

A professional business seminar setting with people in business attire. In the foreground, two men are looking at a tablet together, smiling. A woman stands to the right, looking towards them. In the background, other attendees are visible near a whiteboard.

Welcome to Computershare summer seminar

8 June 2023

CERTAINTY

INGENUITY

ADVANTAGE

 **Computershare**

Agenda

13:00

Welcome



Michael Kjøller-Petersen
Managing Director
Computershare Denmark

13:10

The impact of ESG in the Due Diligence Process



Sofie Jensen
Director, Attorney
Kromann Reumert

13.40

Highlights: Growing ESG focus at AGMs in 2023



Kirsten van Rooijen
CEO, Computershare Continental Europe

14.15

Break with refreshments

14:45

Shareholder Engagement



Anne Pindborg
Vice President, Head of Board Secretariat
A.P. Møller - Mærsk A/S

15:15

Demystifying the complex state of ESG



Emmanuel Artusa-Barrell
ESG Manager UK & Europe
Georgeson

15.45

Q&A and key take-aways



Michael Kjøller-Petersen
Managing Director
Computershare Denmark

13.10 – 13.40

The impact of ESG in the Due Diligence Process

Sofie Jensen

Director, Attorney, Kromann Reumert



Impact of ESG in the due diligence process

Computershare Sommerseminar
8 June 2023

Sofie Jensen, Director, Attorney
Kromann Reumert



Agenda

1.	Drivers of ESG
2.	Proxy advisors' voting recommendations on certain ESG topics
3.	"ESG regulation" - <i>New EU regulation on its way regarding ESG topics</i>
4.	ESG in M&A transactions – <i>ESG due diligence</i>
5.	Impact on M&A transaction terms?

Drivers of ESG

and why listed companies should care about ESG



Proxy advisors' voting recommendations on certain ESG topics



On **board gender diversity**, Glass Lewis recommends **voting against** the election of the chair of the nomination committee if underrepresented gender accounts for **less than 30% of board seats** and company has not provided credible plan to address issue (or higher domestic threshold, if applicable).

On **climate accountability**, for companies where GHG emissions represent a financially material risk, Glass Lewis recommends **voting against** director(s) where Glass Lewis finds that the company does not have **thorough climate-related disclosures** and/or **explicit and clearly defined oversight responsibilities**.



On **board gender diversity**, ISS recommends **voting against** the election of the chair of the nomination committee (or other directors) if underrepresented gender accounts for **less than 30% of shareholder-elected directors** in widely held companies (or higher domestic threshold, if applicable).

On **climate accountability**, for companies that have significant GHG emissions, ISS recommends **voting against** responsible incumbent director(s) where ISS finds that the company is **not taking minimum steps required to mitigate risks** related to climate change affecting the company and larger economy.

On **ESG proposals**, ISS recommends **voting case-by-case** focusing on how proposal may enhance or protect shareholder value in short or long term.

“ESG regulation”

- New EU legislation on its way regarding ESG topics



CSRD

Corporate Sustainability Reporting Directive

Expanding non-financial reporting and requires opinion of limited assurance. Expected to apply to large listed companies for financial years 2024 with reporting in 2025.

CSDDD

Corporate Sustainability Due Diligence Directive (proposal)

Companies will be obliged to use due diligence processes to identify, prevent, mitigate negative impacts on environment and human rights in their “chain of activities”.

GCD

Green Claims Directive (proposal)

Aims at protecting consumers against greenwashing by requiring substantiation of “green claims” and third party verification.

ESG in M&A transactions

- *ESG due diligence*



Compliance

Compliance with existing ESG regulation – analysis of risks of non-compliance or reputational damage.



ESG "maturity"

Mapping of a company's "ESG maturity" or risks and opportunities, including which ESG initiatives the company has engaged in or initiated.

Impact on M&A transaction terms?



ESG warranties and SPA terms?

In the US a trend towards "ESG warranties" – e.g. the "*Weinstein*"-clause or "greenwashing"-clause. In Denmark currently no trend as such - compliance issues and disputes dealt with by customary compliance and no dispute warranties.

Promoting disclosures

ESG due diligence will contribute to additional disclosures and uncover additional risks (and opportunities).

Post-Closing action plan

Mapping of risks and opportunities can be used for post-Closing action plan with initiatives to promoting ESG initiatives in company.

Price impact?

Case-by-case specific.





Thank you!



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13.40 – 14.15

Highlights: Growing ESG focus at AGMs in 2023

Kirsten van Rooijen

CEO, Computershare Continental Europe





GROWING ESG
FOCUS AT AGMS IN
2023

European AGMs 2023

What trends do we see?



Growing activism at the meeting since return to physical meeting

In countries where virtual meeting is allowed larger meetings are moving to virtual also to avoid activism during the meeting

Slight increase in shareholder presence

Activism groups starting training sessions to encourage retail shareholders to ask questions and how to behave at shareholder meetings

AGM protest are hijacking a shareholder event



- AGMs are like prisons, where there are more security guards than shareholders
- Airport Style Security / Strip searches – Where does it end?
- Is a virtual meeting the solution?

Climate activism is getting more aggressive also at the AGMs in Europe



ESG resolutions continue to be floated by NGO's

In the 2023 Proxy Season



Limited Institutional
driven initiatives

Less interest of
companies to put
forward a say on
climate resolution

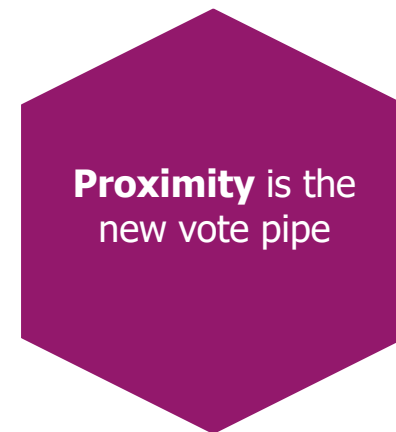
Investors are not
following through on
their threats to vote
against the Chair

Investor support is sporadic and not uniform

- Companies in the oil & gas sector increased production and exploration not generating corresponding opposition for shareholder resolutions – Does financial performance trump ESG performance
- Proxy Advisor opposition to shareholder resolutions
- Multiple voting policies – Sustainable policy vs standard policies making the issue more complex
- Anti-ESG initiatives from the US are starting to show up in investor policies in Europe

80% is the new 90%

How are companies managing the results?



Development

Virtual AGMs to provide more interaction



- › Enable live questions of shareholders during your AGM
- › Question Management Tooling
- › Requires Board preparation and ensure you have back-up procedures in place in case technology at shareholders fails.

14.45 – 15.15

Shareholder engagement

Anne Pindborg

*Vice President, Head of Board Secretariat
A.P. Møller - Mærsk A/S*



SHAREHOLDER ENGAGEMENT A.P. MØLLER - MÆRSK



Anne Pindborg
08 June 2023



Shareholder Engagement

Introduction

“The good old days”

AGM 2023

Shareholder Activism

Engagement with Shareholders

AGM in the future

Shareholder Engagement

Introduction



Shareholder Engagement

"The good old days"



Shareholder Engagement

AGM 2023

A.P. MØLLER - MÆRSK A/S

Indkaldelse til ordinær generalforsamling

Generalforsamlingen afholdes som fuldstændig elektronisk generalforsamling tirsdag den 28. marts 2023, kl. 15.00.

Dagsorden og fuldstændige forslag

A. Afholdelse af generalforsamlingen på engelsk med simultantolkning til og fra dansk. Bestyrelsen foreslår, at nærværende generalforsamling afvikles på engelsk med simultantolkning til og fra dansk.	H. Fornødent valg af medlemmer til bestyrelsen. Fra bestyrelsen afgår i henhold til vedtægterne: Bernard Bot, Marc Engel, Arne Karlsson og Amparo Moraleda. Bestyrelsen foreslår genvalg af Bernard Bot, Marc Engel, Arne Karlsson, og Amparo Moraleda. Bestyrelsen foreslår endvidere, at Amparo Moraleda vælges som nyt medlem af bestyrelsen.
B. Der afgives beretning om selskabets virksomhed i det forløbne driftsår.	I. Valg af revision.
C. Den reviderede årsrapport fremlægges til godkendelse.	

Shareholder Engagement

Engagement with Shareholders

- AGM
- Shareholder events
- IR - roadshows
- Publications – quarterly updates
- Open Investor days

Considerations

- Professional vs retail shareholders
- Venue/timezone
- Language
- Resources



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Shareholder Engagement

Shareholder Activism

What is shareholder activism?
“AGM – or shareholder – activism aims to take the fight for a fairer, greener, healthier society to the heart of those companies fuelling the crises. At the annual general meetings (AGMs) of publicly listed companies, shareholders get to ask questions that matter to them, vote on resolutions and even file their own.”
Shareaction



“The shareholder-base of companies is changing and becoming much more vocal. Investors are increasingly taking a more active interest in all company issues.”

