

# Policy for responsible investment

December 2024

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P+, Pensionskassen for Akademikere (hereafter P+) aims to generate the highest possible return while being a responsible investor.

It is our belief that responsibility as well as social responsibility can be incorporated into the investment strategy as long as the investment strategy reflects what P+ has promised the member, and P+ invests in accordance with the Prudent Person principle.

P+'s policy for responsible investments is adopted annually by the Board and applies to all P+'s savings products. With regard to the savings product P+ Sustainable stricter criteria apply to selection and deselection based on increased consideration of adverse impact on sustainability factors and how the savings product should promote environmental and social characteristics.

The specific criteria applied in the practical implementation of the policy are outlined in the sustainability-related disclosures for the various savings products which are published on P+'s website.

### **1. Framework governing the responsible investment framework**

P+'s work with responsible investment is based on the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises and the 6 principles for responsible investment defined by the PRI.

P+'s work with responsible investment is risk-based and relate to 1) how P+ promotes environmental and social characteristics by selecting and deselecting investments and by using our influence towards business partners and portfolio companies and 2) considerations for adverse impact on sustainability factors, meaning the impact of P+'s investments on environmental, social and governance conditions.

P+ balances these considerations based on the type and structure of the investment as well as potential and actual risks to people, environment and the value of P+'s investments.

### **2. Organisational anchoring**

The overall responsibility for P+'s work with responsible investment lies with P+'s Board of Directors.

The administration is responsible for implementing the policy and ensuring that it is complied with in practice. The operational responsibility lies with P+'s Head of ESG who is responsible to the CIO. The CIO is responsible to P+'s CEO.

P+'s Investment Committee evaluates continually new and existing investments to make sure that they comply with the policy for responsible investments. It is also the Investment Committee that decides when a company or a country should be placed on P+'s restricted list. The Investment Committee consists of P+'s CEO, CIO, CFO, Head of ESG, Head of liquid investments, Head of Alternative Investments, CRO as well as 2 external members. The committee meets every 2 weeks.

### **3. Scope**

All investments in listed companies, government bonds, credit and loans to companies, investments in funds with unlisted companies, infrastructure projects as well as real estate investments are subject to P+'s policy for responsible investments.

Derivative trading is not included, as derivatives typically are standardised products based on common indexes, often weighted by market capitalisation.

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#### **4. Themes**

The work on responsible investment must focus on whether companies in P+'s portfolio have good corporate governance and thus prevent and mitigate adverse impact on principles related to i.a. human rights, employees' rights, the environment, biodiversity, tax and anti-corruption as well as potential financial risks for P+. Besides, the work must focus on how P+ promotes environmental and social characteristics.

In accordance with the UN Guiding Principles on Business and Human Rights, the pension fund must work with human rights and employees' rights and respect the rights of the International Bill of Human Rights, including the International Labor Organisations Declaration of Fundamental Principles and Rights at Work.

P+'s work on climate must be based on the Paris Agreement's central aim of limiting the average global temperature rise. We have among other things committed ourselves to ensuring that the total carbon footprint of our investment portfolio is neutral by 2050 and to set intermediate targets every five years.

P+'s work on biodiversity and the environment must focus on whether companies constitute risks to biodiversity and/or the environment, causes adverse impact on biodiversity and/or the environment, and whether companies protect and/or restore biodiversity and the environment.

P+'s work on responsible tax must be based on the principle that no investment structure, which P+ is a part of, must be prepared for the purpose of aggressive tax planning. Additionally, P+ focuses on governance and transparency related to companies' tax payments.

P+'s work against corruption must center on whether companies have established processes to prevent and mitigate corruption.

When P+ invests in government bonds, the countries are assessed on basis of the overall conditions related to governance, the environment and social conditions.

#### **5. Due diligence and active ownership**

P+ invests primarily through external asset managers. When we select asset managers, their work on responsibility is included as an integrated element in the assessment of the asset manager and the decision to invest. P+ assesses if the asset manager has the relevant management systems, policies and processes in place to act within the responsible investment framework. For listed investments there is a difference in the extent of the assessment of the asset manager's work on responsibility depending on the mandate being active or passive. For unlisted investments where P+ commits to a fund, P+ must also assess the type of companies and/or sectors which the fund is expected to invest in. P+ monitors and has ongoing dialogues with the external asset managers who we cooperate with.

P+ must, in cooperation with other shareholders, exercise active ownership towards portfolio companies to promote companies' long-term value creation and minimise risks related to environmental, social and governance conditions as well as financial risks for P+. In cases where P+ identifies that a portfolio company has challenges related to environmental, social and/or governance conditions, P+ must exercise active ownership for the purpose of making the portfolio company in question complying with the responsible investment framework. P+'s active ownership includes monitoring of portfolio companies, engaging with selected companies, cooperation with other investors and as far as possible voting at portfolio companies' general meetings.

When voting, P+ must generally vote in favour of shareholder proposals aiming at preventing adverse impact on sustainability factors or promoting environmental or social characteristics.

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P+'s work on active ownership is further described in P+'s policy for active ownership which is available on the website.

#### **6. Restricted list**

P+ keeps a restricted list including countries and companies that we do not wish to invest in. The restricted list must be used in all investment structures possible.

P+ must as far as possible deselect companies that we consider to systematically having substantial challenges related to environment, social and/or governance conditions, and where active ownership proves futile. This may also apply to entire sectors or industries.

Based on an evaluation of UN treaties and conventions which Denmark has acceded to regarding controversial weapons, P+ must deselect companies producing controversial weapons.

P+ must deselect government bonds from countries which do not comply with P+'s requirements to governance as well as the environment, human rights and other relevant social conditions.

If a business relation, e.g. a bank or an asset manager, does not comply with P+'s policy for responsible investments, and if P+'s possibility for making its influence count is considered futile, the cooperation must, as far as possible, be discontinued.

#### **7. Transparency and reporting**

P+ is transparent about its work on responsible investment subject to confidentiality obligations that P+ has accepted towards third parties. On our website, we publish, besides this policy for responsible investments, our policy for active ownership, holding lists, our restricted list and observation list, including reasoning, overview of the main investor cooperations and initiatives, annual reports, reports on social responsibility as well as statistics, minutes and news about our work on responsible investment. All this to improve transparency.

In addition to the external reporting, the administration continually reports to P+'s Board of Directors about the work on responsible investment, including how the policy for responsible investments is complied with.



**P+**

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