting policy addressing ESG topics and is the only investor in the panel to not be signatory of the PRI. In the survey, the investor comments:

“EKF’s policy is that we cast a vote / authorization to vote for our shares as far as possible in all Norwegian and Nordic companies. For international companies (outside the Nordic region), we are currently voting not. [...] we want for the international shares to find partners / service providers who can take care of our voting. So far we have not found such a partner”

3.3.3 Results

Eika Kapitalforvaltning reports voting results for 4 of the selected resolutions, because they were only invested in three of the companies for which 4 resolutions were selected (for Equinor, 2 resolutions were selected). Since these number of votes are considered too low to base the score on, no score was calculated. The low number of voting results observed can be partially explained by the fact that Eika Kapitalforvaltning excludes for ESG reasons eight of the companies for which 12 resolutions were selected for this study. These companies are BHP Group, Chevron, Duke Energy, Exxon Mobile, Phillips 66, Rio Tinto, Total and Walmart.²⁷

The first company Eika Kapitalforvaltning is a shareholder of is Equinor, for which they voted against the resolutions to “Instruct Company to Set and Publish Targets Aligned with the Goal of the Paris Climate Agreement to Limit Global Warming” and “Instruct Company to Refrain from Oil and Gas Exploration and Production Activities in Certain Areas”. As an explanation for these votes, the investor comments that they gave the right to vote to the Chairman of the Board. As the company’s (and the Board’s) position on the resolution were already known by the time Eika Kapitalforvaltning handed the voting rights over to the Chairman, it can be concluded that they gave the Board permission to vote against these resolutions. Furthermore, Eika Kapitalforvaltning held shares in The Kroger Company and Merck & Company but did not vote on their selected resolutions because, as explained by Eika Kapitalforvaltning, the investor is currently not voting during the AGM’s of international companies. Because of the very low number of voting results analysed in this study for Eika Kapitalforvaltning, no conclusion can be drawn on their responsible voting behaviour.

3.4 Handelsbanken

3.4.1 Profile

Handelsbanken is one of Scandinavia’s largest banking groups, active in Sweden, the UK, Norway, Denmark, Finland, and the Netherlands. The Group has a decentralized structure, servicing retail and corporate clients locally. Handelsbanken Capital Markets is responsible for providing asset management and pension and life insurance services, as well as serving large international corporate clients. Handelsbanken Asset Management had, by the end of 2019, a total value of SEK 767 billion under management.²⁸ Handelsbanken reports that less than 10% of its investments in listed equity are externally managed. However, the banking group does not require external managers to vote on its behalf. Consequently, the voting results analysed in this study are focusing on the votes cast by Handelsbanken Asset Management.

²⁷ Eika Kapitalforvaltning (2021, January), *Alle ekskluderte selskaper*.

²⁸ Handelsbanken (2020), *Annual report 2019*, p.38.

3.4.2 Voting policy

Handelsbanken established and discloses a voting policy that applies to asset management activities by Handelsbanken Fonder AB, which encompasses actively and passively managed funds and multi-manager solutions. With regard to environmental and social topics, Handelsbanken states: *“The Fund Company generally supports shareholder motions which seek to promote sustainable operations and strive for greater transparency in accounting for and reporting a company’s climate impact, human rights and working conditions initiatives, etc.”*²⁹

Handelsbanken reports that its asset managers are expected to adhere to their policy. However, they do not collect data on voting for each individual holding for external managers.

3.4.3 Results

Handelsbanken Asset Management received a responsible voting score of 0.7, which categorizes the investor as a laggard in the ranking. In the survey, the investor reports it has investments in 13 of the companies for which 15 resolutions were selected. For the other selected resolutions, Handelsbanken had no holdings in the respective companies, of which 4 are publicly excluded. These companies are BHP Group, Duke Energy, Royal Dutch Shell and Walmart.³⁰

However, for the companies it was invested in, it did not vote for 13 of the resolutions (86%). Handelsbanken Asset Management voted for the resolution to “Instruct Company to Set and Publish Targets Aligned with the Goal of the Paris Climate Agreement to Limit Global Warming” at the AGM of Equinor, but voted against the resolution on a “Report on Lobbying Payments and Policy” at Abbott Laboratories’ AGM. The investor provides the following rationale for the latter vote decision: *“The company is disclosing adequate information for shareholders to be able to assess its engagement in the public policy process and its management of related risks”*.

The low overall score of 0.7 out of 10 does not portray responsible or active voting behaviour by Handelsbanken Asset Management.

3.5 KLP

3.5.1 Profile

KLP is primarily a pension fund, providing pensions for the Norwegian local government and health care sector, but also provides banking, lending, savings, investment and insurance services. KLP Kapitalforvaltning is the asset management subsidiary within the group, managing NOK 564 billion for both own account and the account of external clients.³¹ KLP reports that less than 10% of its investments in listed equity are externally managed. However, KLP does not require external managers to vote on its behalf. Consequently, the voting results analysed in this study are focusing on the votes cast by KLP Kapitalforvaltning.

29 Handelsbanken (2020, March), *Policy for shareholder engagement and responsible investments*, p.12.

30 Handelsbanken (2019, April), *Responsible investment – Excluded companies*, online: <https://www.handelsbanken.com/tron/xgpu/info/contents/v1/document/72-86825>.

