

Lægernes Pensionskasse

RESPONSIBLE INVESTMENT REPORT 2012

Executive summary (public version)

February 2013



Introduction and disclaimer from the Principles for Responsible Investment

Signatories to the Principles for Responsible Investment commit to report on their responsible investment activities and their progress in implementing the Principles. The PRI has developed a Reporting Framework which allows signatories to meet these commitments.

This publication is an executive summary of the public Responsible Investment report, the content of which is based on responses to the pilot 2012 Reporting Framework. It presents an overview of the signatory's organisation and asset allocation; their overarching approach to responsible investment; and implementation of the Principles.

The contents of this report are being piloted this year for signatories and stakeholders to provide feedback. The reports will be updated for the 2013/2014 reporting cycle to reflect the comments we receive on design, structure and usability.

Moreover, due to the pilot nature of the 2012 Reporting Framework, certain indicators are undergoing further changes. These changes will also be reflected in the reports for the next reporting cycle.

This document is based on information reported by signatories and responses have not been independently audited by the PRI Secretariat, PRI working groups, or any other third party. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

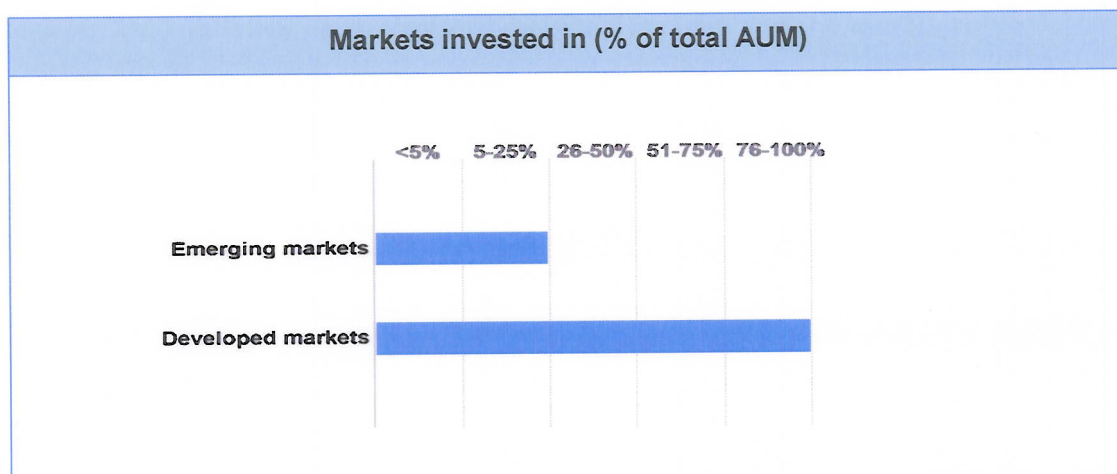
Organisational overview

This section provides an overview of our organisation, including the type of investor we are, the location of our headquarters, the number of staff we employ, and our total assets under management and asset allocation.

Main characteristics	
Investor type	Asset Owner
Investor category	Non-corporate pension or superannuation or retirement or provident fund or plan
Headquarters	Denmark
Assets under management	US\$ 10.95 billion as of 31/12/2011
Total number of staff	84

Asset allocation (as % of total AUM)	Internally managed	Externally managed
Listed equity	-	5-25%
Fixed income (corporate)	-	5-25%
Fixed income (sovereign)	-	<5%
Fixed income (other)	26-50%	5-25%
Private equity	-	<5%
Non-listed property	<5%	<5%
Cash	<5%	-
Other	5-25%	-

Description of "other": 'Other' includes the pension funds interest rate hedge portfolio (hedging the liabilities) and the investment in its subsidiary (Lægernes Pensionsbank).



Overarching approach to responsible investment

This section describes our overall approach to responsible investment, including governance, responsible investment policy, objectives and targets, the resources we allocate to responsible investment and our approach to collaboration on responsible investment and public policy-related issues.

Responsible Investment Policy

Publicly available RI policy

All our policies are public.

