

# Voting report – Spring 2024

## Intro

At Nordea we believe that sound corporate governance contributes to shareholder value and adds value to equity investments. This is in line with the purpose of our investment funds – to create value for our unit holders. As the largest portfolio manager in the Nordics, we are able to use our active ownership power efficiently and responsibly to act on behalf of our unit holders and towards the companies we invest in.

Below is a summary of Nordea's proxy voting that during the first half of 2024 as well as some engagement examples. In order to put these numbers in perspective, voting and engagement statistics from 2023 and 2022 are also presented. We publish all of Nordea's voting on our voting portal. <https://www.nordeafunds.com/en/responsibility/votingportal>.

## Summary

### Capital mandates

We notice no significant changes in the field of capital mandates brought to the general meetings. Companies tend to ask for mandates of issuing, repurchasing, re-issuing of shares to the same extent as before. Nordea continues to vote in favour of such mandates if they are limited in time and scope. A change this year is that we support, repurchase of shares even with a longer mandate than 18 months as it is deemed to be in the best interest of our unitholders.

Case: Kerry - Authorize issue of equity without pre-emptive rights

Kerry Group increased the Board's authority to issue shares without pre-emptive rights from 5% + 5% for specified capital investment to 10+10%, which is above our expectations on maximum 10% in total. Normally we would not support such an increase, but in a pre-AGM meeting where we expressed our concern about potential dilution for existing shareholders, Kerry's corporate secretary explained that the increase was a technical adjustment to local standards and the Board has no intention of using the authority. The company secretary also agreed to consider to change it back to 5% + 5% in 2025.

## Compensation

We see that the remuneration reports as well as the policies still lack transparency and clear and tangible financial and ESG metrics. This makes the analysis of these programmes difficult for shareholders. We are, however, pleased to see that more and more companies include ESG-metrics in their incentive programmes. These metrics are more common in the short-term programmes rather than in the long-term, which is where we prefer to see them. The inclusion of ESG-metrics in incentive programmes is still new for many companies, and we can see that they struggle to find relevant qualitative KPI's which includes a stretch in performance in them.

We also see that the so-called time-based elements in incentive programmes remain especially in the US. Nordea favours incentive programmes with clear performance metrics, motivating the employees to make that extra effort, rather than the "heart-beat" elements where one only needs to be continuously employed. The new demands on companies to deliver sustainability reporting has led to an increase in the compensation of many audit committee members of many companies.

### Case: Millicom

Millicom's Chair of the Board and Chair of compensation and presented their new management compensation plan to us. We were not able to support the proposal since we prefer the performance-based LTI awards as they had in their old plan. We expect compensation plans to link to individual and company performance criteria (financial and ESG), encouraging long-term share ownership. We appreciate the transparency and their ask for shareholder feedback, but would like to see a reduction/removal of Restricted Stock Units. We also fail to understand how this plan aligns with shareholders since there are many factors impacting the share price performance and also considering the risk of short term behavior and business ethics and other risks.

## Board composition

It is clear that more and more companies value the input of shareholders, not only in owner-led shareholder nomination committees (where Nordea participate to large extent), but also in direct dialogues with the companies. When it comes to board skills and competence the focus this year is more on AI and cyber security, and less on specialists on the board. We also see proxy advisors are more likely to recommend against board members if for example board oversight of material social and environmental issues are not anchored in governing documents or if there is a lack of board diversity. The number of companies with no women on the board is declining, but not fast enough to meet our expectations.

Case: Company X:

A sustainability expert was elected to the board two years ago, but this failed to provide any value added and nothing already covered in business operations. Board evaluation and interviews came to the conclusion to replace this board member with a board member with sector and private equity experience to focus on financial and sustainable value creation.

## Shareholder rights

Digital annual general meetings are becoming more and more common. Nordea vote in favour of management proposals to amend articles of associations to allow for so-called virtual only meetings as long as all shareholders rights are protected.

In December 2023 Nordea co-filed two shareholder proposals:

One was for Amazon's 2024 AGM asking the board to Commission Third Party Assessment on Company's Commitment to Freedom of Association and Collective Bargaining. In April 2024 we also co-filed an Exempt Solicitation with the SEC urging shareholders to support the proposal. The proposal received 31.8%

The other was a shareholder proposal for Exxon's 2024 AGM requesting that the Board of Directors issue a tax transparency report to shareholders, at reasonable expense and excluding confidential information, prepared in consideration of the indicators and guidelines set forth in the Global Reporting Initiative's (GRI) Tax Standard. In March 2024 the SEC ruled that Exxon may exclude our tax transparency shareholder resolution on "ordinary business" grounds. Exxon excluded the proposal.

We continue to see a high number of ESG related shareholder proposals.

