

Ownership policy for SEB on Danish listed companies

Adopted by SEB including SEB Pension December 2017

SEB is one of Denmark's largest asset managers on Nasdaq Copenhagen. Exercising the ownership role in a responsible manner is an important part of the management assignment from the unitholders, savers and other clients of SEB.

SEB has established this ownership policy as a guiding principle as to how SEB shall act as shareholder in the companies in which SEB invests on the behalf of clients. The objective of the policy is to provide an overview of how SEB approaches a number of issues and questions of principle. It is however important to bear in mind that each company has unique prerequisites related to their specific activity.

The ownership policy embraces all Danish listed companies, although focus will be placed on companies where SEB owns a significant holding, i.e more than 1% of the company. In the interest of brevity several mentions of SEB in this policy are to be understood as "SEB on behalf of clients".

<p>Objectives</p>	<p>The objective of corporate governance is to provide greater yield to clients of SEB. Exercising corporate governance enables clients of SEB to benefit from opportunities to achieve greater yield on investments. Consideration shall be given to investment orientation and risk, as well as on certain occasions to special criteria established for SEB. However, in exceptional cases the ownership responsibility may conflict with the role as asset manager. This applies in particular when SEB could be able to obtain information that leads to SEB being restricted in performing transactions on behalf of the funds, known as insider information. In such situations, SEB could renounce from taking an active part in the corporate governance.</p>
<p>Decision procedures</p>	<p>The portfolio managers on the Danish Equities team conduct the voting and other active ownership responsibilities in accordance with this policy.</p>
<p>Activities</p>	<p>In order to achieve the corporate governance goals, SEB's ownership influence is primarily exercised as follows:</p> <p>Participate in nominating committee procedures when SEB is qualified to do so. The most important items that a nomination committee shall handle are:</p> <ul style="list-style-type: none"> - Evaluation of the board of directors - Proposals regarding changes to the board of directors and new board members - Proposals regarding the remuneration of board members and chairperson - Proposals regarding the election of auditors - Proposal regarding chairperson at the shareholders' meetings <p>Participate and exercise SEB's voting rights prior to and at shareholders' meetings. SEB's ambition is to attend shareholders' meetings where SEB represents a significant ownership and/or where the holdings are significant for the funds' yield, either in person or by proxy.</p> <p>Maintain ongoing contact with representatives of companies where SEB has a major ownership interest.</p> <p>Cooperate with other owners in corporate governance matters. Such may take place via nomination procedures, with items that concern good practice in the stock market, as well as other important matters. SEB is not part of any permanent ownership group.</p> <p>For international holdings, voting occurs by proxy. In such cases, SEB is assisted by an external supplier of ownership services in order to handle the related administrative procedures.</p> <p>An external evaluation of the work of the board of directors is recommended. This should be performed regularly and be alternately combined with internal evaluations.</p>

SEB's principal standpoints

Danish Corporate Governance Code	SEB supports the broadest possible embodiment of the Danish Recommendations on Corporate Governance ('Anbefalinger for aktivt ejerskab'). This can be achieved on the one hand by endeavouring to ensure that companies covered by the Code either observe its recommendations where applicable or justify non-conformity, and on the other hand by endeavouring to ensure that the Code be continuously adapted to better serve the requirements of shareholders and companies.
Nomination committees	SEB's ownership constitutes the basis for becoming member of a nomination committee. This is best done through the chair of the board establishing direct contact with representatives of the major shareholders in order to become member of such committees; and SEB prefers this approach. Alternatively, shareholders' meetings may appoint a nomination committee or specify the principles to be applied when members of a nomination committee are to be appointed.
Nomination committee procedures	Nomination committees shall appoint a chairperson and secretary among their members. Rules of procedure for a company's nomination committee should be established and minutes be kept of the nomination committee's meetings. Prior to a nomination committee commencing its tasks, a summary of the previous year's work of the board of directors should be presented by the company's chairperson. Should the composition of the board of directors need to be modified or require supplementary expertise, a search profile should be prepared and reviewed with the company's chairperson. Results of the nomination committee's work shall be presented and explained at the shareholders' meeting.
Convening of shareholders' meetings	SEB believes that notices to attend shareholders' meetings and related documentation should be made available to shareholders as early as permitted by law and the company's Articles of Association. All shareholders shall be given sufficient time to review and study each individual item on the agenda prior to each shareholders' meeting.
Voting rights	SEB's basic approach is that a company develops best when a distinct relationship prevails between capital and influence, with one share representing one vote.
Boards of directors	Proposals regarding the election of board members should be submitted in good time and accompanied with an explanatory statement. The nomination process should be transparent and open, and modelled so that a large proportion of a company's shareholding may be represented. Listed companies should provide information in their annual report regarding the nomination procedures of their board members.
Work of the board of directors	The chairperson of the board shall present a report of the work of the board of directors for the past year to each annual general meeting of shareholders. Regular evaluations shall be made of the board's work and of the contributions of each individual board member in order to provide underlying data for the nomination of board members.
Requirements upon the nomination of board members	The view of SEB is that each board member shall act in the best interests of all shareholders. Diversity of the board with regard to experience and competence is a condition for successful board work. SEB shall endeavour to obtain a broad recruitment base for the boards of directors concerned, and that they are continuously developed. Boards of directors shall be composed of members with varied professional experience, nationality, gender and age. It is also important that the members are able to devote sufficient time to their assignment. It is essential that board members possess integrity and are independent in order for the board to foster the company's development and place demands on the company's management. SEB is of the opinion that board members should be shareholders in the company. It is important for SEB to separate the owners' position in relation to a company's management. SEB therefore believes that the CEO should not be a member of the board. SEB shall only pursue this issue when it is proposed that a newly appointed CEO be elected to the board. Neither should other senior executives, consultants, important clients or suppliers of the company be members of the board. SEB is opposed to boards whose directors represent vested interests.