Common topics of discussion when directors meet with shareholders



ESG issues 43%



Executive compensation 40%



Strategy oversight 38%



Board composition 38%



Capital allocation 23%



Shareholder proposals 23%



Management performance 21%



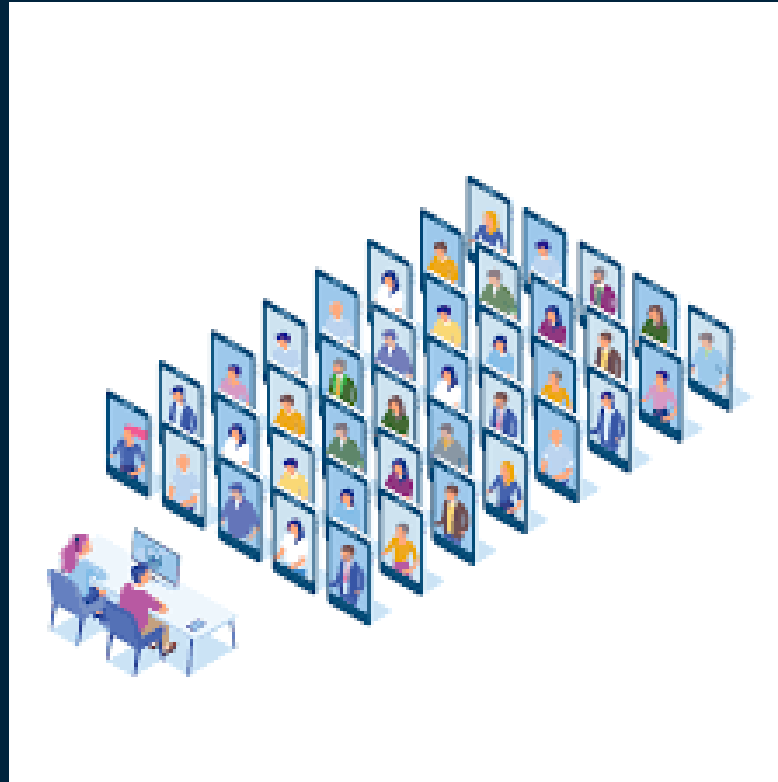
Risk management oversight 15%

Q: On which of the following topics did a member of your board (other than the CEO) engage in direct communications with shareholders? (select all that apply)

