

10 September 2019
MS/RMO

Responsible Investment Policy

This policy outlines the Responsible Investment Policy of Fondsmæglerselskabet Maj Invest A/S (Maj Invest).

Our primary responsibility as an asset manager is to secure the best possible return for our clients over the long term. In this role, we also believe that environmental, social and governance (ESG) factors can affect the performance of the investment portfolios. Therefore, and where consistent with our responsibilities, we are committed to incorporating ESG factors into our investment criteria.

Maj Invest is a signatory to the UN-backed Principles for Responsible Investment, PRI, which outlines our commitment as an asset manager. The PRI is a set of six investment principles that encourages the adaption of ESG factors into investment practice.

Approach

This policy applies when we act as investment managers within Asset Management. The approach includes a norms-based screening of portfolio companies to ensure compliance with widely accepted international norms and conventions on environmental, social and governance issues. This screening is carried out by an external service provider (Sustainalytics) on at least a semi-annual basis. The monitoring is systematic and based on specific international conventions and guidelines on human rights, labour standards, environment and corruption such as, but not limited to: the UN Global Compact; the OECD Guidelines for Multi-national Enterprises; the Paris Agreement; human rights conventions; labour rights conventions; environmental conventions; and weapons-related conventions.

The screening is implemented in the investment decision-making process to avoid investments in companies in which Sustainalytics has identified a confirmed violation of international norms and conventions and engagement has not proven effective to resolve the issue. These companies are included on a disengage list. Post-investment, the screening is used to stay informed of potential violations associated to companies in our investment portfolios.

Engagement

Maj Invest participates, together with many other institutional investors, in collaborative engagement processes through Sustainalytics which specialises in having dialogue with companies. Dialogue and engagement are initiated by Sustainalytics with companies which are or have been involved in systematic business misconduct issues that have severe consequences for the environment and/or humans. Incidents detected as being severe and/or systematic violations of international standards are reported and Sustainalytics initiates an in-depth research and analysis of each incident by contacting the company and relevant sources to verify available information and to access more information and receive regular updates. The company's measures to address the issue are also assessed by Sustainalytics. If the engagement process does not result in changed behaviour from the company, the company will as a result be included on Sustainalytics' disengage list and Maj Invest may as a consequence divest from the investment.

Exclusion

Maj Invest takes action in relation to the companies listed on the service provider Sustainalytics' disengage list, which includes the companies with confirmed violations of international norms and conventions where engagement has not proven effective. Companies included on the disengage list prior to investment are excluded from the portfolios. In case any companies in the existing portfolios are included on the disengage list after investment, they will typically be excluded as soon as Maj Invest is noticed hereof. Some strategies are more focused and also exclude companies operating within fossil fuels, tobacco, gambling, adult entertainment and production or sale of military weapons and weapons-related products, including firearms.

Voting policy

Maj Invest is an asset manager for investors, typically investing as minority investors, and our voting approach is exercised according to the clients' requirements. Maj Invest has in place an overall voting policy outlining our approach to voting. When agreed with the client and when deemed relevant, Maj Invest may advise clients to vote on a specific matter and in other cases either a non-voting or a proxy voting approach is taken.

Reporting

On an annual basis we report our ESG progress and activities through the PRI reporting and assessment survey. The PRI Transparency report is published on our website. In addition, we report on our ESG progress to clients upon request.