31 KLP (2020), *Annual report 2019*, p.44.

3.5.2 Voting policy

KLP established and discloses a voting policy. For the Norwegian market, KLP based its voting policy on the Norwegian Code of Practice for Corporate Governance and other international standards, and is applied to KLP as well as the KLP-funds. However, no reference is made to environmental and social topics.³² For international companies, KLP follows the ISS SRI Proxy Voting Guidelines, which does address ESG topics³³. KLP commits to being an active investor; among other activities, it is using its shareholder rights to exert influence on companies to improve their responsible behaviour.³⁴

3.5.3 Results

KLP leads the ranking of Norwegian investors with an overall score of 9.5 out of 10, and is the only investors in this panel to be included in the category “Responsible investor” with a score superior to 9. In the survey, KLP reports it has investments in 40 out of the 43 companies for which resolutions have been selected. The investor excluded BHP Group and Duke Energy Corporation from its investment universe because of their significant adverse impacts on the environment, as well as Philips 66 because of the company’s involvement in the highly controversial Dakota Access Pipeline’s project. Once operational, the pipeline would transport crude oil from North Dakota to South Illinois (almost 2,000 km). The project faced great opposition because of the high risk of environmental pollution of oil spills and contamination of drinking water, and the lack of consultation with local communities.³⁵

KLP voted in favour of 95% of the selected resolutions. For two resolutions, regarding the companies Equinor and Merck & Company Inc., KLP did not vote in favour and provide a justification for such choice. KLP abstained from voting on the resolution at the AGM of Equinor to “Instruct Company to Refrain from Oil and Gas Exploration and Production Activities in Certain Areas”, because:

“KLP expects that Equinor’s operations will not lead to damage in vulnerable areas, and that this consideration will be taken into account in the assessment of new fields. In cases where the company’s operations are in, or adjoin vulnerable areas, KLP expects Equinor to exercise extra caution.”

Furthermore, KLP voted against a resolution for a “Report on Corporate Tax Savings Allocations” by Merck & Company, because KLP believes that the company already reports sufficiently on corporate capital allocation and has adopted “a *balanced, well-articulated approach for capital allocation*”, and “A proposal that had pointed to more transparency from the company about how they pay taxes had probably been supported by KLP”.

The high overall score of 9.5 out of 10 portrays an active ownership strategy and a responsible voting behaviour by KLP.

32 KLP (2019, April), *KLP og KLP-fondenes retningslinjer for stemmegivning*, online: https://www.klp.no/media/samfunnsansvar/KLP_og_KLP_fondenes_retningslinjer_for_stemmegivning.pdf.

33 ISS (2019, January), *International SRI Proxy Voting Guidelines 2019 Policy Recommendations*, online: https://www.klp.no/media/samfunnsansvar/Sri_international_voting_guidelines.pdf.

34 KLP (2020), *Annual report 2019*, p.59.

35 EarthJustice (n.d.), “Oil, Water, and Steel – The Dakota Access Pipeline”, online: <https://earthjustice.org/features/oil-water-and-steel-the-dakota-access-pipeline>, viewed on 7 December 2020.

3.6 Nordea

3.6.1 Profile

Nordea is the Nordic region's largest bank with more than 10 million retail customers, 700,000 corporate customers and more than 30,000 employees. Nordea is one of the ten largest financial institutions in Europe. The financial institution divides its operations into four main business areas: Personal Banking, Commercial and Business Banking, Wholesale Banking and Asset & Wealth Management. The bank is headquartered in Helsinki, Finland. For this study, we focused on the Asset & Wealth Management segment, and the voting results of Nordea Investment Management. Nordea uses the services of external managers to manage its investments in listed equity, however most of the time all voting decisions are managed internally.³⁶

3.6.2 Voting policy

Nordea reports that, to ensure a consistent voting behaviour among its different funds, it uses an aggregated voting strategy, which means that all voting is centralized into one unit – the Corporate Governance unit. All voting decisions are taken by Nordea's funds, external advisors only provide input and second opinion when requested to do so. Nordea reports there is one exception to this rule but to ensure the external manager covered by this exception vote in line with Nordea strategy, it has to send all votes to the Corporate Governance unit for confirmation before voting. Nordea states *"the final voting decision is always with Nordea Funds and according to our Corporate Governance Principles."* In its Corporate Governance Principles³⁷, Nordea explains it votes both by proxy and by attending annual general meetings. Nordea's Funds utilize two external advisors; Institutional Shareholder Services and Nordic Investor Services (henceforth "ISS" and "NIS"). The guidelines also states: *"Nordea fund's use a methodology when deciding which companies to vote in, primarily based on the value of the holding and the ownership level in the specific company. Other factors include if there are any specific ESG reasons, if the company needs support or if we have an ongoing engagement. In companies in which Nordea's funds have a very limited opportunity to enact changes, or if unable to efficiently utilize shareholder rights, Nordea's funds might choose not to vote or engage."* Finally, Nordea explains that in some circumstances, including unsuccessful engagement on ESG issues, a vote against a management resolution as an escalation strategy can be warranted.

³⁶ Nordea (2020), *Public Transparency Report 2019*

³⁷ Nordea (2019), *Corporate Governance Principles 2019*, online: [Corporate_Governance_Principles_2019.pdf](#) (issgovernance.com), viewed in December 2020

3.6.3 Results

Nordea received a responsible voting score of 3.2, which categorizes the investor as a laggard in the ranking. In the survey, the investor reports voting results for 38 of the selected resolutions. For the other selected resolutions, Nordea had no holdings in the respective companies. For two of these companies, the absence of holdings is explained by an exclusion based ESG issues. These companies are Phillips 66 due to its involvement in indigenous people rights' violations, and Pilgrim's Pride Corporation whose parent company JBS is also part of Nordea's public exclusion list³⁸ due to "norms violation". Nordea voted in favour of 32% of these resolutions, against 21% of the resolutions, and did not vote for the remaining 47%. In the survey, Nordea explained its decision to not vote on 18 resolutions because of a minority ownership (below 0.5%) which correspond to the situations described in its policy where there are "*very limited opportunity to enact change*" or difficulties to "*efficiently utilize shareholder rights*". However, Nordea states that in the future it "*aims to further increase the voting coverage*". Regarding the 8 proposals for which Nordea voted "Against", 3 are related to climate change topics, 2 to human rights issues and 3 to governance issue (monitoring pay gaps and tax strategy). The rationale for voting against these proposals is not reported.

Nordea did not take the initiative to file shareholder resolutions on ESG topics in 2020, but reported it plans to co-file shareholder resolutions within Climate Action 100+, a global investor initiative launched in 2017, whose main objective is to "*ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change*"³⁹.

The resulting low score of 3.2 out of 10 does not portray responsible voting behaviour by Nordea.

