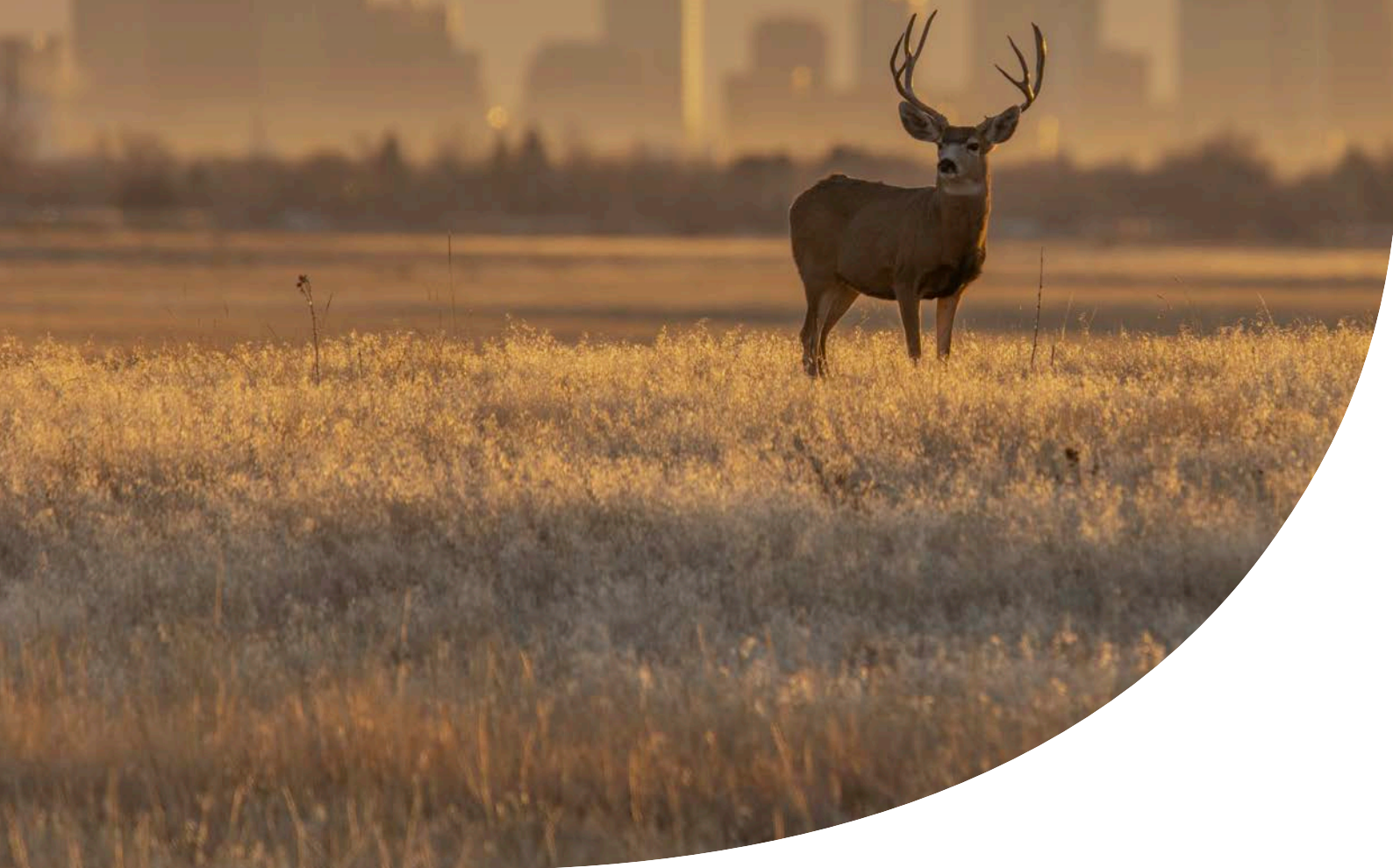


2021 Annual Review

PENSIONS KASSERNES ADMINISTRATION A/S
Engagement Highlights



Welcome to our 2021 Annual Review, which outlines the engagement, voting and public policy work carried out by EOS on behalf of our clients.