Base: 443

Shareholder Engagement

AGM in the future



15.15 – 15.45

Demystifying the complex state of ESG

Emmanuel Artusa-Barrell
ESG Manager UK & Europe, Georgeson



DEMYSTIFYING THE COMPLEX STATE OF ESG

EMMANUEL ARTUSA-BARRELL
ESG MANAGER UK & EUROPE

8 June 2023

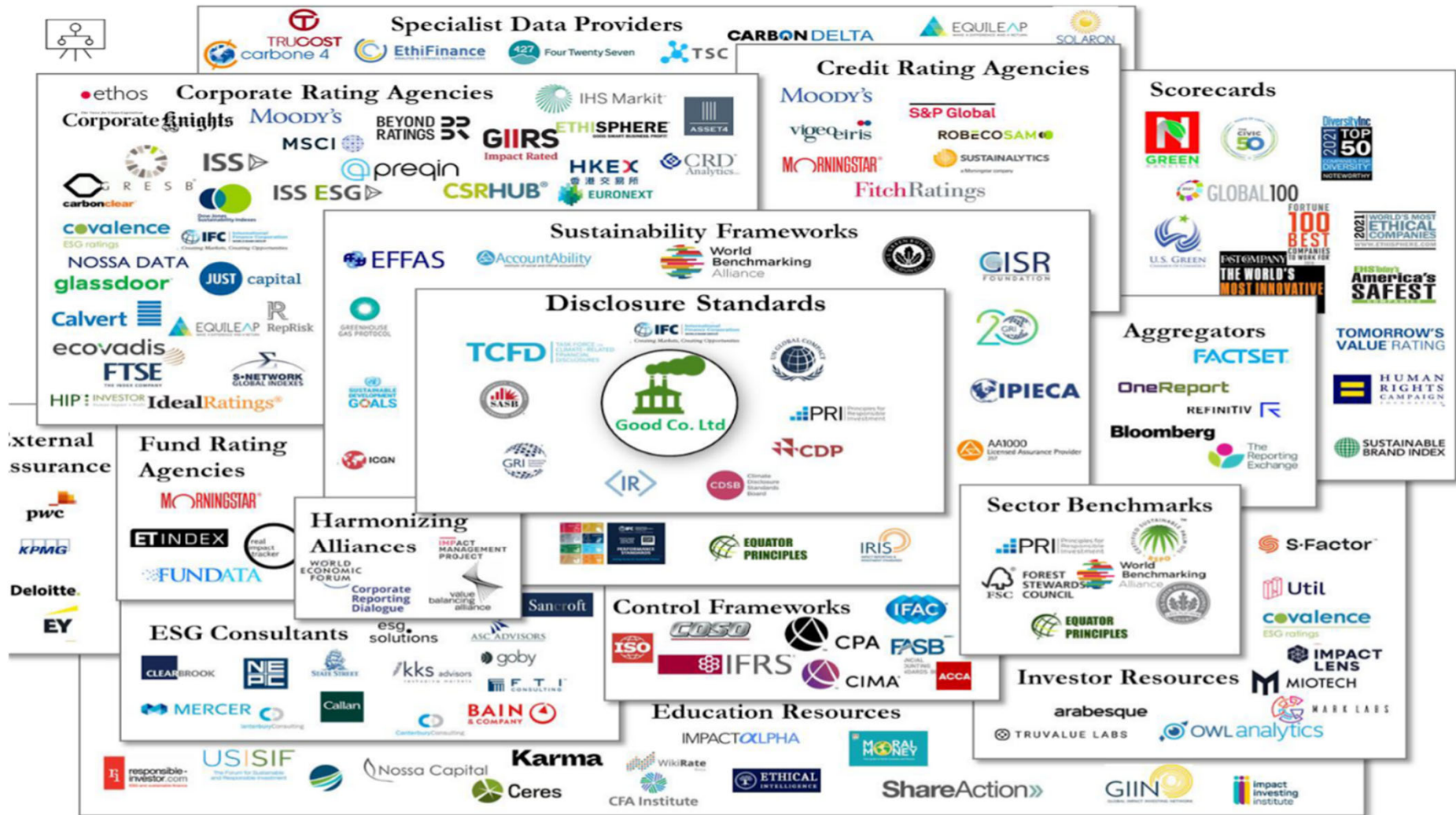
CERTAINTY | INGENUITY | ADVANTAGE

Georgeson
ESG Advisory Services

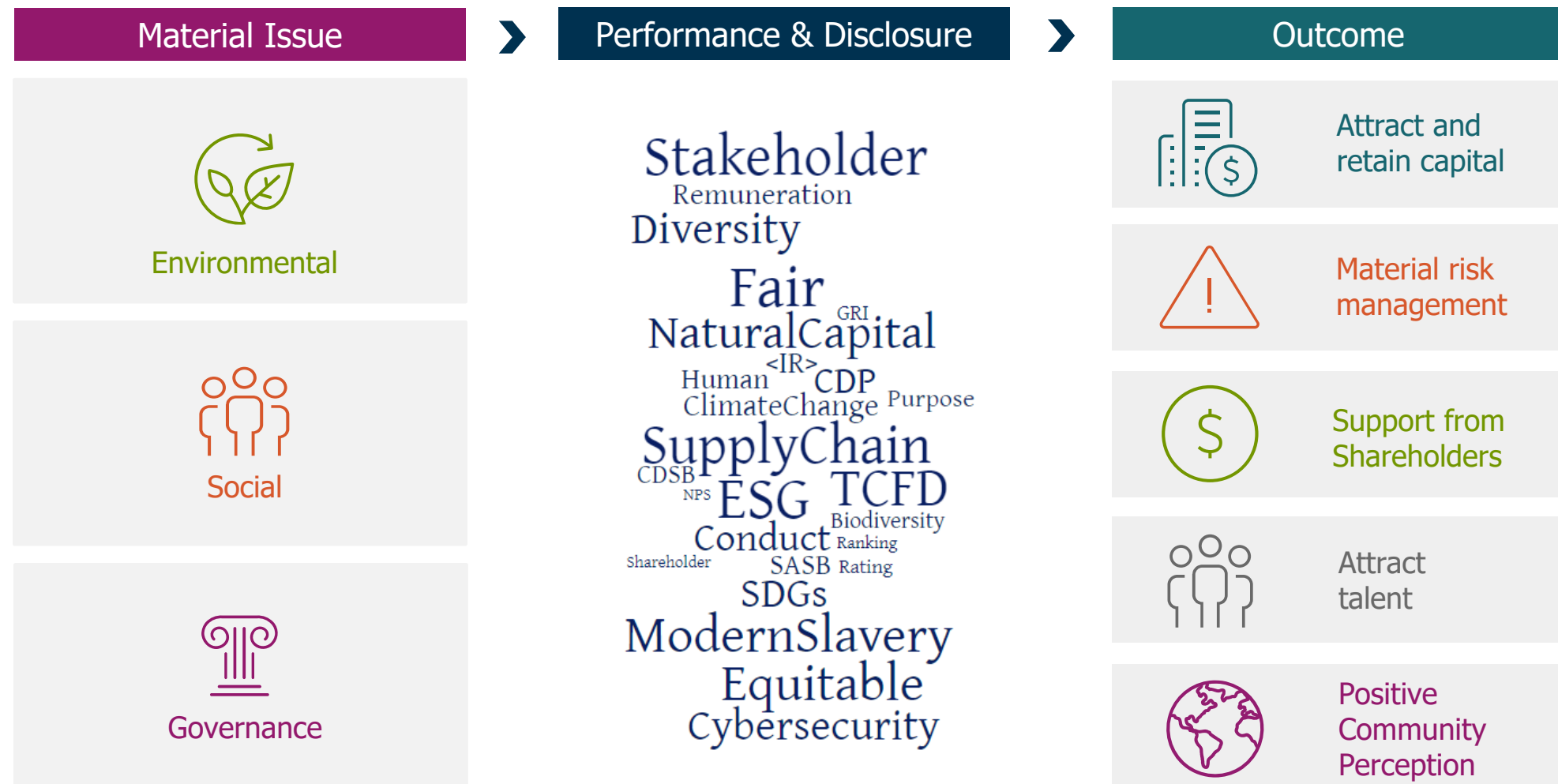
The background of the slide is a dark blue, blurred image of financial data. It features various line charts, bar charts, and floating numbers in a lighter blue and white color scheme. The numbers appear to be stock prices or financial metrics, such as '42.97', '1.38', '1.53', and '92.28'. The overall aesthetic is high-tech and professional, typical of a financial or corporate presentation.

THE ISSUER LANDSCAPE

The Complex ESG Landscape



The ESG Proposition



Management of ESG Matters Impacts Ongoing Investment and Voting Decisions

A company with strong ESG scores will be included in ESG-focused indices and attract long-term investors seeking strong risk-adjusted returns

Companies with weak scores will with increased frequency experience fleeing investors and a dwindling stock price



Divested from **Glencore** (coal), **RWE** (coal) and **Philip Morris** (Tobacco)



Divesting climate laggards and overweighting climate leaders



Planning to **divest** from **unconventional hydrocarbons** by the end of 2022



Building proprietary ESG rating system that will influence voting decisions



Voting against ESG laggards identified by R-Factor ESG rating system



Vote against directors at companies who have **not provided disclosures** in line with **SASB** and **TCFD**



2022, Vanguard has **expanded the number of sustainable funds** in its offering



2021 began **integrating ESG factors into their decision-making** across **all investments**



A Vast Universe of Organisations Drive ESG Strategy

Issuers must navigate a **complex** and **evolving** patchwork of organizations to establish and manage ESG strategies

Reporting standards and regulation

Investors initiatives and attention on key focus areas

ESG data and rating market



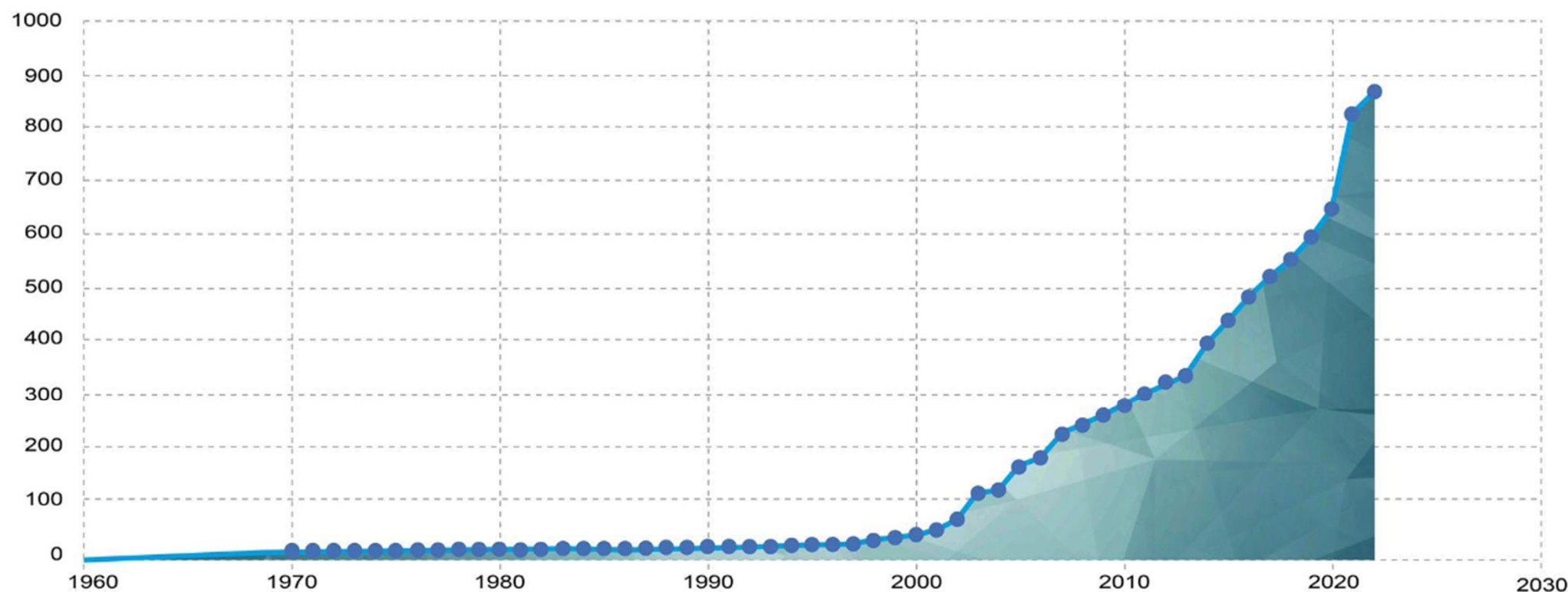
Georgeson

A photograph of a person in a grey shirt sitting in a brown leather chair. Another person's head is visible in the foreground. The background is a dark wooden wall.