3.7 ODIN Forvaltning

3.7.1 Profile

ODIN Forvaltning AS operates as a fund management firm. The company is a wholly owned subsidiary of SpareBank 1 Gruppen AS. The Company offers portfolio management, advisory, consulting, and other investment solutions. ODIN Forvaltning serves customers worldwide. The company is headquartered in Oslo, Norway. ODIN does not use external asset managers for its investments in listed equity.

3.7.2 Policy

ODIN recognises the exercise of voting right as an important pillar of its responsible investment strategy and states it aims to vote at all general meeting of the companies it is invested in⁴⁰. Indeed, in 2019 ODIN voted at 100% of the general meeting of the companies in its investment universe. ODIN discloses some "Guidelines for responsible management of mutual funds"⁴¹ addressing Active ownership strategy. In particular, ODIN states it uses ISS Proxy Voting Services and votes according to Sustainability Proxy Guidelines (ISS). ODIN explains that each fund "*vote individually at general meetings. All our funds will vote according to the principles for good corporate governance, but apart from the general principles, the fund strategy and mandate will dictate how the fund will vote*".⁴²

38 Nordea (2020, December), *Exclusion list*, online: <https://www.nordea.com/Images/36-324410/Nordea-exclusion-list.pdf>.

39 Climate Action 100+ (n.d.), "About us", online: <http://www.climateaction100.org/>, viewed in December 2020

40 ODIN Fund Management (2020), *Sustainability Report 2019*, p.171

41 ODIN Forvaltning, "Retningslinjer for ansvarlig forvaltning av verdipapirfond i ODIN Forvaltning", online: <https://odinfond.no/assets/Retningslinjer-for-b%C3%A6rekraftig-forvaltning-av-verdipapirfond-i-ODIN-Forvaltning.pdf>, viewed in December 2020

42 ODIN Forvaltning, "Guidelines for the use of voting rights", online: <https://odinfundmanagement.com/about-us/voting-rights/>, viewed in December 2020

3.7.3 Results

ODIN reports voting results for 2 of the selected resolutions, because they were only invested in one of the companies for which 2 resolutions were selected (for Equinor 2 resolutions were selected). This is partially due to the fact that ODIN upholds an exclusion list of companies. Since these number of votes are considered too low to base the score on, no score was calculated.

Regarding exclusions, ODIN states it follows the exclusion list of Government Pension Fund Global, which excludes BHP Group and Duke Energy, for which 2 resolutions were selected for this study.⁴³

The proposed resolutions regarded the Norwegian Energy company Equinor and were both related to climate topics. ODIN voted against both resolutions and provided the following justification:

“When it comes to Equinor, voting is based on proposals and research received from our provider of voting services ISS. We think Equinor has set goals that are both ambitious and concrete, also in relation to what many other oil companies have done. They have shown a willingness to set increasingly ambitious goals over time, and we do not want to micro-manage the company.”

However this comment raises a question as we found that the ISS recommendation on the resolution proposed at Equinor last AGM on 14 May 2020, aiming at Instructing “the company to Set and Publish Targets Aligned with the Goal of the Paris Climate Agreement to Limit Global Warming” was “For” with the following rationale:

“A vote FOR this proposal is warranted as the setting and publication of targets would aid shareholders in understanding the company’s assessment of how it could reduce its carbon footprint in alignment with greenhouse gas reductions necessary to achieve the Paris Agreement goal of maintaining global warming well below 2 degrees Celsius.”⁴⁴

Because of the very low number of voting results analysed in this study for ODIN Forvaltning, no conclusion can be drawn on their responsible voting behaviour.

3.8 SpareBank 1 Forsikring

3.8.1 Profile

SpareBank 1 Forsikring is a wholly owned subsidiary of the SpareBank 1 Gruppen. Due to restructuring, SpareBank 1 Forsikring has transferred its insurance products to Fremtind Livsforsikring and is since January 1st 2020 focussing on the business area of pensions.⁴⁵ ODIN Forvaltning is another subsidiary of the group, which is discussed in 3.7. SpareBank 1 Forsikring uses the services of external managers to manage its investments in listed equity and require them to vote on their behalf. Consequently, the voting results analysed in this survey are focusing on the votes cast by the investors’ mandated external managers. SpareBank 1 Forsikring reports to have mandated eighteen external asset managers, but six of them reported to not be invested for SpareBank 1 Forsikring in the companies for which resolutions have been selected. Consequently, the voting results analysed in this study are focusing on the votes cast by the following twelve asset managers mandated by SpareBank 1 Forsikring: Alfred Berg, Arctic Asset Management, ClearBridge, Danske Bank Invest, Holberg, Man Group, MSIM, ODIN, Pareto, Schroder and Wells Fargo.

43 ODIN Forvaltning (2019), *Bærekraftsrapport 2019*, online: <https://odinfond.no/assets/NO-2019-Rapport-om-b%C3%A6rekraftarbeidet-i-ODIN-2.pdf>.

44 Follow this (2020, 15 May), “27% for Follow This climate resolution at Equinor”, online: <https://follow-this.org/27-percent-for-follow-this-climate-resolution-at-equinor/>, viewed in December 2020

45 Sparebank 1 Gruppen (2020), *Annual report 2019*, p.5, 11.

3.8.2 Voting policy

In its Responsible Investment Policy, SpareBank 1 Forsikring explains that the investor delegates voting and stewardship to its asset managers and that *“We demand high standards in stewardship from our managers. Voting reports are included in their reports to us.”*⁴⁶ Regarding ESG topics, the investor commits being an active owner and expects their asset managers to be active managers too. However, this information is rather limited. SpareBank 1 Forsikring further reports that it reviews the managers’ voting policies, their ability to align voting with the investors voting policies, their processes for informing the investor about voting decisions and whether voting outcomes feed back into the investment decision-making processes.⁴⁷

Out of the twelve mandated external asset managers, six answered to the questions on their voting policy and strategy (ClearBridge, Danske Bank Invest, Man Group, ODIN, Pareto and Wells Fargo). Five of them disclose a voting policy and/or voting guidelines addressing ESG issues, while Wells Fargo reports to have a voting policy, but which does not explicitly refer to ESG topics; ESG research is only applied when the proxy process invokes more attention to ESG matters.