Although the Covid-19 pandemic continued to exact a heavy toll in 2021, the climate crisis returned to the fore with the IPCC issuing its starkest warning yet. In the run up to COP26, we set out our expectations of policymakers and then hosted our Further, Faster fringe event in Glasgow to complement our advocacy. In two in-depth articles, Bruce Duguid, our head of stewardship, reflects on the outcomes from COP26, while Owen Tutt assesses the progress made through our work with Climate Action 100+. We also hear from Sonya Likhtman and Lisa Lange on two other key environmental topics – biodiversity and fast fashion.

Throughout the year we continued to engage with companies on their response to the pandemic, which has exacerbated existing social inequalities. Emily DeMasi sets out our engagement expectations in areas such as paid sick leave, and explores the links to some of our other engagement themes, including diversity and inclusion. Meanwhile Hannah Shoemith explains our engagement on human rights risks.

There's a full round-up of the 2021 voting season, and Laura Jernegan highlights the key changes we are making to our voting policy guidelines for 2022. We also explore the specific challenges of engaging in emerging markets and how these can be overcome. Alongside all this, we have continued to engage with policymakers, regulators and standard-setters to help improve market best practice.

We hope you find this review of our year useful and informative.



Claire Milhench

Communications & Content Manager, EOS

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Pensionskassernes Administration A/S's activity for 2021

Engagement by region

In 2021, we engaged with 657 companies on 2,648 environmental, social, governance, strategy, risk and communication issues and objectives. Our holistic approach to engagement means that we typically engage with companies on more than one topic simultaneously.



We engaged with 657 companies over the last year.

- Environmental 25.6%
- Social and Ethical 21.0%
- Governance 38.1%
- Strategy, Risk and Communication 15.3%



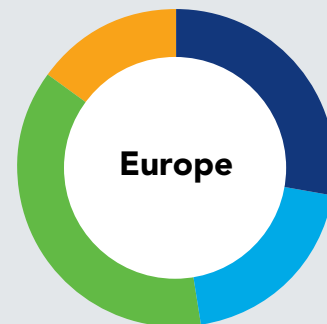
We engaged with 84 companies over the last year.

- Environmental 30.2%
- Social and Ethical 19.1%
- Governance 40.6%
- Strategy, Risk and Communication 10.1%



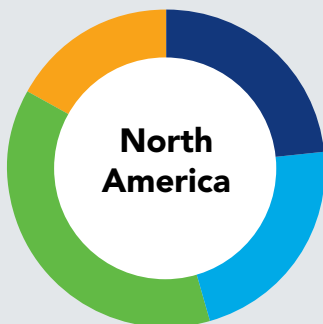
We engaged with 69 companies over the last year.

- Environmental 21.8%
- Social and Ethical 18.5%
- Governance 43.5%
- Strategy, Risk and Communication 16.2%



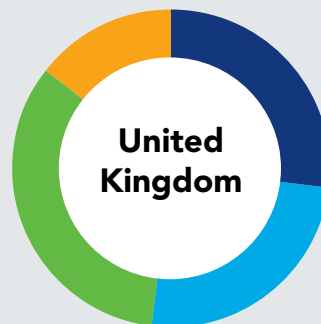
We engaged with 163 companies over the last year.

- Environmental 27.8%
- Social and Ethical 19.7%
- Governance 37.5%
- Strategy, Risk and Communication 15.0%



We engaged with 270 companies over the last year.

- Environmental 23.4%
- Social and Ethical 22.2%
- Governance 37.6%
- Strategy, Risk and Communication 16.8%



We engaged with 51 companies over the last year.