REPORTING FRAMEWORKS, STANDARDS AND REGULATION

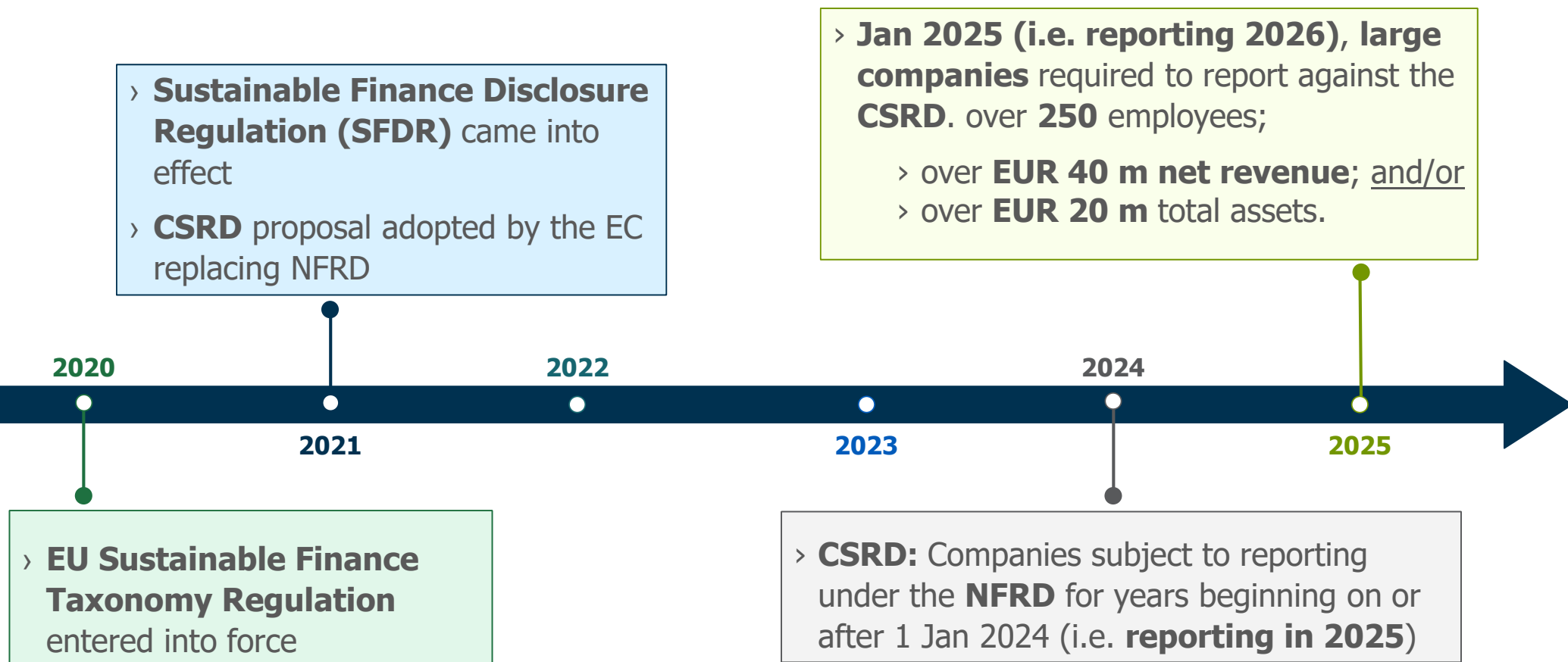
ESG Policy Tools and Guidance are Expanding

Of the policies identified by PRI, **96% have been developed since the year 2000**. The pace continues to increase as the PRI identified **225 new or revised policy instruments in 2021**, more than double the number in any previous year.



Cumulative number of policy changes per year (source: PRI) . Across the world's 50 largest economies, PRI finds that there are around 868 policy tools and guidance and more than 300 policy revisions which support, encourage or require companies and investors to consider all long-term value drivers, including (ESG) factors: [PRI | Policy \(unpri.org\)](https://www.unpri.org/policy)

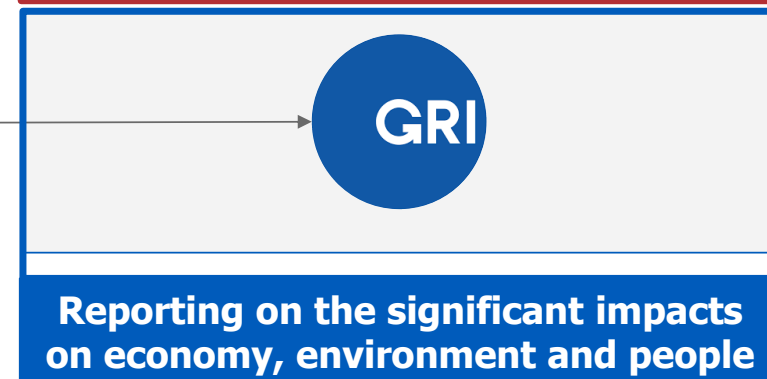
The **Regulatory Landscape** in Denmark is Changing Rapidly



Voluntary Frameworks are trying to create a global baseline



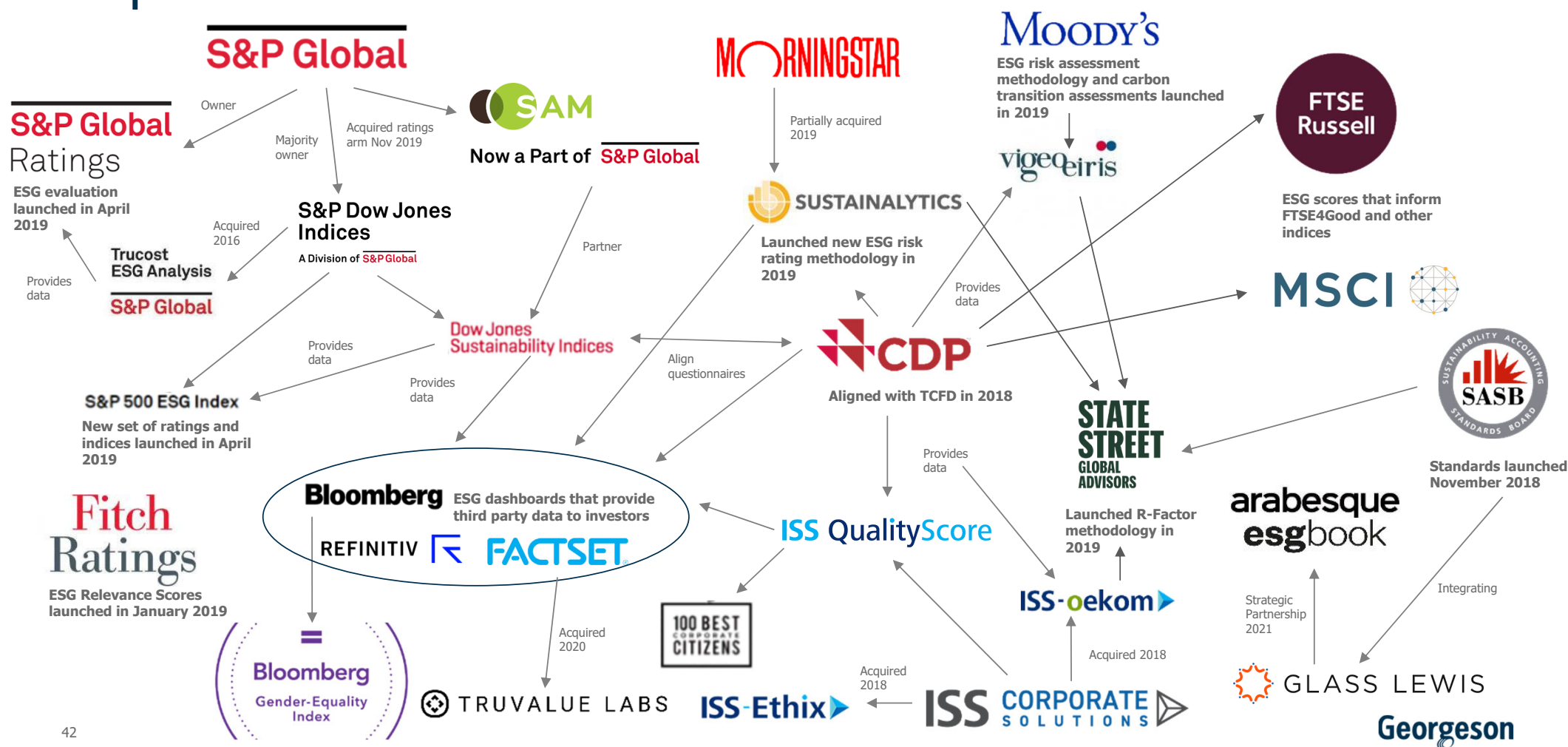
- > **ISSB** provides the **investor focus** while **GRI** provides the **multi stakeholder focus**.
- > **Countries** now considering incorporating **ISSB** into **mandatory regulatory frameworks**.
- > **Quantity** of disclosure against **ISSB** depends on **interoperability** with **CSRD** and **investor appetite**.



The background of the slide is a dark blue, abstract representation of a financial market. It features blurred, glowing lines in shades of blue and orange, suggesting stock price movements. Faint, out-of-focus numbers like '42.97', '11.38', and '11.53' are visible, along with some candlestick chart patterns. The overall aesthetic is high-tech and data-driven.