3.8.3 Results

SpareBank 1 Forsikring received a responsible voting score of 1.1, which categorizes the investor as a laggard in the ranking. In the survey, the investor’s mandated asset managers only report a voting result for 12 of the selected resolutions, of which 6 resulted in split votes, 2 in no vote, 3 in a vote “Against”, and one in a vote “For”. For the other resolutions, no result or “not applicable” was reported. Regarding exclusions, SpareBank 1 Forsikring does not publish a list of companies excluded from investments.

The vote on the resolution regarding greenhouse gas reduction targets for Total SE, resulted in a split vote. In the survey Man Group reports to have voted “For” because this is *“In line with our ESG Voting Policy which favours increased environmental reporting / responsibility”* and Clearbridge reports to have voted against without further explanation.

The second and third split vote was reported for the resolutions to “Instruct Company to Set and Publish Targets Aligned with the Goal of the Paris Climate Agreement to Limit Global Warming” and “Instruct Company to Refrain from Oil and Gas Exploration and Production Activities in Certain Areas” at Equinor’s AGM: ODIN and Danske Invest report a vote against both resolutions. Danske Invest did this with the following rationale:

“The proposal included Scope 3 targets for the company. The downstream element of Scope 3 depends on a host of factors and actors outside the company’s control (e.g. how the oil is used) and adoption of such targets would in effect oblige Equinor to leave its petroleum resources in the ground and reduce the value of the company significantly. Our judgement was therefore that the proposal as it stood was not in the interest of our unit holders.”

46 Sparebank 1 Forsikring (2020), *Responsible Investment Policy*, p.5.

47 Sparebank 1 Forsikring (2020), *RI Transparency Report 2020*, online:
<https://reporting.unpri.org/Download.aspx?id=45C275D8-6584-4748-AC22-F7D14BA3FD33>

On the other hand, Alfred Berg voted for both resolutions as part of the mandate, because:

“we believe that Environmental, Social and Governance (ESG) issues may impact the value and reputation of entities in which we invest. We believe that exceeding 2°C of global warming above preindustrial levels will seriously affect humanity and the global economy. This, in turn, might affect the value of investments in the long run. Therefore, companies should provide full disclosure on their carbon emission and their commitment to combat climate change. This resolution is in line with our climate change policy, geared to helping tackle climate change.”

Furthermore, Pareto reports to not have voted on both resolutions, but does not provide a rationale.

The fourth split vote was reported for the resolution on a “Report on Global Median Gender/Racial Pay Gap” at Amazon.com: Holberg voted in favour and 3 other asset managers voted against. ClearBridge reports the following rationale:

“There are ESG proposals that Portfolio Managers sometimes do not support. Reasons for this include cases where management is already taking steps to address the issue in question as well as proposals that are deemed to be “micromanaging” the company’s day-to-day operations or that deal with matters not sufficiently relevant to the business”.

MSIM reports that they “engaged with Amazon in advance of the annual general meeting and found that its approach to addressing diversity and inclusion in the workplace was strong and also showed signs of continuous improvement.”

WellsFargo reports:

“Since categories of underrepresented minorities differ from country to country, we do not believe the report would produce meaningful information about worker fairness. Overall, we agree with the board argument that reporting an unadjusted global median wage gap statistic would not advance its commitment to equal pay for equal work as such a statistic does not account for differences in pay practices across countries, such as cost of living, job function, level, labour force participation rates, country currency, geography, and other factors that impact differences in compensation on a global basis. Also, since 2016, the company has disclosed a pay equity statistic in the U.S. In 2019, including both base salary and stock, the company in disclosed that women are paid 99.3 percent of what men are paid for the same jobs in the same locations. It says that minorities are paid 99.1 percent of what white employees earn for the same job type and location. ”

The fifth split vote was reported for the resolution on proposed Human Rights Risk Assessment at the AGM of Amazon.com: MSIM voted against because of engagement efforts (as reported in the previous paragraph). ClearBridge reports to have voted “For”, without an explanation, and Wells Fargo reports to have voted “For” because: *“we believe the company could provide additional information regarding the policies the company has implemented to address human rights impacts in its operations and supply chain.”*

The last split vote relates to the resolution on a “Report on Corporate Tax Savings Allocation” at the AGM of Merck & Company, where Schroder cast a vote “Against” and Arctic Asset Management did not vote.

For investments in Mizuho Financial Group through mandated asset manager Invesco, SpareBank 1 Forsikring voted for the resolution on the amendment of “Articles to Disclose Plan Outlining Company’s Business Strategy to Align Investments with Goals of Paris Agreement”. However, for its investments in Rio Tinto and BHP Group through Schroder, they voted against the resolutions on “Paris-Aligned Greenhouse Gas Emissions Reduction Targets” and “Suspension of Memberships of Industry Associations That Are Involved in Lobbying Inconsistent with the Goals of the Paris Agreement”, respectively. Furthermore, through its investment in Mondelez through Clearbridge, SpareBank 1 Forsikring voted against a resolution to “Consider Pay Disparity Between Executives and Other Employees”.

The low overall score of 1.1 out of 10 does not portray responsible voting behaviour by the mandated asset managers of SpareBank 1 Forsikring. Moreover, half of the voting results reported for the selected resolutions resulted in split votes, signalling inconsistent interpretations of SpareBank 1 Forsikring’s responsible investment policy.

3.9 Storebrand

3.9.1 Profile

The Storebrand Group is a leading player in the Nordic market for long-term savings and insurance. Storebrand offers pension, savings, insurance and banking products to private individuals, businesses and public enterprises. It manages more than NOK 921 billion, making Storebrand Norway’s largest asset manager. Storebrand is headquartered in Lysaker, Norway. Storebrand Asset Management has two subsidiaries, SKAGEN AS and SPP Fonder AB, together forming Storebrand Asset Management Group. According to its last Transparency Report, none of the listed equity’s investments are externally managed.⁴⁸ For this study Proxy Insight identified voting results for two entities: Storebrand Asset Management and SKAGEN. The consistencies between the voting behaviour of these two entities is evaluated in the part 3.9.3.