- Environmental 27.0%
- Social and Ethical 25.0%
- Governance 33.8%
- Strategy, Risk and Communication 14.2%

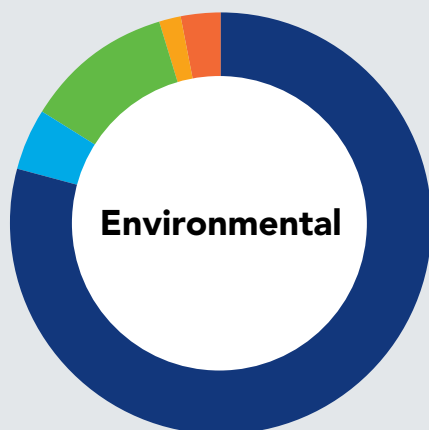


We engaged with 20 companies over the last year.

- Environmental 40.0%
- Social and Ethical 15.0%
- Governance 35.0%
- Strategy, Risk and Communication 10.0%

Engagement by theme

A summary of the 2,648 issues and objectives on which we engaged with companies in 2021 is shown below.



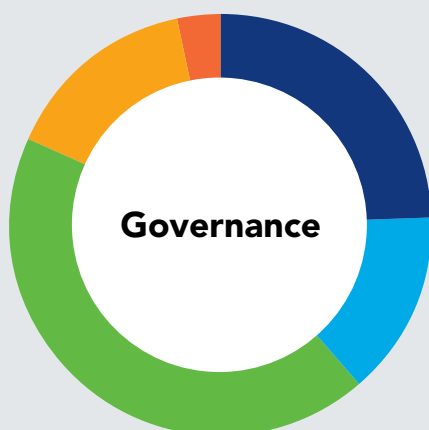
Environmental topics featured in 25.6% of our engagements over the last year.

- Climate Change **79.2%**
- Forestry and Land Use **4.7%**
- Pollution and Waste Management **11.5%**
- Supply Chain Management **1.8%**
- Water **2.8%**



Social and Ethical topics featured in 21.0% of our engagements over the last year.

- Bribery and Corruption **2.0%**
- Conduct and Culture **12.6%**
- Diversity **23.5%**
- Human Capital Management **19.6%**
- Human Rights **35.7%**
- Labour Rights **5.4%**
- Tax **1.3%**



Governance topics featured in 38.1% of our engagements over the last year.

- Board Diversity, Skills and Experience **24.6%**
- Board Independence **14.1%**
- Executive Remuneration **43.2%**
- Shareholder Protection and Rights **15.0%**
- Succession Planning **3.2%**



Strategy, Risk and Communication topics featured in 15.3% of our engagements over the last year.

- Audit and Accounting **6.7%**
- Business Strategy **38.4%**
- Cyber Security **3.2%**
- Integrated Reporting and Other Disclosure **25.0%**
- Risk Management **26.7%**

Engagement methodology and progress in 2021

Our proprietary milestone system allows us to track progress in our engagements relative to the objectives set at the beginning of our interactions with companies. The specific milestones used to measure progress in an engagement vary depending on each concern and its related objective. They can broadly be defined as follows:

- **Milestone 1** Concern raised with the company at the appropriate level
- **Milestone 2** The company acknowledges the issue as a serious investor concern
- **Milestone 3** Development of a credible strategy/Stretching targets set to address the concern
- **Milestone 4** Implementation of a strategy or measures to address the concern