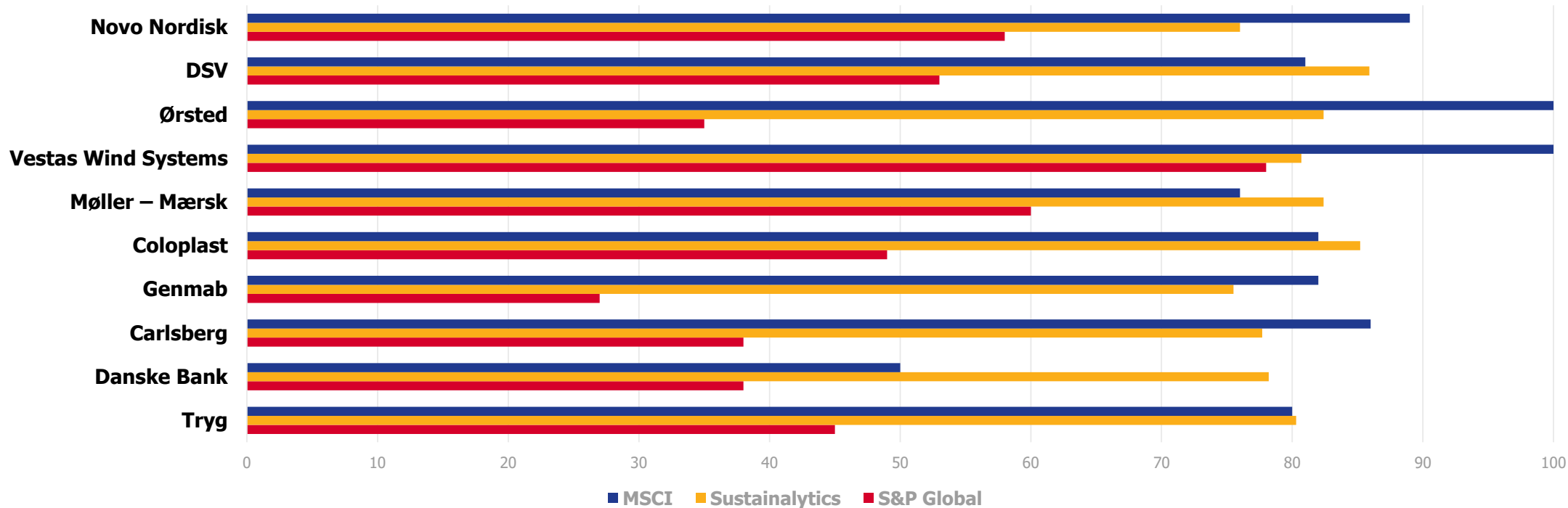
ESG RATINGS

The Complex ESG Rating Process Makes the Route to Improvement a Difficult Task



ESG Ratings Contradict Each Other

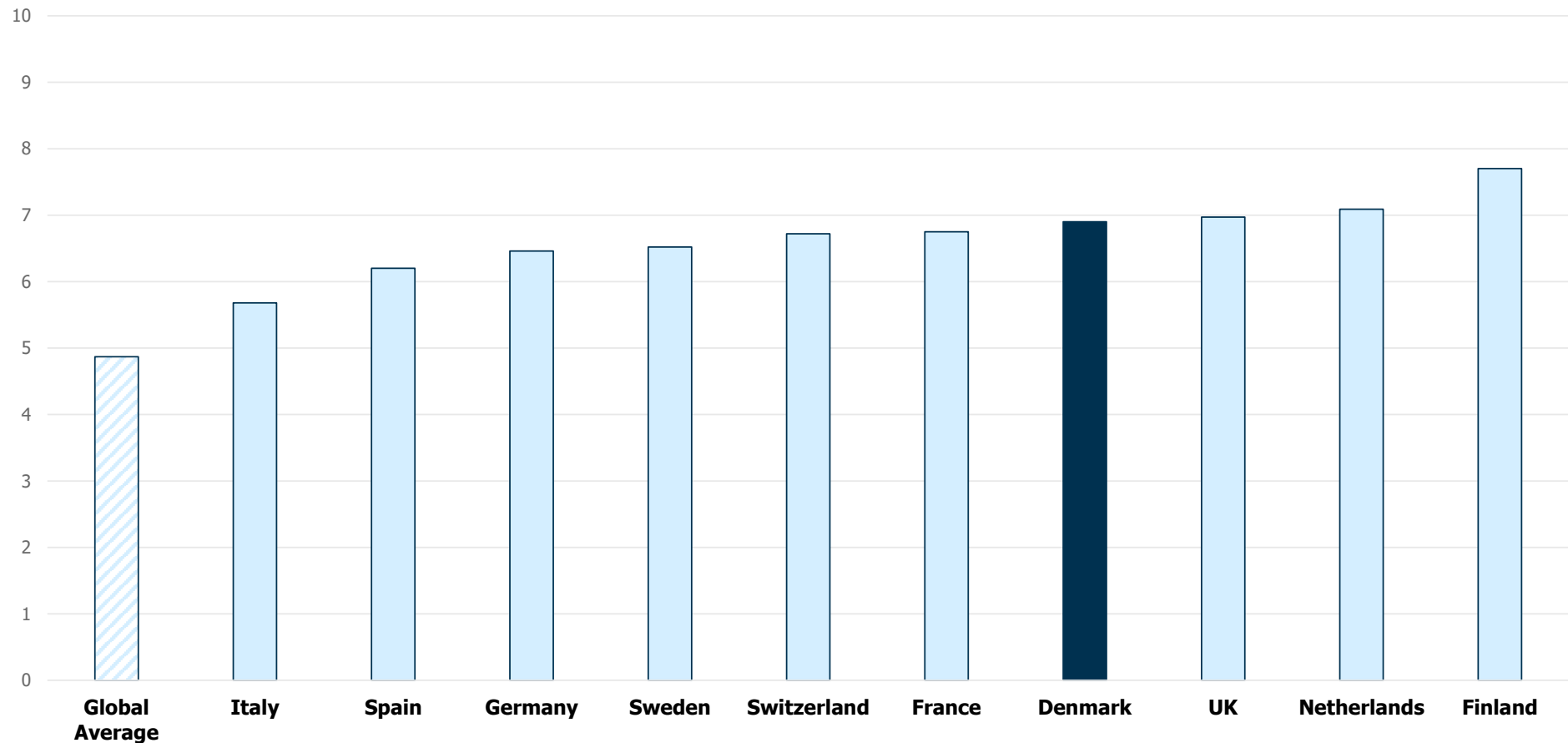
Inconsistent scores across ESG Ratings Providers is **problematic enough...**



Comparison of the ESG scores of the 10 largest companies by market capitalization in Denmark in 2023, by ESG score provider

...however, a number of high-profile **global investors** have developed **their own proprietary scoring systems** to address their own frustrations with score correlation

Denmark's **MSCI ESG Scores** perform favourably when compared to European peers but are not 'best in class'





INVESTOR FOCUS AREAS

Investors Insight



 **HSBC**
Asset Management
Asad Butt
Senior ESG Analyst

How do you see ESG initiatives evolving this year?

*We encourage companies to enhance their **climate strategies** with **board oversight** to specifically address both risks and opportunities. Board oversight should include the adoption of **sector-based decarbonisation** where appropriate and available, along with actively participating in public policy engagements that enable industry-wide progress.*



Schroders
Pippa O'Riley
Corporate Governance Analyst

How do you see ESG initiatives evolving this year?

*Our active ownership principles have **six thematic** priorities: **climate change, natural capital and biodiversity, human capital management, human rights, diversity and inclusion, and corporate governance**. Much of our engagement will be across ESG topics, but we chose these themes as the most material to the long-term value of our investee holdings.*



Amundi
ASSET MANAGEMENT
Edouard Dubois
Head of Proxy Voting

How will you approach climate change engagement moving forward?

Amundi expects its investee companies to:

- > **Commit to reducing** their overall **carbon footprint** at a pace that is compatible with reaching **global carbon neutrality by 2050**;
- > Disclose their **climate plan** and their achievements, annually;
- > **Submit** these items to an **annual shareholder vote** at their annual general meetings.

Georgeson

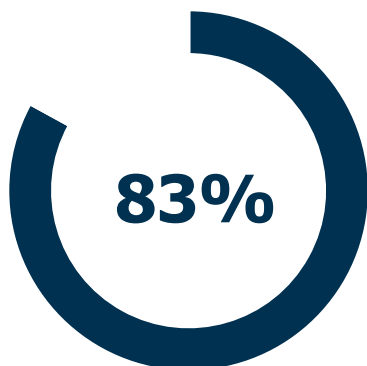
Georgeson's Institutional Investor Survey



**\$47 Trillion
AUM**

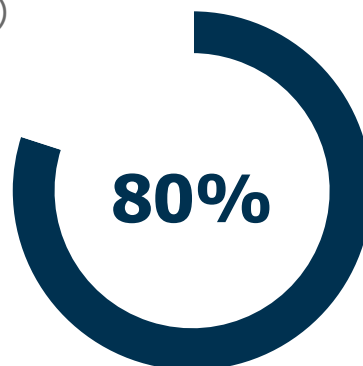
including **US and UK/EU participants** with an average industry experience of 12 years through in-depth phone interviews.