3.9.2 Voting policy

Storebrand Asset Management Group discloses a Sustainability Investment Policy⁴⁹, which recognised both engagement and exercise of voting rights as “*very effective tools in addressing concerns regarding environmental, social and corporate governance.*” Storebrand commits to use both methods to influence companies’ behaviour.

Storebrand explains that voting rights are exercised directly by the fund management company or by using a proxy voting platform. Funds managed by the group have to follow the group’s voting policy, When the group does not have a policy in place for a specific ballot item, it reports it will typically follow the recommendation of its voting service provider. Storebrand’s voting guidelines includes a list of situations where the group would typically vote against the management. It includes among other “*Disclosure proposals related to climate change*” and “*Excessive executive compensation*”.

3.9.3 Results

With a score of 8.1 out of 10 Storebrand Group ranks second among the nine investors and is the only investor to be categorized as a frontrunner (score between 8 and 9, out of 10). In the survey, Storebrand reports voting results for 36 of the selected resolutions. For the other selected resolutions, Storebrand reports no voting results.

48 Storebrand (2020). *Public Transparency Report 2019*

49 SKAGEN (2020, March), “Storebrand Asset Management Group Sustainability Investment Policy”, online: <https://www.skagenfunds.ch/about-us/responsible-investing/Storebrand-Group-ESG-Policy/> viewed in December 2020

Regarding exclusions, Storebrand publishes a list of companies excluded from investments based on ESG considerations, which covers six companies for which a resolution was selected for this study. These companies are BHP Group, Chevron, Duke Energy, Exxon Mobile, Rio Tinto and Walmart.⁵⁰

Storebrand Group (combined voting results of Storebrand Asset Management and SKAGEN) voted in favour of 81% of these resolutions. Resolutions voted against by Storebrand Asset Management primarily addressed governance and social topics, for Skagen the votes “Against” primarily addressed climate issues. Noteworthy is to highlight that, although Storebrand states in its voting guidelines - applicable to the whole group - that it will typically support “*Disclosure proposals related to climate change*”, SKAGEN voted against 3 resolutions related to climate change regarding the energy companies Equinor ASA (Norway) and Royal Dutch Shell PLC (UK). For the two companies, one resolution dealt with the adoption and publication of GHG Reduction Targets Aligned with the Paris Agreement, and one requested Equinor to refrain from Oil and Gas Exploration and Production Activities in certain areas. Storebrand Asset Management supported the resolution for Royal Dutch Shell PLC while it chose not to vote for the two climate related resolution regarding Equinor. In its feedback to Fair Finance International, Storebrand explains that although the Sustainability Investment Policy is applicable to the whole group, the document has room for interpretation and assessment. In addition, the investor states that due to legal reasons, it is not allowed to instruct or coordinate voting from SKAGEN. SKAGEN also provided feedback to the survey. More generally, it explained that unlike Storebrand AM which mainly invests in index funds, it adopts an active strategy and investments made in equity funds are picked by the portfolio teams. Consequently, they are more concentrated and enable better proximity and engagement. On the climate resolutions voted against, SKAGEN provided the following justification:

“SKAGEN voted against this proposal as we believe the company has already put forth extensive GHG Reduction Targets in their public communication. In addition, the company has responded to the item in a way that aligns with our expectation of good corporate governance practices. Combined with extensive pre-existing information on GHG Reduction Targets and corresponding goals, we failed to see the further information about what the item actually instructed the board to do that is not already present.”

The high overall score of 8.1 out of 10 portrays good voting behaviour by Storebrand. While Storebrand Group supported most of the ESG resolutions evaluated, this study evidences that inconsistencies between the voting behaviour of the Group and its subsidiaries exist, and that the voting behaviour of the investor does not always comply with its voting policy, especially regarding resolutions tied to climate change. Feedback sent by Storebrand does not provide satisfactory explanation in that regard. In particular, it remains unclear why Storebrand and SKAGEN did not coordinate their votes and did not support all the climate related resolutions, contrary to what their voting policy implies.

50 Storebrand (2020, October), *Liste over Storebrands utelukkelse Q3 2020*, online: https://www.storebrand.no/asset-management/barekraftige-investeringer/utelukkelse/_/attachment/inline/bb55506d-2685-4177-a93e-516a0213fdde:cbe35658dcd011b732c73a55cac228c6ab5ddc0d/45359A%20Q3%20Liste%20over%20Storebrands%20utelukkelse.pdf.

4

Conclusions & recommendations

4.1 Conclusions

This study analyses the voting behaviour of nine of the largest investors included in the Fair Bank Guide Norway (“Etisk bankguide Norge”) on a selection of 43 shareholder resolutions proposed by investors during the AGMs of companies active in the fossil fuels, energy, banking, mining, agribusiness, food and manufacturing sectors worldwide. 28 of the resolutions selected related to climate change, while 15 related to other human rights, social and governance topics. Based on the outcomes of this research, the following conclusions can be drawn:

Overall, the analysis of voting behaviour shows a significant gap between two investors leading the ranking namely KLP and Storebrand and the rest of the selected Norwegian investors scored. Only one Norwegian investor, KLP, classifies as *“responsible investor”*, with a consolidated score of 9.5 out of 10. Storebrand reaches the second place with a consolidated score of 8.1, and categorizes as *“frontrunner”*. Two investors, Eika Kapitalforvaltning and ODIN Forvaltning were not ranked along with the other investors due to a very low number of voting results collected on the selected resolutions. All other Norwegian investors fall into the category *“laggards”* (score between 0 and 5), this includes the biggest financial institutions as DNB, Nordea and Danske Bank. Although Danske Bank and Nordea score ahead of other investors categorized as laggards with a score above 3, their share of votes cast “Against” is also considerable.

Investors’ scores for selected climate related resolutions, tend to be higher than for all selected ESG resolutions, indicating more support for climate proposals than for proposals on other ESG topics.

