

Voting Bulletin: Chr. Hansen Holding A/S

As part of our fiduciary duty, BlackRock’s Investment Stewardship team (BIS) advocates for sound corporate governance and business practices that are aligned with long-term, sustainable financial performance. This objective underpins all our engagements and votes at company meetings.

We engage company leadership on key topics emphasizing governance practices including management of environmental and social factors that potentially have material economic, operational or reputational ramifications for the company.

We determine our [engagement priorities](#) based on our observation of market developments and emerging governance themes and evolve them year over year as necessary. The BIS team’s key engagement priorities include:

1. Board quality
2. Environmental risks and opportunities
3. Corporate strategy and capital allocation
4. Compensation that promotes long-termism
5. Human capital management

We are committed to enhancing the transparency of our stewardship practices. Where we believe it will help to understand our voting decisions on key votes at shareholder meetings, we will publish a Voting Bulletin explaining the rationale for how we have voted on select resolutions, and (where relevant) provide information around our engagement with the issuer.

Company	Chr. Hansen Holding A/S
Market	Denmark
Meeting Date	25 th November 2020
Key Resolutions ¹	<p>Item 9a: Starting from Financial Year 2020/21, the Company must Apply the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) as the Framework for Climate-Related Disclosure in the Company's Annual Report</p> <p>Item 9b: Instruct Board to Complete an Assessment of the Ability of the Company to Publish Country-by-Country Tax Reporting in line with the Global Reporting Initiative's Standard (GRI 207: Tax 2019) starting from Financial Year 2021/22</p>
Board Recommendation	The board recommends shareholders to vote AGAINST item 9a and FOR item 9b

¹ Meeting information can be accessed at: <https://www.chr-hansen.com/en/investors/governance/annual-general-meeting>

Overview

Chr. Hansen is a global bioscience company based in Denmark that develops natural solutions for the food, nutritional, pharmaceutical and agricultural industries.

The 2020 annual general meeting (AGM) includes two shareholder proposals which ask the company to align its disclosures with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and to assess the feasibility of country by country (CBCR) tax reporting, in line with the Global Reporting Initiative (GRI) framework.

BIS has engaged with the company to better understand the background of the shareholder proposals and the company's view.

Rationale for BlackRock's vote

Item 9a: Starting from Financial Year 2020/21, the Company must Apply the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) as the Framework for Climate-Related Disclosure in the Company's Annual Report (FOR)

The company is in the process of enhancing its annual reporting and is already working on incorporating the recommendations of the TCFD. The company views reporting in line with the TCFD framework as a next step.

However, the board explained that it could not support the shareholder proposal because when and how to commit fully to the TCFD framework will be discussed by Chr. Hansen's Sustainability Board, chaired by the company's CEO, during the financial year 2020/21.

We acknowledge the significant commitments made by the company with regards to climate change and sustainability; most notably its recent commitment to formalize a science-based carbon emissions reduction target.² Moreover, we note that the company has committed to shifting to 100% renewable electricity, 100% recyclability of key packaging material and 100% circular management of biowaste streams.³

We recognize that reporting in line with the TCFD is a journey and that companies' TCFD reports will evolve and improve. That said, we believe that companies should be aiming to initiate as soon as is feasible to provide material information to investors, particularly given the urgent need to address climate risk.

BIS has been engaging with companies about the importance of climate related disclosures for a number of years. We supported this shareholder proposal given the [expectations](#) BIS has outlined for all companies to report in line with the TCFD. Support for this resolution is intended to accelerate the company's efforts. If we were dissatisfied with the company's approach, we would have voted against members of Chr. Hansen's Board of Directors, which is typically how we flag significant concerns. We are confident in the company's commitment to make progress on its TCFD-aligned disclosures.

Item 9b: Instruct Board to Complete an Assessment of the Ability of the Company to Publish Country-by-Country Tax Reporting in line with the Global Reporting Initiative's Standard (GRI 207: Tax 2019) starting from Financial Year 2021/22 (FOR)

The shareholder proposal asks the company to assess its ability to report taxes paid on a country-by-country basis in line with GRI Tax Standard. This shareholder proposal is not overly prescriptive with regards to both

² See <https://www.chr-hansen.com/en/media/news/2020/07/we-are-committed-to-curb-climate-change>

³ See Chr. Hansen's 2019-20 Annual report, page 3: <https://www.chr-hansen.com/en/investors/reports-and-presentations>

timing and the information to be disclosed. We considered a number of factors in assessing this request to provide more corporate tax transparency, including country-by-country reporting. BIS supported the proposal, which was also supported by both the company's management and board, as the company recognized the trend in its home market towards providing more detailed tax information on jurisdictions where multinationals operate.