Climate Action 100+ Signatories



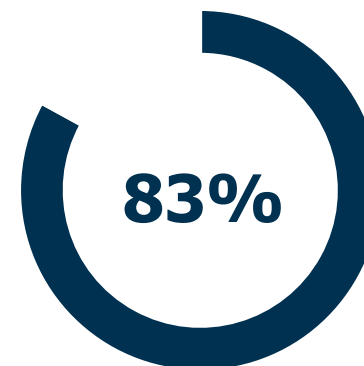
Net Zero Asset Management Signatories

(291 signatories with US \$66 Trillion AUM)



Stewardship Code

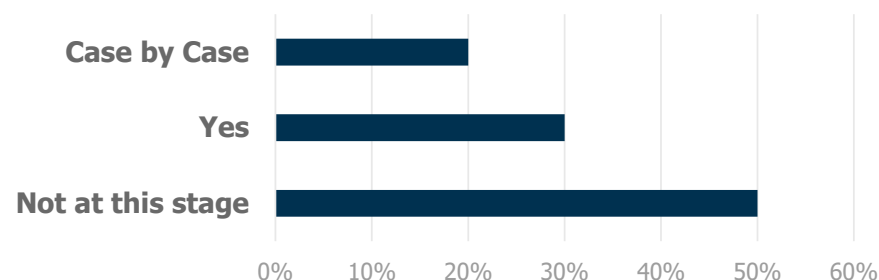
Signatories of the UK Financial Reporting Council's Stewardship Code



Findings from survey 1/2 – ESG criteria in executive compensation

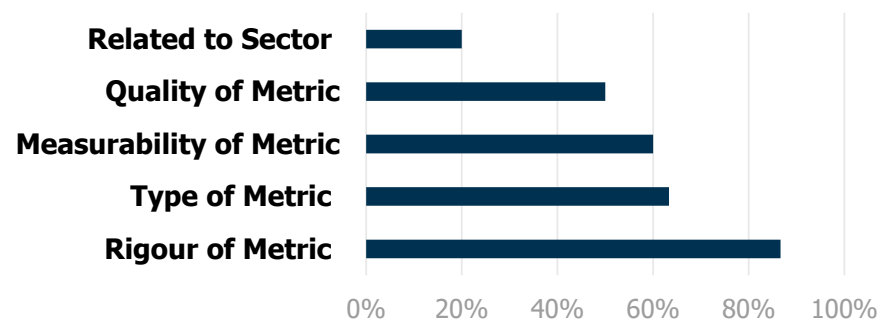
Voting Decisions

Will you take action **against** companies that do not incorporate ESG criteria into executive incentive plans?



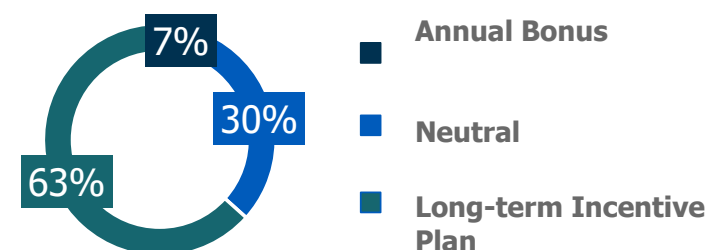
Challenges for Investors

What **challenges** do you encounter when assessing non-financial ESG criteria in executive compensation?



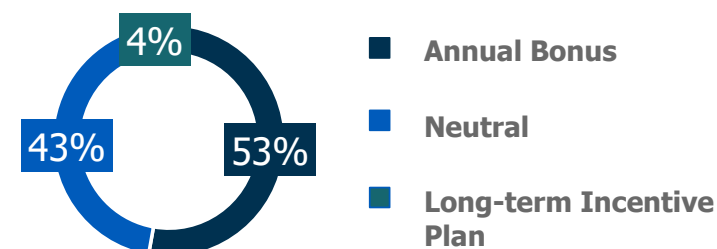
Climate Metrics

Should **climate change-related metrics** be part of annual bonus or long-term incentive plans?



Social Metrics

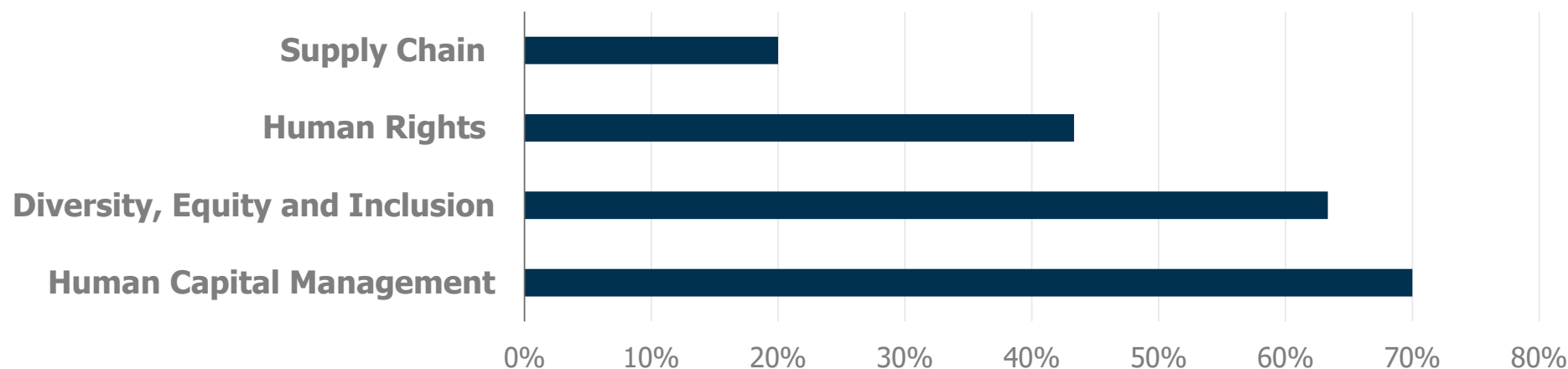
Should **Social 'S' related metrics** be part of annual bonus or long-term incentive plans?



Findings from survey 2/2 – Social Escalation

ESG Engagement

What **Social 'S'** related issues are your focus of attention during the off-season?



"Human capital management is a top priority. The **cost of living** will come into focus and there needs to be closer alignment with senior management. Paying for performance is one thing, **adapting to the workforce** is another important indicator."

""We look more closely at the lists of **controversial companies** in the **human rights** and **supply chain areas** and work with the appropriate committees to assess the risks and disclosures. If a company violates the principles of the UN Global Compact for three years in a row, it will be **excluded** from our funds."

Hot-topics for 2024

Biodiversity



THOMSON REUTERS

Mainstreaming biodiversity loss as ESG-related business issue gains steam

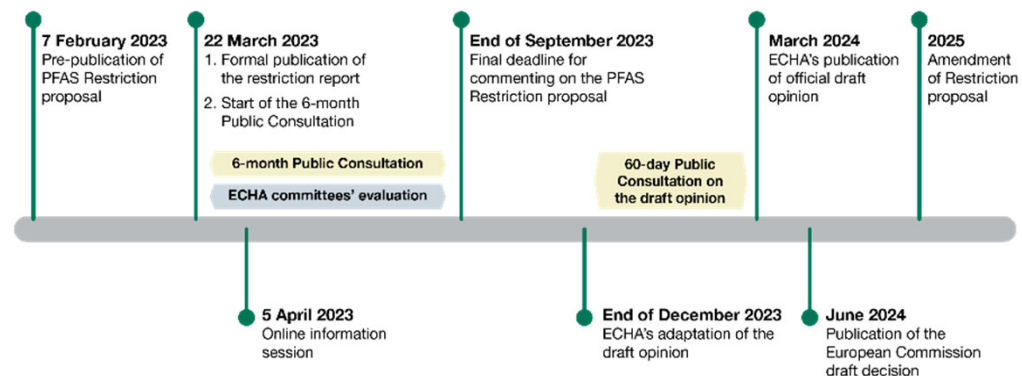
The loss of biodiversity has become a key part of environmental concerns around ESG, and the legal industry should pay special attention to the challenges and opportunities this area offers

E&S-related Activism



ShareAction»

EU PFAS (Forever) Chemicals



EU ban on forever chemicals would hit bloc's green transition, warns top industry boss

Chemours chief joins chipmakers in publicly pushing back against bloc's proposal to restrict use of PFAS variants: "It's really amazing to me that we would think of walking away from a group of chemistries . . . that enables the green economy."