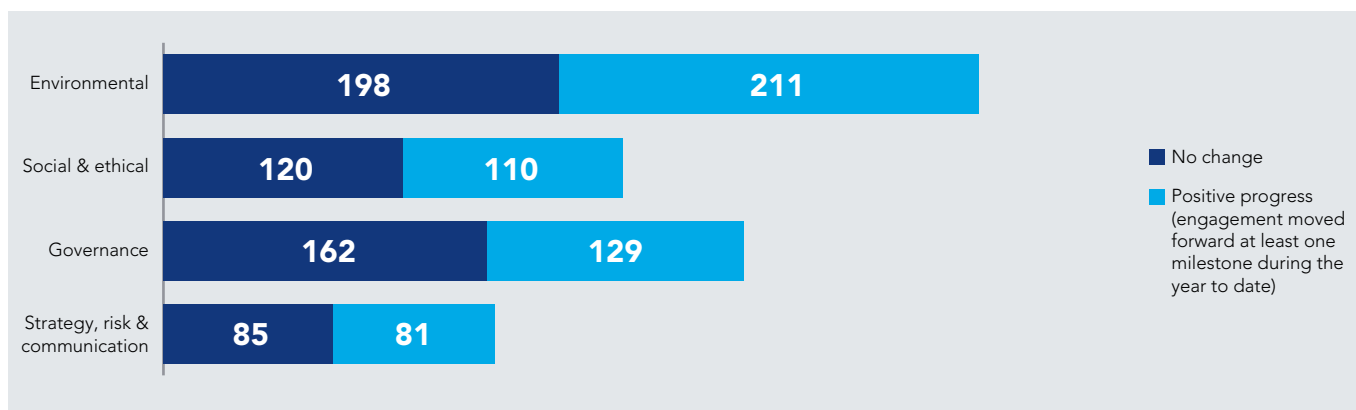
Milestone status of engagement

The chart below shows the milestone status of our engagement objectives by theme.

Theme	Total Engagement Objectives	Engagement objective status (last milestone completed)				Closed engagement objectives	
		Objective set	Milestone 1	Milestone 2	Milestone 3	Milestone 4	Discontinued
Environmental	409	39	58	140	112	49	11
Social and ethical	230	14	34	84	65	28	5
Governance	291	3	67	98	57	43	23
Strategy, risk and communication	166	6	43	55	38	18	6
Total engagements	1,096	62	202	377	272	138	45