Two of the investors have more than one selected asset manager voting on their behalf and both investors have at least 4 split votes reported, meaning that asset managers operating on behalf of the same investor voted differently on the same resolution. These results highlight the risk of inconsistencies between the voting behaviour of asset managers and evidence that internal control mechanisms at group level to ensure alignment of voting are inexistant or ineffective. Information provided by the investors about such control mechanisms lacks sufficient details.

With regard to addressing ESG resolutions in a voting policy, all investors, except Eika Kapitalforvaltning, report to have such a policy in place and disclose this online. However, the analyses of the voting policies shows that most of the policies only address ESG topics superficially, which leaves room for interpretation. Storebrand is one of the investors that reports in more detail on the different ESG topics and how it wishes its asset managers to vote on respective resolutions.

One third of the investors namely Handelsbanken, DNB and Nordea display a significant percentage of “No vote” (abstain, withdrew or did not vote) respectively 86%, 79% and 47%. DNB and Nordea report this is part of their strategy to exercise voting rights at a limited number of AGM’s of companies invested in.

None of the nine investors have taken the initiative to file resolutions tied to ESG topics during AGM season 2020. Finally, it is interesting to note that investors provide various rationales for their different voting result on the same company and resolution.

4.2 Recommendations to investors

This section provides recommendations to be considered by investors to better integrate ESG issues in their active ownership policies and practices, with a focus on the responsible exercise of voting rights.

Fair Finance International is aware of the twofold components of an active ownership strategy for investment in listed equities, namely engagement and voting. The following recommendations are not exhaustive and focus on voting.

1. Investors should vote at the AGMs of all companies in which they hold shares, whatever their exposure and their passive/active strategy

In the survey answered by the Norwegian investors, we observed that two justifications were most often provided for no vote reported: investor had “only” minority shareholding in the company and/or investor adopted passive management strategy (index investing).

These justifications are not satisfactory. The type of management strategy (active versus passive) does not change the fact that investors should have a control and oversight on ESG related issues in their portfolio, as they have to monitor and ensure financial returns of their investments. In addition, even if the impact of the voting behaviour of an individual investor varies with the size of its shareholding, minority shareholders should avoid free-riding strategies and are not exempted to vote in a responsible way. They can engage with other investors to adopt a collaborative engagement approach, decide on a common voting behaviour, and make their voice heard in supporting ESG resolutions in AGMs. Even when a proposal does not receive the majority of the votes, if the percentage of the votes “For” the resolution reaches a significant threshold, it will still draw attention of the company on the fact that a number of its investors are raising concern about a specific ESG topic.

2. Investors should have clear voting policies on ESG-topics and mechanisms to monitor the voting behaviours of the asset manager(s) working on their behalf, which should lead to actions if such behaviours are not aligned with their voting policy

The study shows that investors do not always have control over asset manager(s)' voting decisions, which can vote differently on the same resolutions, despite the adoption of voting policies at Group level. The survey which questioned investors on split votes by their asset managers and their different funds evidenced that investors do not always monitor the voting behaviour of their asset managers. Whatever the number of external managers voting on its behalf, an investor should conduct regular monitoring of their voting results, be able to exercise some control on its selected managers and be accountable for their voting results. Considering that 8 investors out of 9 disclose a voting policy applicable to the whole group, the identification of split votes also reveals insufficient alignment between commitments and practices, as well as a lack of clear voting guidelines related to ESG proposals. A policy should define a list of situations where the group would typically vote against the management and monitor the respect of this policy by internal and external managers, as well as provide detailed and public justification when this policy is not respected.

3. Investors should be more proactive in filing shareholder resolutions on ESG topics at Annual General Meetings of the companies they are invested in, and consider the opportunity to do this collectively to maximise their impact

The study evidenced that none of the nine investors had taken the initiative during the past two AGMs season, individually or collectively, to file shareholder resolutions on ESG topics. Active ownership is a responsible investment strategy which has been gaining interest globally to influence the activities or behaviour of investee companies. For investments in listed equity, an active ownership strategy relies both on engagement and responsible voting. Submitting shareholder resolutions can be an effective way to raise awareness on and draw attention to ESG topics among the management of the company. To have a better chance to be heard by the management and trigger some change in the way investee companies are running their business, investors can agree to submit shareholder resolutions collectively. Some existing investor-led initiatives focusing on climate change, such as the Climate100+ and the Net-Zero Asset Owner Alliance, represent interesting platforms which could further consider the impact of responsible voting and formalise a voting approach for their members. In particular, collaborative engagement and commitments made as part of these initiatives should be in line with investors' voting strategy. This report evidenced that this is not always the case. Indeed, some Norwegian investors (including DNB, Nordea, Storebrand and Handelsbanken), which are members of the Climate 100+ initiative, abstained or have voted against climate related proposals without providing detailed explanation for their choices. This behaviour questions their commitment to the Climate 100+ initiative's main objective which is to "*ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change*"⁵¹ .

⁵¹ Climate Action 100+ (n.d.), "About us", online: <http://www.climateaction100.org/>, viewed in December 2020

Appendix 1 Selected ESG resolutions

Table 6 provides an overview of the selected ESG resolutions for this research, divided into climate related resolutions and other ESG resolutions.