	<p>The number of board members should be kept to a minimum, and deputies should not normally be appointed. Small boards are more able to foster the members' commitment to their board work. Apart from trade-union representatives, employees of the company should not be members of the board.</p>
<p>Remuneration of the board of directors and senior executives</p>	<p>All remuneration of the board of directors shall be determined by a shareholders' meeting. SEB believes that the apportionment of the remuneration should be such that the chair of the board receives remuneration that reflects their larger volume of work compared with ordinary members.</p> <p>Remuneration of the board shall be sufficiently competitive so that the ambition to nominate the best possible board of directors can be realised. SEB recommends gradual adjustments of the remuneration rather than large one-off increases.</p> <p>Remuneration of board committees shall be determined based on the complexity and amount of work involved of the chair and committee members. The size of the remuneration of committees shall be appraised based on the overall remuneration of the board.</p> <p>SEB believes that the fundamental principle shall be that remuneration of the board be fixed, although divergence from this principle may take place. Should such arise, the proposal shall be examined by the nomination committee and resolved by a shareholders' meeting.</p> <p>SEB believes that it is the task of a company's board of directors to design and adopt the remuneration of senior executives. The board of directors shall determine, propose and monitor the principles regarding a company's remuneration policy, and to establish terms and conditions for the CEO. SEB recommends that remuneration of all senior executives be openly reported in a suitable manner through, for example, the company's annual report.</p>
<p>Auditors</p>	<p>Auditors shall be appointed further to a resolution adopted by a shareholders' meeting. In view of that it is essential that companies have competent auditors who possess sufficient resources for their assignment, SEB believes that is very important that the election of auditors shall not be treated as a mere formality.</p> <p>Upon the nomination of auditors, SEB therefore believes that open information as to how the procurement process took place regarding the choice of audit firm be made available in good time prior to the requisite shareholders' meeting.</p>
<p>Capital structure</p>	<p>SEB is in favour of companies working actively to obtain a well-balanced capital structure. SEB recommends that boards of directors of companies state their perception of a suitable capital structure and dividends policy.</p>
<p>Issues of shares</p>	<p>The right of existing shareholders to participate in new issues of shares shall always be safeguarded. SEB therefore recommends that new issues of shares be carried out with pre-emption rights for existing shareholders. Proposed private placements where pre-emption rights for existing shareholders are not offered shall therefore be specifically motivated. In view of the funds' liquidity and flexibility requirements, SEB in principle does not provide any guarantees of taking part in share issues.</p> <p>The board of directors should also state in which situations they intend to utilise the authorisation.</p> <p>The repurchase/redemption of own shares or extra dividends form part of the methods available to optimise a company's capital structure. SEB is in favour of such activities, where the objective is to achieve a well-balanced capital structure.</p>
<p>Incentive programs</p>	<p>As stated above, SEB believes that it is the responsibility of the board of directors to produce and propose principles for a company's remuneration policy.</p> <p>SEB is in favour of incentive programs that stimulate greater commitment and good performance. Well-designed incentive programs are an excellent instrument for creating enhanced value for the shareholders.</p> <p>In order for incentive programs to produce the intended results, that is, to ensure that the interests of senior executives and other key individuals correspond to those of the shareholders, the following should be considered:</p> <ul style="list-style-type: none"> • The purpose of each program should be well thought-out and easy to understand. • Each incentive program should be part of a long-term remuneration strategy spread over several years. • The scope of each program should be reasonable, i.e. have a maximum cost for the company and shareholders, and also be in force for a defined period of time. • For an employee to participate in a program a distinct relation to measurable performance or own investment is required. • The design of each program should be linked to the company's profitability and the development of the share in relation to established comparative norms, and which shall be clearly communicated to the shareholders.

	<ul style="list-style-type: none">• The cost of each program, both for the company and the shareholders (dilution) should be reasonable and clearly reported.• Information about each program should be open, relevant and submitted in good time in order to enable the board of directors to consider shareholders' opinions before the convening notice is published.• Share option programs should be relative, for example, the development of the company's share should be placed in relation to stock market performance, the company's sector performance, or the share performance of selected competitors.• An evaluation of costs and effects of previous programs shall form part of the underlying data for the adoption of each future program.• The board of directors should not participate in any incentive program designed for management and employees.
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SEB intends to update and develop this ownership policy regularly. The ownership policy is available at www.seb.dk.