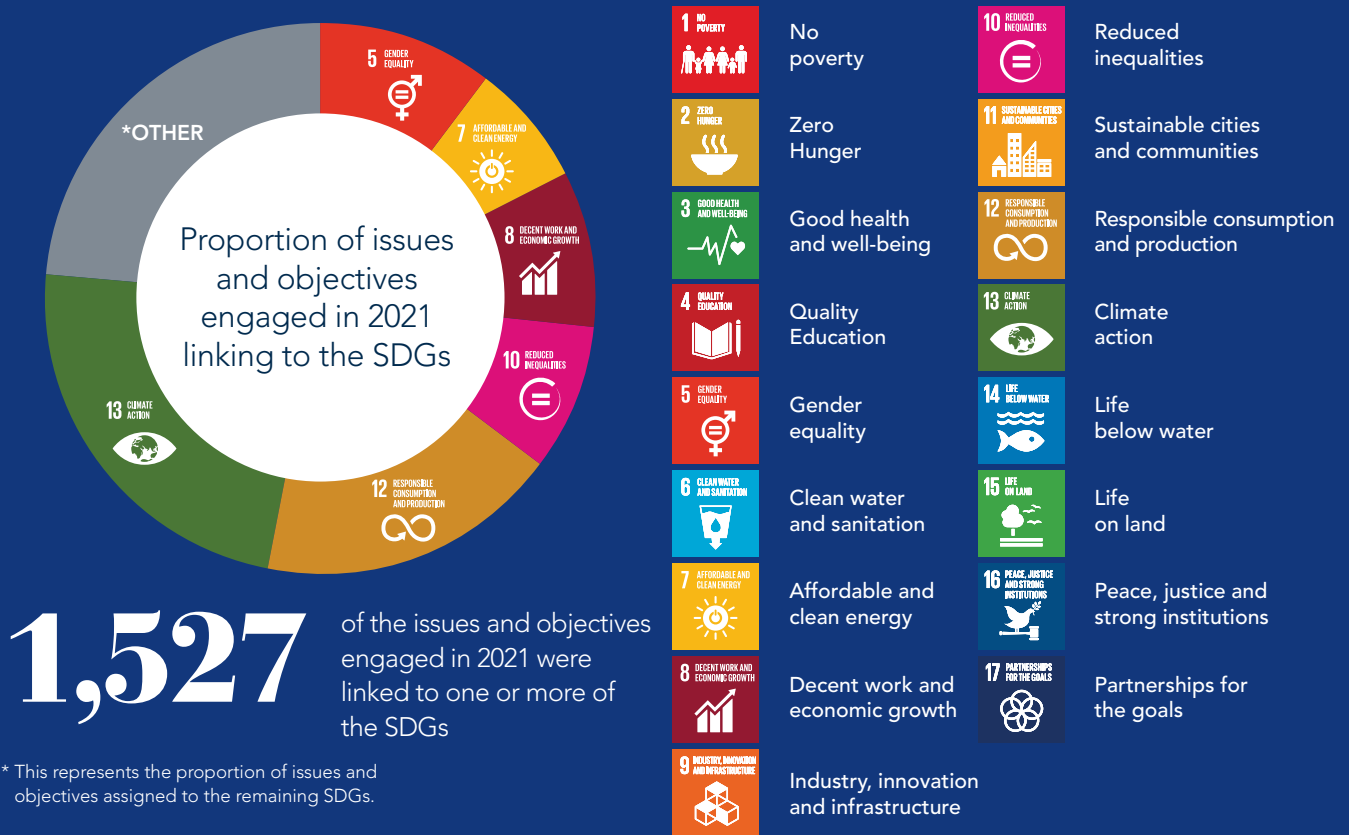
Engagement progress in 2021

We made solid progress in delivering engagement objectives across regions and themes. At least one milestone was moved forward for about **48%** of our objectives during the year. The following chart describes how much progress has been made in achieving the milestones set for each engagement.



Supporting the UN Sustainable Development Goals

The chart below illustrates the number of engagement objectives and issues on which we have engaged in the last year, which we believe are directly linked to an SDG (noting that one objective or issue may directly link to more than one SDG).

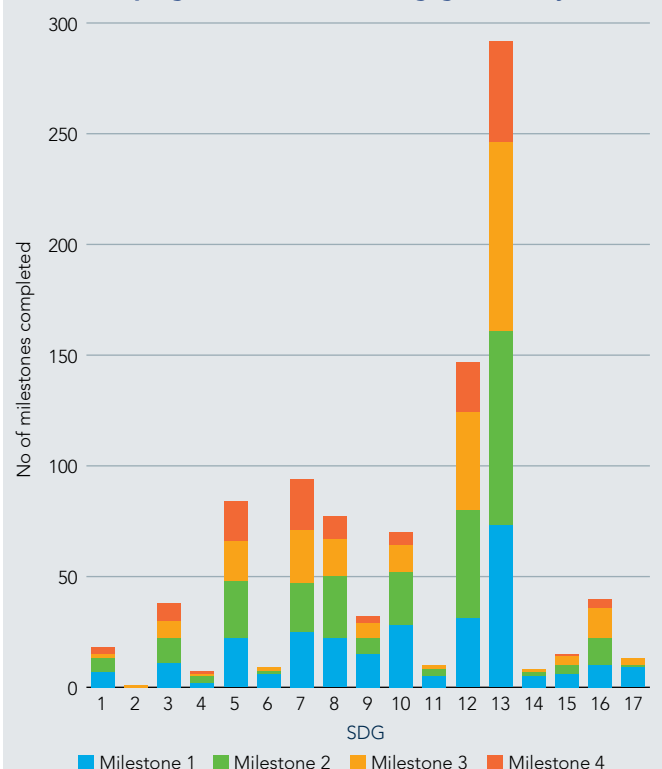


Why engage on the SDGs?

Investors and their representatives play a key role in supporting the delivery of the UN SDGs. This could be by creating positive outcomes for society through investments and engagement as the goals recognise the role of the private sector in financing sustainable development. Moreover, the SDGs provide a common framework and language for investors and companies to work towards the achievement of the shared goals, with measurable indicators of progress. They also provide a clear time frame in which change needs to take place, helping to set targets and create a greater sense of urgency, while considering what action is needed from business to achieve sustainable development, beyond the typical incremental improvements and business-as-usual targets.