Table 6 Selected ESG resolutions

Resolution No.	Meeting date	company	Proposal details	Proposal ID	Vote result "For"	Vote result "Against"
<i>Climate related resolutions:</i>						
5	14/05/2020	Cheniere Energy Inc.	Report on Plans to Address Stranded Carbon Asset Risks	2897078	28.1%	71.9%
30	07/05/2020	Barclays PLC	Approve ShareAction Requisitioned Resolution	2875074	24.0%	76.0%
7	31/03/2020	Bank of Montreal	SP 3: Assess the Incongruities of Bank's Lending History and Financing Criteria Regarding Fossil Fuel Loans and Public Statements Regarding Sustainability and Climate Change	2840475	10.2%	89.8%
24	07/05/2020	Rio Tinto Ltd.	Shareholder Proposal Regarding Paris-Aligned Greenhouse Gas Emissions Reduction Targets	2931883	37.0%	63.0%
21	19/05/2020	Royal Dutch Shell PLC (B)	Shareholder Proposal Regarding GHG Reduction Targets	2909639	14.4%	85.6%
22	29/05/2020	Total SE	Shareholder Proposal A Regarding GHG Reduction Targets	2959349	16.8%	83.2%
5b	03/04/2020	Santos Ltd.	Approve Paris Goals and Targets	2827477	43.4%	56.6%
4b	30/04/2020	Woodside Petroleum Ltd.	Approve Paris Goals and Targets	2859678	50.2%	49.8%
5	25/06/2020	Mizuho Financial Group Inc.	Amend Articles to Disclose Plan Outlining Company's Business Strategy to Align Investments with Goals of Paris Agreement	2965506	34.5%	65.5%
5	27/05/2020	Chevron Corporation	Establish Board Committee on Climate Risk	2890503	8.2%	91.8%
7	27/05/2020	Chevron Corporation	Report on Petrochemical Risk	2890505	46.0%	54.0%
7	27/05/2020	Exxon Mobil Corporation	Report on Risks of Petrochemical Operations in Flood Prone Areas	2890487	24.5%	75.5%
5b	07/05/2020	QBE Insurance Group Ltd.	Approve Exposure Reduction Targets	2875868	13.2%	86.8%
4	06/05/2020	Phillips 66	Report on Risks of Gulf Coast Petrochemical Investments	2856030	54.7%	45.3%

Resolution No.	Meeting date	company	Proposal details	Proposal ID	Vote result "For"	Vote result "Against"
6	02/04/2020	Toronto Dominion Bank (The)	SP C: Request to Adopt Targets for Reducing Greenhouse Gas (GHG) Emissions Associated with the Company's Underwriting and Lending Activities	2826368	17.8%	82.2%
20	23/04/2020	Fortum Oyj	Include Paris Agreement 1.5-degree Celsius Target in Articles of Association	2810398	8.0%	92.0%
6	13/02/2020	Sanderson Farms Inc.	Report on Water Resource Risks	2798144	11.4%	88.6%
9	14/05/2020	Equinor ASA	Instruct Company to Set and Publish Targets Aligned with the Goal of the Paris Climate Agreement to Limit Global Warming	2911764	Not reported	Not reported
12	14/05/2020	Equinor ASA	Instruct Company to Refrain from Oil and Gas Exploration and Production Activities in Certain Areas	2911767	Not reported	Not reported
7	07/05/2020	Duke Energy Corporation	Report on Lobbying Payments and Policy	2855983	42.4%	57.6%
22	07/11/2019	BHP Group Ltd.	Approve Suspension of Memberships of Industry Associations That Are Involved in Lobbying Inconsistent with the Goals of the Paris Agreement	2749584	27.1%	72.9%
5c	03/04/2020	Santos Ltd.	Approve Climate Related Lobbying	2827478	43.5%	56.5%
4c	30/04/2020	Woodside Petroleum Ltd.	Approve Climate Related Lobbying	2859679	42.7%	57.3%
6	27/05/2020	Chevron Corporation	Report on Climate Lobbying Aligned with Paris Agreement Goals	2890504	53.5%	46.5%
9	27/05/2020	Exxon Mobil Corporation	Report on Lobbying Payments and Policy	2890489	37.5%	62.5%
8	17/12/2019	Australia and New Zealand Banking Group Ltd (ANZ)	Approve Suspension of Memberships of Industry Associations That Are Involved in Lobbying Inconsistent with the Goals of the Paris Agreement	2775174	14.9%	85.1%
7	18/12/2019	National Australia Bank Limited	Approve Lobbying Inconsistent with the Goals of the Paris Agreement	2777242	12.9%	87.1%
6b	12/12/2019	Westpac Banking Corporation	Approve Disclosure of Strategies and Targets for Reduction in Fossil Fuel Exposure	2772169	16.6%	83.4%

Other ESG related resolutions:

5	25/06/2020	Kroger Company (The)	Report on Human Rights Due Diligence Process in Operations and Supply Chain	2943249	44.7%	55.3%
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Resolution No.	Meeting date	company	Proposal details	Proposal ID	Vote result "For"	Vote result "Against"
6	29/04/2020	Pilgrim's Pride Corporation	Shareholder Proposal Regarding Human Rights Due Diligence Process Report	2867655	12.8%	87.2%
7	13/02/2020	Sanderson Farms Inc.	Report on Human Rights Due Diligence	2798145	37.2%	62.8%
6	06/02/2020	Tyson Foods Inc.	Report on Human Rights Risk Assessment Process	2791488	14.6%	85.4%
4	30/04/2020	Loblaw Companies Limited	SP 1: Enhance the Mandate of the Risk and Compliance Committee to Assign it with Specific Responsibility for Human Rights Risk Assessment, Mitigation and Prevention, Policy Formulation and Adoption	2876183	7.5%	92.5%
7	07/04/2020	Bank of Nova Scotia (The)	SP 4: Revise Human Rights Policies	2826387	8.9%	91.1%
10	27/05/2020	Amazon.com Inc.	Report on Global Median Gender/Racial Pay Gap	2903452	15.3%	84.7%
4	13/05/2020	Mondelez International Inc.	Consider Pay Disparity Between Executives and Other Employees	2872302	10.0%	90.0%
8	03/06/2020	Walmart Inc	Report on Strengthening Prevention of Workplace Sexual Harassment	2915749	13.2%	86.8%
6b	13/11/2019	Coles Group Ltd	Improve Human Rights Management in Fresh Food Supply Chains	2754336	Not reported	Not reported
15	27/05/2020	Amazon.com Inc.	Human Rights Risk Assessment	2903457	31.1%	68.9%
5	26/05/2020	Merck & Company Inc.	Report on Corporate Tax Savings Allocation	2890543	3.3%	96.7%
6	23/04/2020	Pfizer Inc.	Report on Lobbying Payments and Policy	2846629	20.6%	79.4%
4	24/04/2020	Abbott Laboratories	Report on Lobbying Payments and Policy	2846820	19.8%	80.2%
8	27/05/2020	Chevron Corporation	Report on Human Rights Practices	2890506	16.7%	83.3%