Policy name	URL
Latest ESG policy (Danish version)	http://www.lpk.dk/media(2072,1030)/SRI_dk_2012.pdf...
ESG policy. Short version in English	http://www.lpk.dk/media(2073,1030)/SRI_uk_2012.pdf...
Policy for active ownership	http://www.lpk.dk/aktivt.ejerskab...
PRI Reporting and Assessment survey 2011	http://www.lpk.dk/media(1936,1030)/PRI_2011_All_re...
The holdings of listed assets	http://www.lpk.dk/Portefoeljer...
The ESG policy for each external portfolio manager	http://www.lpk.dk/Portefoeljer...

Summary of RI policy

Lægernes Pensionskasse'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 portfolios. **The guidelines for socially responsible investments:**

- 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

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 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. **Proxy Voting Policy**

Lægernes Pensjonskasse

Proxy voting is also 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.

Coverage of RI policy

Coverage of RI policy by asset category	ESG coverage in RI policy
<ul style="list-style-type: none"> ✓ Listed equity ✓ Fixed income corporate - Fixed income sovereign - Fixed income other ✓ Non listed property ✓ Private equity - Cash - Other 	<ul style="list-style-type: none"> ✓ Environment ✓ Social ✓ Governance

Governance and Human Resources

Staff members with RI responsibility in oversight or implementation		
Roles	RI Oversight	RI Implementation
Non-employee Board members	✓	-
Chief Executive Officer	✓	✓
Chief Investment Officer/Investment Committee	✓	✓
Dedicated RI/ESG manager or analyst	✓	✓

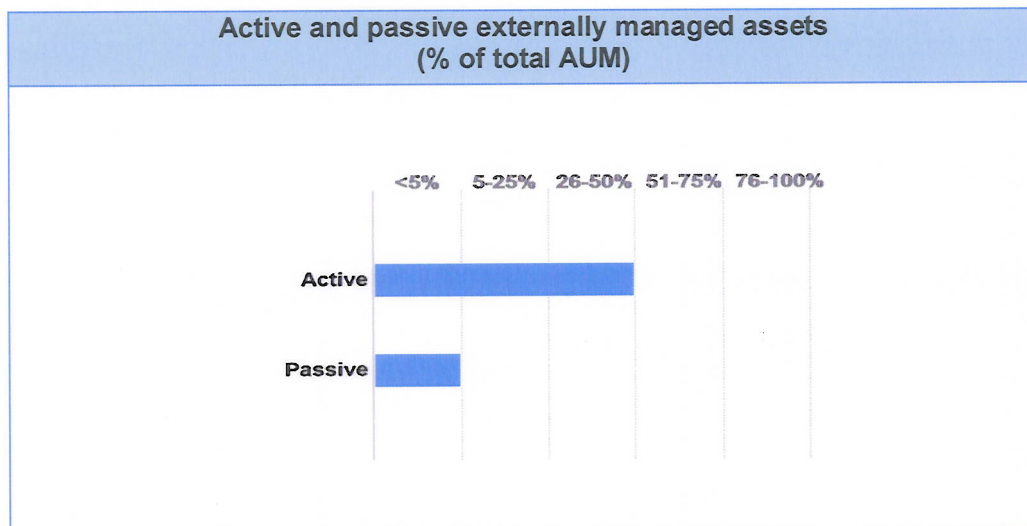
Promoting responsible investment

We promote responsible investment through		
Encouragement of partners, clients, providers and other industry players	Participation in collaborative initiatives	Engagement with public policy makers
✓	✓	-

