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## **THE MEDICAL DOCTORS PENSION FUND'S POLICY FOR SOCIAL RESPONSIBLE INVESTMENTS**

The Medical Doctors Pension Fund's goal is to ensure that the Danish doctors obtain the highest return on their retirement savings. We are also bound to this goal by law. In addition to this the pension fund has a responsibility to be a socially responsible investor. Therefore, the pension fund has a policy for socially responsible investment (SRI policy) that applies for its equity and corporate bond portfolio.

### **SRI policy and guidelines**

The pension fund's guidelines for socially responsible investments are as follows:

- Denmark's official policy regarding specific countries and companies. This includes the treaties or sanctions of the Danish authorities as well as those adopted by international organizations which are endorsed by Denmark.
- UN's Global Compact principles and values in the areas of human rights, labour standards, the environment and anti-corruption.

Therefore the pension fund does not invest in companies that:

- Do not strive to respect fundamental human rights (ILO Conventions not to exploit child labour, not to use forced labour, nor to discriminate between sexes in the workplace and to respect freedom of association).
- Do not comply with national environmental and anti-corruption legislation.
- Manufacture cluster munitions, anti-personnel landmines or chemical and biological weapons.
- Have tobacco production as main activity or main source of income.

### **Active ownership and implementation of the SRI policy**

Active ownership is also an important part of the pension fund's SRI policy. Instead of just selling the bond or stock in companies that do not comply with the SRI policy, it may be appropriate to have a dialogue with the management, use the proxy voting at companies' annual meetings or file shareholder resolutions. To sell the stock or bond and add it to the "Restricted list" is an action of last resort.

The implementation of the pension fund's SRI policy and active ownership is as follows:

- The pension fund is a signatory of the United Nations Principles for Responsible Investment, PRI and member of the Danish Social Investment Forum (DANSIF). Both are cooperation networks with other like-minded investors, typically pension funds. The goal is to maximize the pension funds influence by cooperating with other investors and to promote the implementation of SRI in the investment industry.
- An external consultant screens the equity and corporate fixed income portfolios on a regularly basis in order to assess whether the pension fund's investments are in accordance with the pension fund's SRI policy and the principles of Global Compact.
- In most of the pension fund's agreements with the managers of the equity and corporate fixed income portfolios there are guidelines ensuring that the pension fund has the ability to use the proxy voting.
- An external consultant assists the fund in exercising active ownership.
- The pension fund has a "Restricted list" which names the companies that the fund not wants to invest. This applies only to mutual funds, where the pension fund has a controlling interest.

### **PROXY VOTING POLICY**

Proxy voting is an important part in managing the equity portfolio to reach the goal of achieving the highest possible return and to put pressure on companies in SRI matters. The pension fund's policy is to use the voting right as much as possible.

Normally the pension fund follows the recommendations of the external portfolio managers in regard to the proxy voting since they have the greatest knowledge about the companies they have decided to invest in. But the pension fund has reserved the right to deviate from the portfolio managers recommendations in relation to SRI-issues. This right is implemented in the contracts with the portfolio managers.