Appendix 2 Voting results per investor per selected ESG resolution

Resolution No.	Meeting date	Company	KLP	Storebrand	Nordea	Sparebank 1 Odin	Handelsbanken	Eika Kapitalforvaltning	Danske Bank	DNB	Sparebank 1 Forsikring
<i>Climate related resolutions:</i>											
5	14/05/2020	Cheniere Energy Inc.	For	For	No vote				For	No vote	
30	07/05/2020	Barclays PLC	For	For	For				Against	No vote	No vote
7	31/03/2020	Bank of Montreal	For	For	No vote		No vote		Against	No vote	
24	07/05/2020	Rio Tinto Ltd.	For	For	No vote		No vote		For	No vote	Against
21	19/05/2020	Royal Dutch Shell PLC (B)	For	Split vote	No vote				Against	Against	
22	29/05/2020	Total SE	For	For	Against				Against	No vote	Split vote
5b	03/04/2020	Santos Ltd.	For	For	No vote				For	No vote	
4b	30/04/2020	Woodside Petroleum Ltd.	For	For	No vote				For	No vote	
5	25/06/2020	Mizuho Financial Group Inc.	For	For	For		No vote		For	For	For
5	27/05/2020	Chevron Corporation	For	For	No vote				Against	No vote	
7	27/05/2020	Chevron Corporation	For	For	No vote				For	No vote	
7	27/05/2020	Exxon Mobil Corporation	For	For	For				Against	No vote	

Resolution No.	Meeting date	Company	KLP	Storebrand	Nordea	Sparebank 1 Odin	Handelsbanken	Eika Kapitalforvaltning	Danske Bank	DNB	Sparebank 1 Forsikring
5b	07/05/2020	QBE Insurance Group Ltd.	For	For	For		No vote		Against	No vote	
4	06/05/2020	Phillips 66							For		
6	02/04/2020	Toronto Dominion Bank (The)	For	For	No vote				Against	No vote	
20	23/04/2020	Fortum Oyj	For	For	No vote				Against	No vote	
6	13/02/2020	Sanderson Farms Inc.	For						No vote		
9	14/05/2020	Equinor ASA	For	Split vote	For	Against	For	Against	Against	Against	Split vote
12	14/05/2020	Equinor ASA	No vote	Split vote	Against	Against	No vote	Against	Against	Against	Split vote
7	07/05/2020	Duke Energy Corporation			No vote				For		
22	07/11/2019	BHP Group Ltd.			For				No vote	No vote	Against
5c	03/04/2020	Santos Ltd.	For	For	No vote				For	No vote	
4c	30/04/2020	Woodside Petroleum Ltd.	For	For	No vote				For	No vote	
6	27/05/2020	Chevron Corporation	For	For	No vote				For	No vote	
9	27/05/2020	Exxon Mobil Corporation	For	For	For				For	No vote	
8	17/12/2019	Australia and New Zealand Banking Group Ltd (ANZ)	For	For	For				No vote	No vote	

Resolution No.	Meeting date	Company	KLP	Storebrand	Nordea	Sparebank 1 Odin	Handelsbanken	Eika Kapitalforvaltning	Danske Bank	DNB	Sparebank 1 Forsikring
7	18/12/2019	National Australia Bank Limited	For	For	For				No vote	No vote	
6b	12/12/2019	Westpac Banking Corporation	For	For	Against				No vote	No vote	

Other ESG related resolutions:

5	25/06/2020	Kroger Company (The)	For	For	No vote			No vote	For	No vote	
6	29/04/2020	Pilgrim's Pride Corporation	For						For		
7	13/02/2020	Sanderson Farms Inc.	For						No vote		
6	06/02/2020	Tyson Foods Inc.	For	For	No vote		No vote		No vote	For	
4	30/04/2020	Loblaw Companies Limited	For	For	No vote		No vote		Against	No vote	
7	07/04/2020	Bank of Nova Scotia (The)	For	For	Against				Against	No vote	
10	27/05/2020	Amazon.com Inc.	For	Against	Against		No vote		Against	Against	Split vote
4	13/05/2020	Mondelez International Inc.	For	Against	Against		No vote		Against	No vote	Against
8	03/06/2020	Walmart Inc	For		For		No vote		For	No vote	
6b	13/11/2019	Coles Group Ltd	For	For	Against				No vote	No vote	
15	27/05/2020	Amazon.com Inc.	For	For	For		No vote		For	For	Split vote
5	26/05/2020	Merck & Company Inc.	Against	Against	Against		No vote	No vote	Against	No vote	Split vote

Resolution No.	Meeting date	Company	KLP	Storebrand	Nordea	Sparebank 1 Odin	Handelsbanken	Eika Kapitalforvaltning	Danske Bank	DNB	Sparebank 1 Forsikring
6	23/04/2020	Pfizer Inc.	For	For	For		No vote		Against	Against	No vote
4	24/04/2020	Abbott Laboratories	For	Split vote			Against		Against	No vote	
8	27/05/2020	Chevron Corporation	For	For	No vote				Against	No vote	

Appendix 3 Investors' exclusion of companies with selected ESG resolutions

Table 7 provides an overview of the selected investors' exclusion of companies with selected ESG resolutions from investments, based on their public exclusion list.

Table 7 Investors' exclusion of companies with selected ESG resolutions

Investor	No. of publicly excluded companies	Name of publicly excluded companies
KLP	3	BHP Group, Duke Energy Corporation, Phillips 66
Storebrand	6	BHP Group, Chevron, Duke Energy, Exxon Mobile, Rio Tinto, Walmart
Nordea	2	Phillips 66, Pilgrim's Pride Corporation
ODIN Forvaltning	2	BHP Group, Duke Energy
Handelsbanken	4	BHP Group, Duke Energy, Royal Dutch Shell, Walmart
Eika Kapitalforvaltning	8	BHP Group, Chevron, Duke Energy, Exxon Mobile, Phillips 66, Rio Tinto, Total, Walmart
Danske Bank	3	BHP Group, Duke Energy Corporation, Phillips 66,
DNB	1	Duke Energy Corporation
Sparebank 1 Forsikring	0*	<i>no public exclusion list found</i>

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