RI implementation via external manager/s

Externally managed assets' characteristics

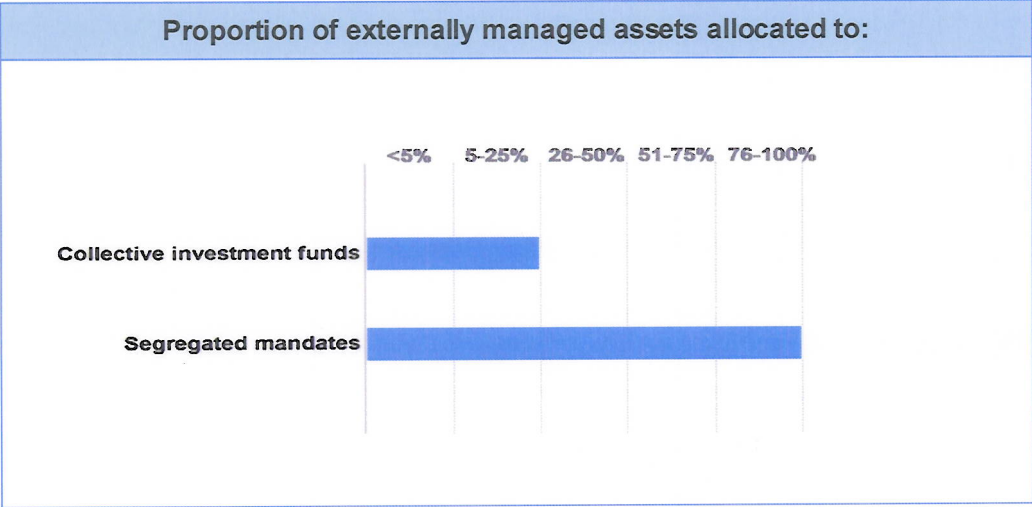
This section covers primarily the processes in place for selecting and monitoring our external manager/s. It includes details of the allocation of externally managed assets.



Quantitative strategies (% of external actively managed assets)	
Listed equity	0%
Fixed income corporate	0%
Fixed income sovereign	0%

Fixed income sovereign

No RI activities were undertaken in externally managed fixed income sovereign assets in the reporting year.

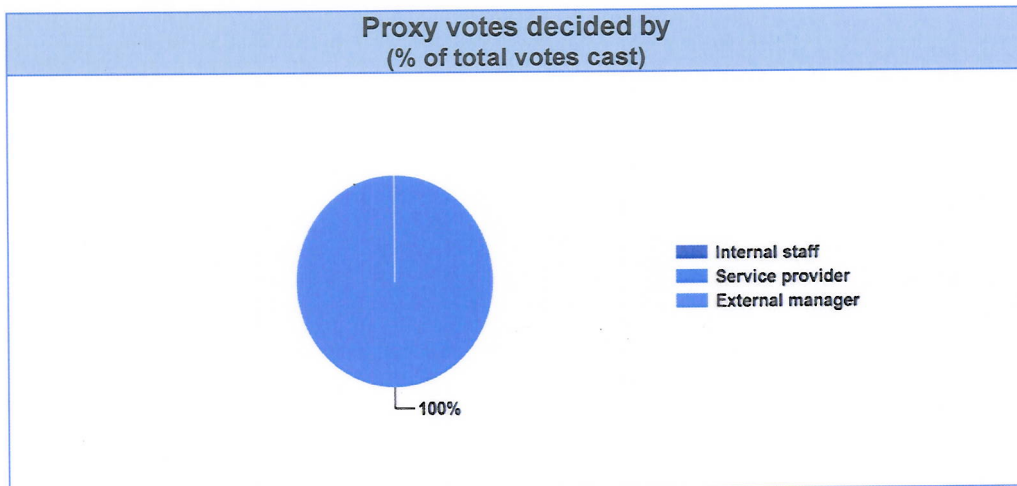
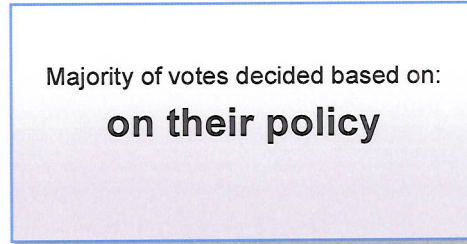
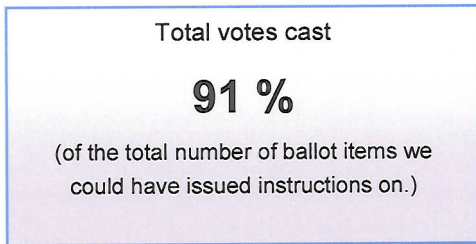


Selection and monitoring of external manager/s

Steps	ESG coverage (% of externally managed assets)	ESG Coverage by asset category	RI activities reviewed/ monitored
Selection of external managers	0 %	✓ Listed equity	✓ ESG incorporation ✓ Engagement/active ownership - Voting
		✓ Fixed income corporate	
		- Fixed income sovereign	
		- Fixed income other	
		- Non listed property	
		- Private equity	
Monitoring of external managers	26-50 %	✓ Listed equity	✓ ESG integration ✓ ESG exclusions - ESG specialist funds/mandates ✓ Engagement/active ownership ✓ Voting
		✓ Fixed income corporate	
		- Fixed income sovereign	
		- Fixed income other	
		- Non listed property	
		- Private equity	

(Proxy) Voting

This section relates to proxy voting and other formal shareholder rights for listed equity holdings. It provides details on the votes we have cast and shareholder resolutions we have filed directly, through service providers and/or through investment managers. It identifies the disclosure of voting records to the public or clients/beneficiaries.