Our engagement with companies encourages them to act responsibly and reduce their negative impacts on society, across their value chains. We are also suggesting changes that could provide a positive impact. Our view is that the long-term success of business is inextricably linked to achievement of the goals because the SDGs help to create an economic context and society in which businesses can best thrive.

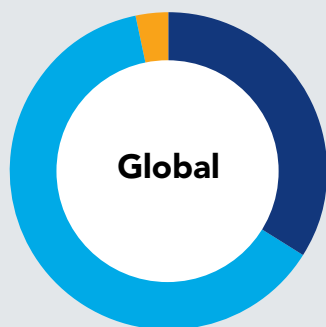
Milestone progress of SDG-linked engagement objectives



Source: EOS data for 2021

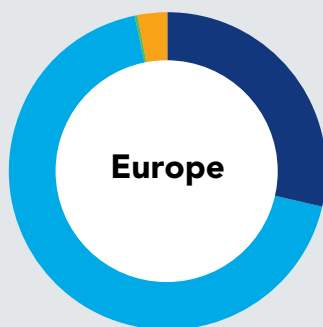
Voting overview

In 2021, we made voting recommendations on 29,155 resolutions at 2,573 meetings. At 1,616 of those meetings, we recommended opposing one or more resolutions, while at 6 meetings, we recommended abstaining. We recommended voting with management by exception at 79 meetings and supported management on all resolutions at 872 meetings.



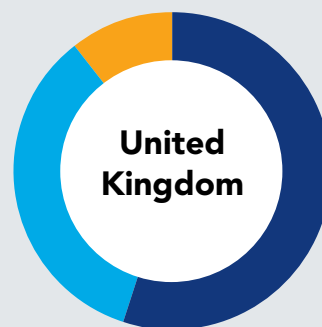
We made voting recommendations at **2,573** meetings (**29,155** resolutions) over the last year.

- Total meetings in favour **33.9%**
- Meetings against (or against AND abstain) **62.8%**
- Meetings abstained **0.2%**
- Meetings with management by exception **3.1%**



We made voting recommendations at **404** meetings (**6,813** resolutions) over the last year.

- Total meetings in favour **28.7%**
- Meetings against (or against AND abstain) **68.1%**
- Meetings abstained **0.2%**
- Meetings with management by exception **3.0%**



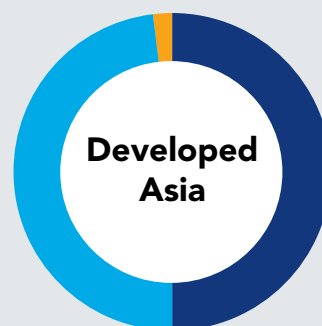
We made voting recommendations at **105** meetings (**1,905** resolutions) over the last year.

- Total meetings in favour **55.2%**
- Meetings against (or against AND abstain) **34.3%**
- Meetings with management by exception **10.5%**



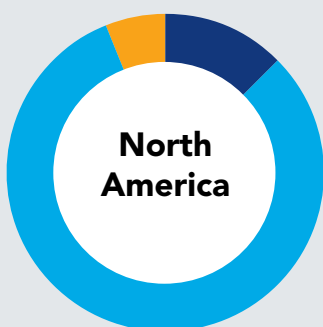
We made voting recommendations at **820** meetings (**7,442** resolutions) over the last year.

- Total meetings in favour **45.9%**
- Meetings against (or against AND abstain) **53.3%**
- Meetings abstained **0.5%**
- Meetings with management by exception **0.4%**



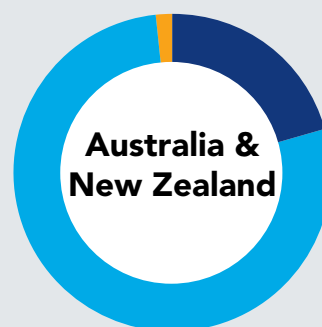
We made voting recommendations at **429** meetings (**4,216** resolutions) over the last year.