Case: Viaplay

We decided to vote against discharge of the previous CEO in Viaplay and we also made a statement at the AGM. We did this together with a majority of the shareholders at the AGM to give the new Board a possibility to evaluate potential charges against the previous CEO. Our assessment after continuous dialogue with management, the Chair and also with the company auditor and legal experts was that the board did act on the negative development in the company. The auditor recommended for discharge of the Board and the previous and sitting CEO. There is now a new CEO and a recapitalization program in place.

## Voting – in numbers

During the period 1 January to 9 June 2024, Nordea voted at 2 328 shareholders meetings. 399 were AGMs held in the Nordic countries, 687 in the US, 462 in rest of Europe, 454 in Asia and 326 in rest of the world.

	<i>2024</i>	<i>2023</i>	<i>2022</i>
Number meetings voted	2328	2384	2477
Agenda items voted on	32452	33710	34320

We voted against management 10,5% of every agenda item on average. The most common topics were: Items on compensation -where we voted against 1 333 out of 4 441 proposals; Items of capitalization, where we voted against 493 out of 2 175 agenda items; Director elections where we voted against 609 out of 13 214 agenda items. We also voted against management on 302 out of 828 shareholder proposals.

Shareholder proposals are assessed on a case by-case basis. We consider whether support for the proposal will improve a company's practices or shareholder value, whether the company's current stance on the topic is likely to have a negative impact – for example in terms of litigation and reputational damage, and the company's responsiveness to the issue. In general, we support proposals that aim to protect or enhance long-term shareholder value creation, improve transparency on material issues and which address ESG risks not sufficiently managed and that are in line with our expectations in our Responsible Investment-policy. ([ESG-RI-PL\\_eng\\_INT.pdf \(nordea.lu\)](#))

During the first half of 2024, we have voted on 828 shareholder proposals and in favour of 526 of these. This is almost two out three proposals or 64%. Shareholder proposals on corporate governance received the largest share of support from us - 48 out of 55 proposals. We supported 145 out of 174 social shareholder proposals; 56 out of 88 climate and environmental proposals, and finally 28 out of 72 combined social and environmental shareholder proposals.

## Annex 1 – voting in numbers

### Topics where we voted against management:

Compensation:	2024	2023	2022
Number of items	4441	4969	4483
Votes against management	1333	1598	1425
% of items against management	30%	32%	32%

Capitalization:	2024	2023	2022
Number of items	2175	2427	2352
Votes against management	493	567	422
% of items against management	23%	23%	18%

Director elections:	2024	2023	2022
Number of items	13214	13368	13744
Votes against management	609	885	1050
% of items against management	5%	7%	8%

Shareholder resolutions:	2024	2023	2022
Number of items	828	775	919
Votes against management	302	244	316
% of items against management	36%	31%	34%

Shareholder resolutions in numbers:

<i>Shareholder resolutions:</i>	<i>2024</i>	<i>2023</i>	<i>2022</i>
Number of shareholder resolutions	828	775	919
Votes for the resolution	526	531	603
% of items for resolutions	64%	69%	66%

<i>Environmental proposals</i>	<i>2024</i>	<i>2023</i>	<i>2022</i>
Number of shareholder resolutions	88	107	77
Votes for the resolution	526	531	603
% of items for resolutions	64%	69%	66%

<i>Social proposals</i>	<i>2024</i>	<i>2023</i>	<i>2022</i>
Number of shareholder resolutions	174	178	178
Votes for the resolution	145	151	143
% of items for resolutions	64%	73%	88%

<i>Combined E+S proposals</i>	<i>2024</i>	<i>2023</i>	<i>2022</i>
Number of shareholder resolutions	72	47	35
Votes for the resolution	28	20	17
% of items for resolutions	39%	43%	49%

<i>Corporate Governance proposals</i>	<i>2024</i>	<i>2023</i>	<i>2022</i>
Number of shareholder resolutions	55	48	96
Votes for the resolution	48	32	78
% of items for resolutions	87%	67%	81%

Geographical breakdown of voting:

<i>Nordics</i>	<i>2024</i>	<i>2023</i>	<i>2022</i>
Number of meetings	399	413	434
% of all meetings globally	17%	17%	18%

<i>Rest of the world</i>	<i>2024</i>	<i>2023</i>	<i>2022</i>
Number of meetings	326	326	341
% of all meetings globally	13%	14%	14%

<i>Rest of Europe</i>	<i>2024</i>	<i>2023</i>	<i>2022</i>
Number of meetings	462	475	462
% of all meetings globally	20%	20%	19%

<i>USA</i>	<i>2024</i>	<i>2023</i>	<i>2022</i>
Number of meetings	687	707	755
% of all meetings globally	30%	30%	30%

<i>Asia</i>	<i>2024</i>	<i>2023</i>	<i>2022</i>
Number of meetings	454	463	479
% of all meetings globally	20%	19%	19%

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