Georgeson

Focus areas for issuers

Reporting

Stay ahead of regulatory developments by assessing the gaps in your reporting and by developing your internal data collection capabilities

Educate

Educate the board and management team so that they all have a high-level understanding of the ESG-related challenges your company (and its sector) face

Data

Focus on providing the ESG data investors are looking for and engage with the ESG Rating agencies they rely upon the most

Benchmark

Benchmark your disclosures and strategy against your peers in order to become a leader within your sector

Alignment

Ensure alignment with investor expectations and learn how to communicate with them to ensure the company gets the credit it deserves

Contact



Emmanuel Artusa-Barrell

ESG Manager UK & Europe
Georgeson



M: +44 (0)7855 960 628



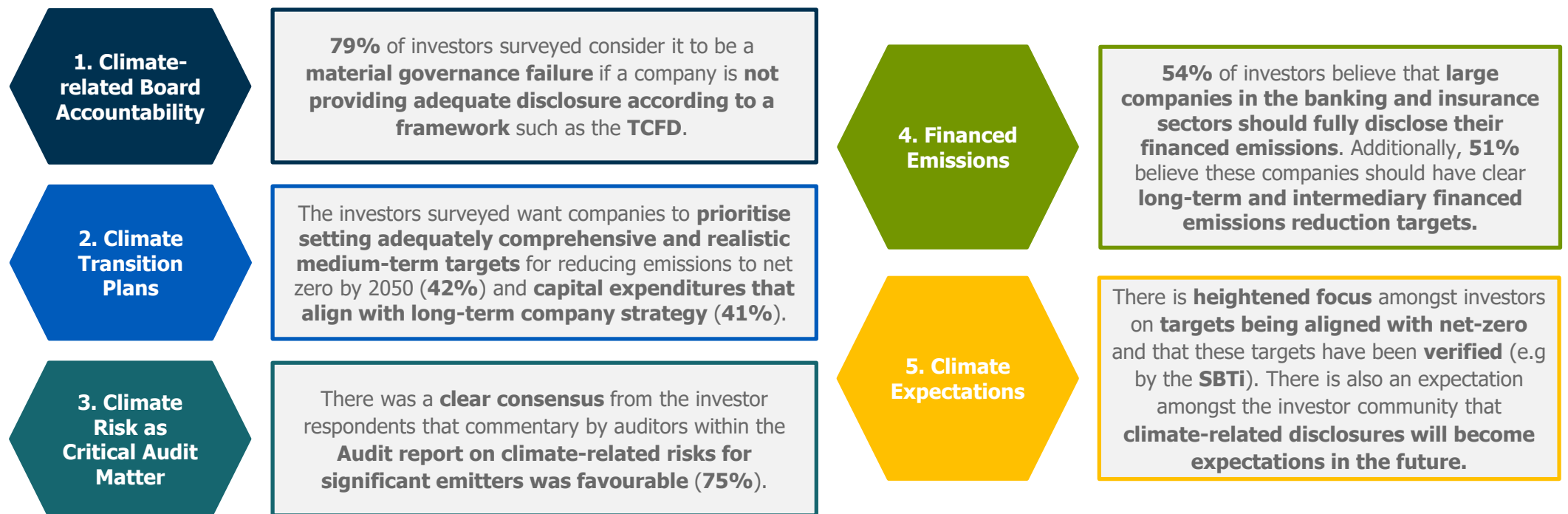
emmanuel.artusa-barrell@georgeson.com

ISS Global Benchmark (Climate) Policy Survey

Investor perceptions of Say on Climate proposals

The Survey received 417 responses: **205 responses from investors** and investor-affiliated organizations, and 212 from non-investor respondents.

The summary of investor sentiment on the five climate issues that may impact the 2023 voting policy for Continental Europe:

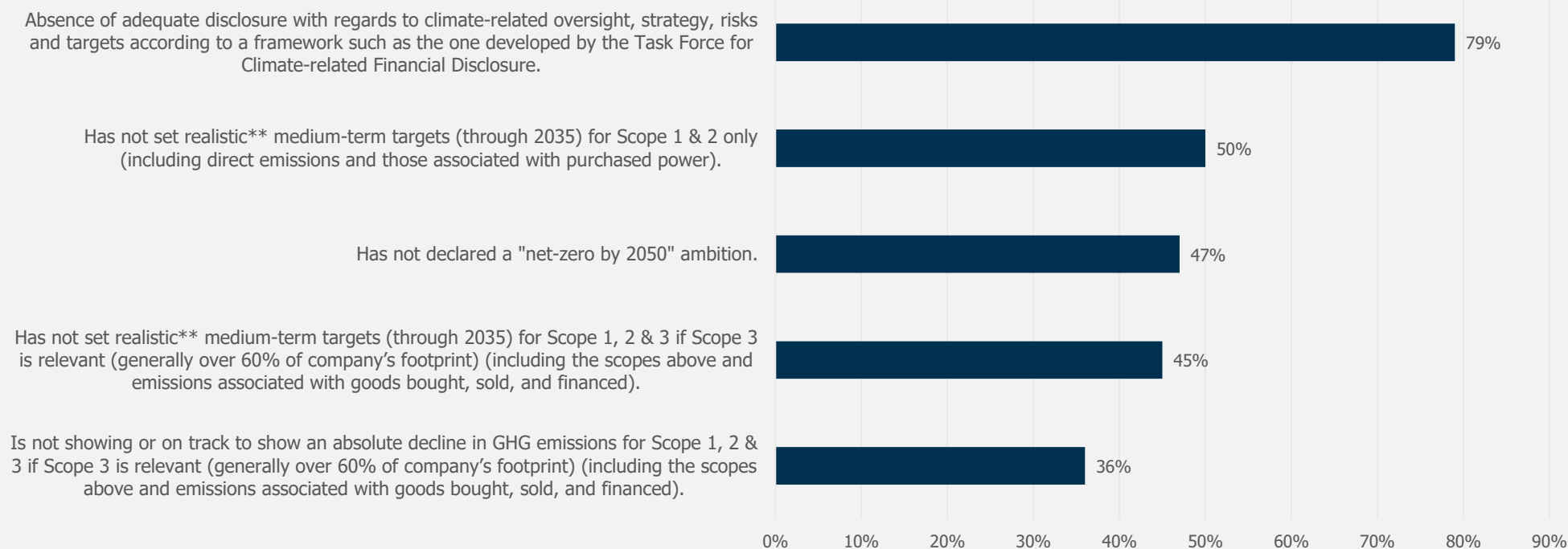


ISS Global Benchmark Policy Survey Results

1

Climate Board Accountability

What Constitutes a Material Governance Failure



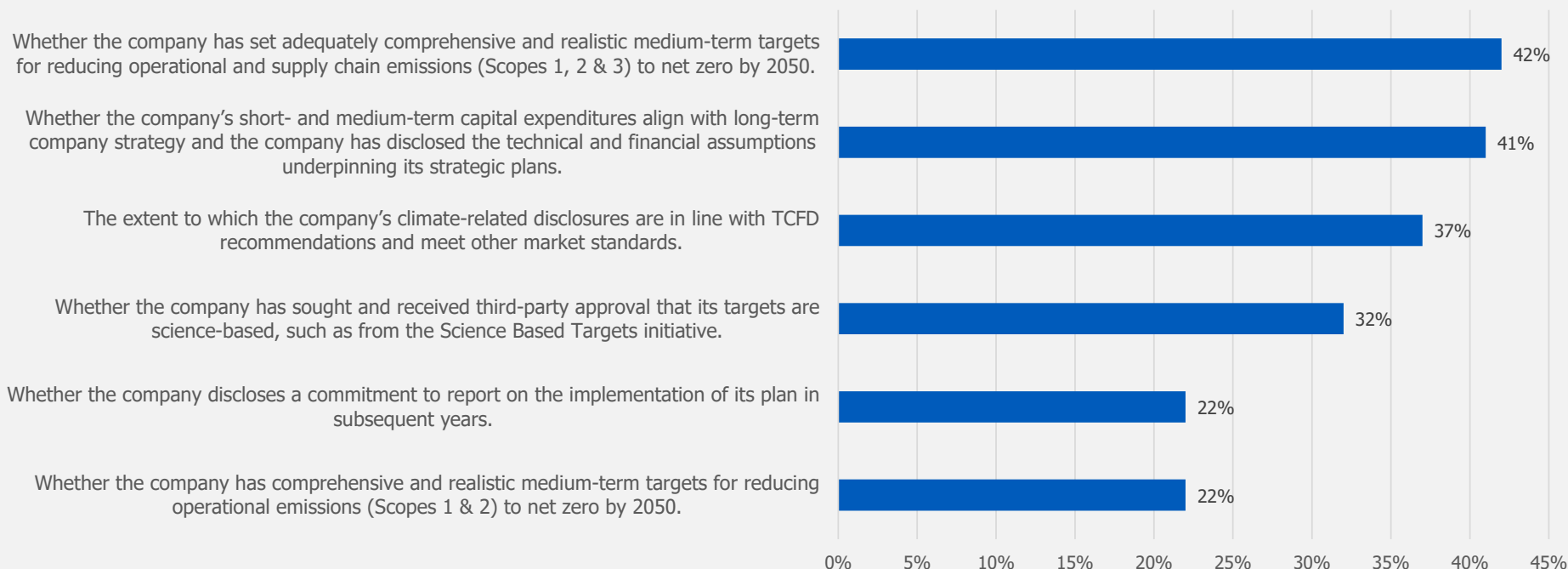
A strong majority of investor respondents (69%) chose at least one of those "targets" responses.