- Total meetings in favour **50.1%**
- Meetings against (or against AND abstain) **48.0%**
- Meetings with management by exception **1.9%**



We made voting recommendations at **752** meetings (**8,393** resolutions) over the last year.

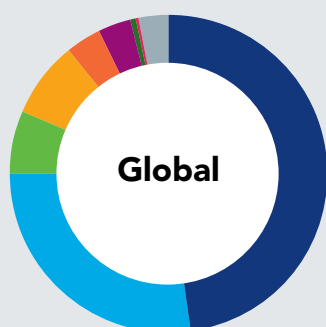
- Total meetings in favour **12.5%**
- Meetings against (or against AND abstain) **81.5%**
- Meetings abstained **0.1%**
- Meetings with management by exception **5.9%**



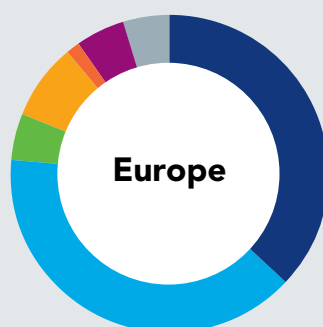
We made voting recommendations at **63** meetings (**386** resolutions) over the last year.

- Total meetings in favour **20.6%**
- Meetings against (or against AND abstain) **77.8%**
- Meetings with management by exception **1.6%**

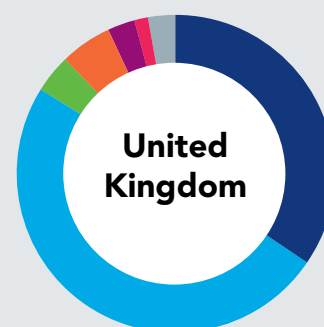
The issues on which we recommended voting against management or abstaining on resolutions are shown below.



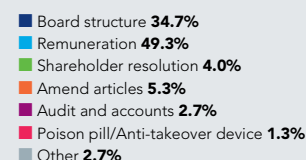
We recommended voting against or abstaining on **4,575** resolutions over the last year.



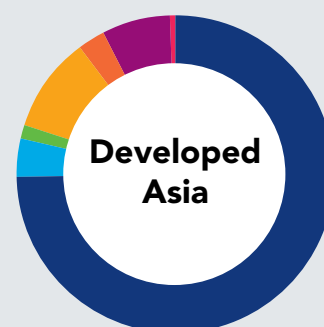
We recommended voting against or abstaining on **903** resolutions over the last year.



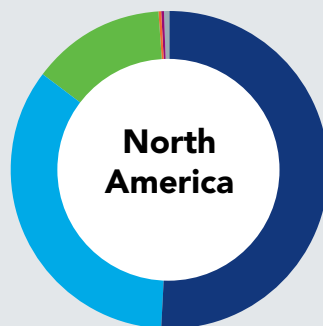
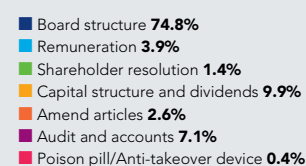
We recommended voting against or abstaining on **75** resolutions over the last year.



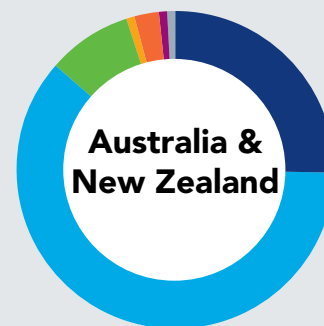
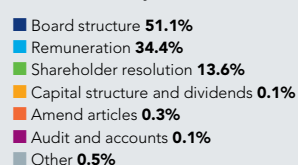
We recommended voting against or abstaining on **1,417** resolutions over the last year.



We recommended voting against or abstaining on **507** resolutions over the last year.



We recommended voting against or abstaining on **1,555** resolutions over the last year.



We recommended voting against or abstaining on **118** resolutions over the last year.