ISS Global Benchmark Policy Survey Results

2

Company Climate Transition Plans

Top priorities when determining if a company's transition plan is adequate



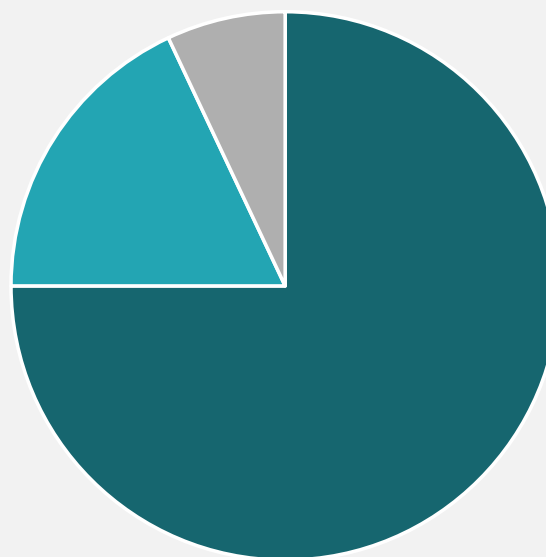
Some investors believe submitting management say-on-climate plans for shareholder approval **improperly shift the responsibility for a company's climate transition plan away from the board and management toward its shareholders.**

ISS Global Benchmark Policy Survey Results

3

Climate Risk As Critical Audit Matter

Do you favor seeing commentary from the auditors, in the auditor report, on climate-related issues (in the case of significant emitters)?



■ Yes ■ No ■ Other

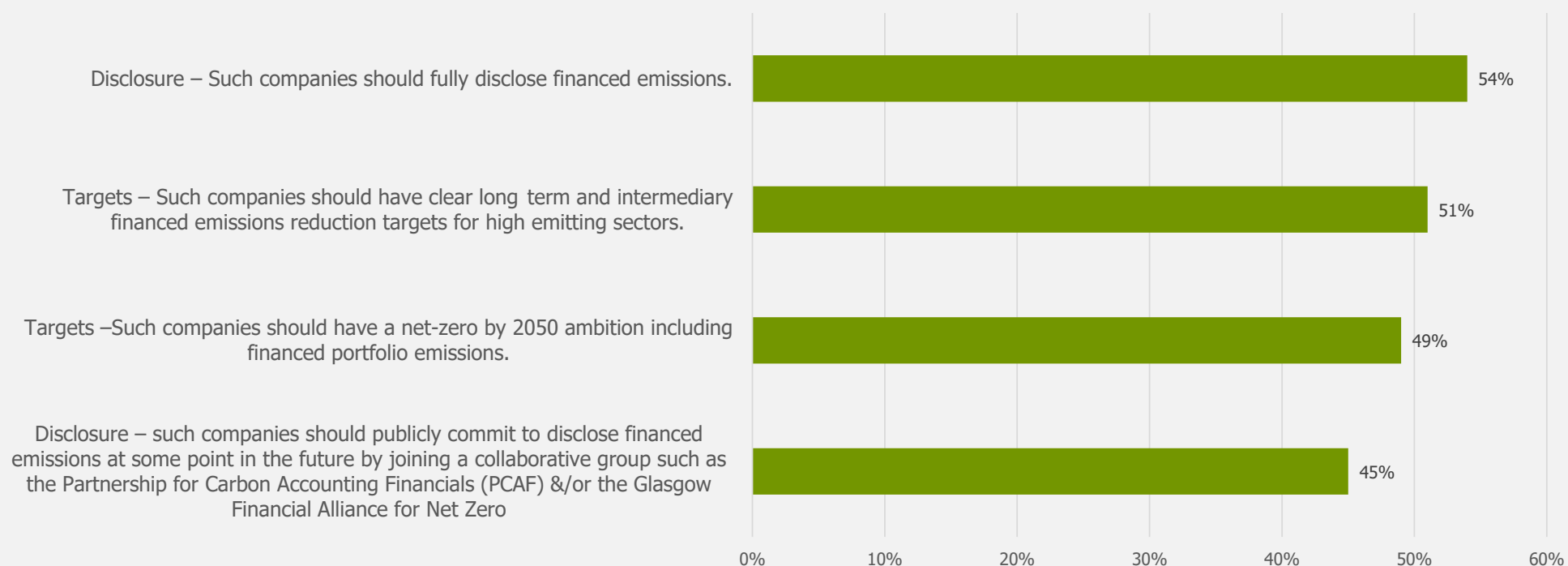
In comments, several respondents raised the question of **whether auditors currently have the expertise to accurately gauge these risks**. Others wrote that this issue is currently not a market norm **but may develop quickly due to regulatory requirements** that are being finalized in the **U.S. and EU and as the International Sustainability Standards Board (ISSB) develops its sustainability standards**.

ISS Global Benchmark Policy Survey Results

4

Financed Emissions

Financed emissions expectations for large banking and insurance companies



It is worth mentioning that a low level of respondents consider companies should not disclose financed emissions and/or should only be expected to disclose/reduce their direct emissions.

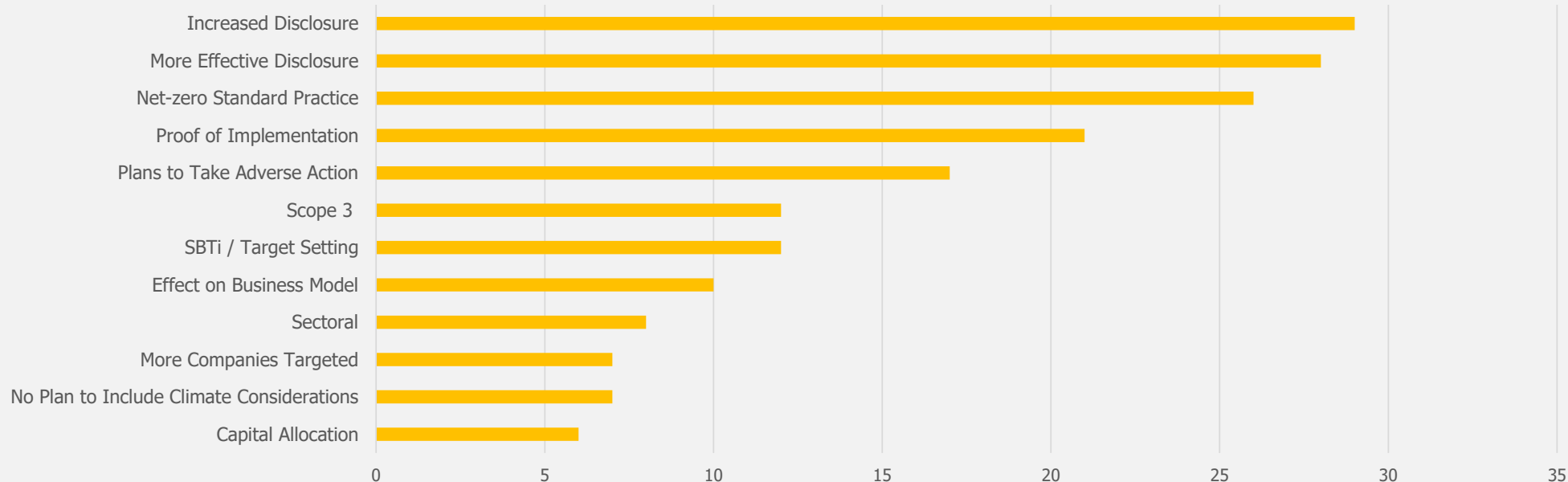
ISS Global Benchmark Policy Survey Results

5

Climate Expectations

84% believe that investors' minimum expectations on thresholds for climate-related disclosure and performance are growing and will continue to increase over time.

Do you expect that investor expectations on climate disclosure and performance will change over time? If you answered yes, and you are an investor, how do you expect your thresholds to change?





Thank you for joining us today!

Sign up for our newsletter:

www.computershare.com/dk/nyhedsbrev

Follow Computershare Denmark on LinkedIn:

<https://www.linkedin.com/company/computershare-denmark>

If you have any questions, please do not hesitate to contact us at
+45 4546 0999 or info@computershare.dk.