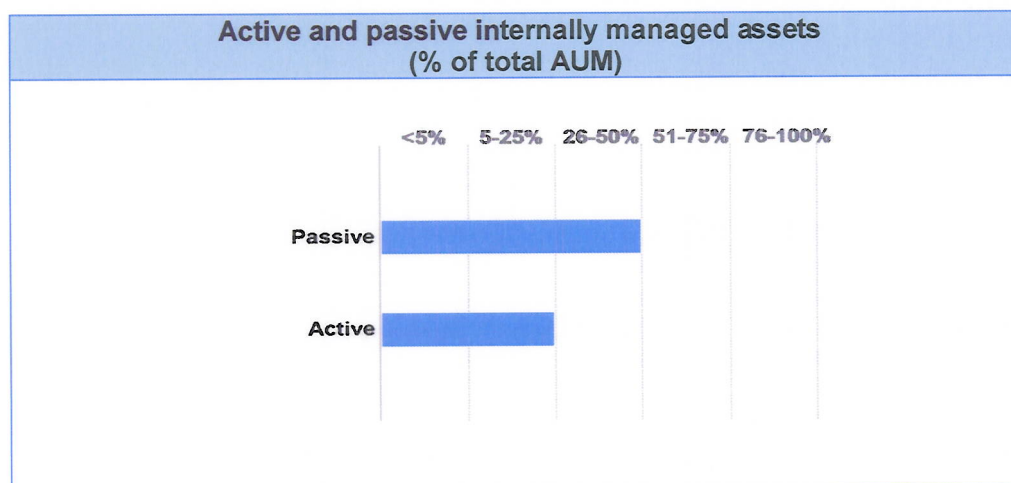
Proxy voting disclosure

Our organisation does not disclose its voting activities to the public or clients/beneficiaries, beyond the PRI Reporting Framework.

RI implementation via staff or service providers

This section describes the RI implementation of activities carried out by staff or service providers. It includes details of our asset allocation and the main RI activities per asset category.

Internally managed assets' characteristics



Listed equity

Engagements

Engagement objectives	Run by internal staff	Run by service providers
To monitor ESG activities of the company	✓	✓
To influence company behavior on ESG issues	✓	✓
To monitor and influence companies on business strategy not directly related to ESG issues	-	-

Engagement for monitoring

	Run by internal staff	Run by service providers
Engagement cases	N/A	7
Companies engaged with	N/A	N/A

Engagement for influence

	Run by internal staff	Run by service providers
Engagement cases	N/A	6
Companies engaged with	N/A	N/A

Fixed income (Corporate)

Engagements

We are not required to report on engagement activities undertaken for fixed income (corporate) during the reporting year as per PRI's minimum reporting threshold.

Property

RI Implementation

No ESG incorporation was undertaken within our investment process and/or our active ownership practices during the reporting year.

Lægernes Pensionskasse

Organisational Overview

Responsible investment report 2012

Public report

February 2013

PRi disclaimer

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Basic information

Main characteristics	
Investor type	Asset Owner
Investor category	Non-corporate pension or superannuation or retirement or provident fund or plan
Assets under management	US\$ 10.95 billion as of 31/12/2011
Total number of staff	84

Headquarters and other offices

Organisation's headquarters	Denmark
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We do not have offices in other countries.

Ownership structure of our organization

Lægernes Pensionskasse (LPK) is a member owned pensions fund.

A member of the Pension Fund is everyone for whom pension contributions have been paid or are still being paid and who is entitled to receive payments from the Pension Fund.

To be admitted as a member of the Pension Fund you must be a medical doctor or a student of medicine and hold a working position in accordance with the existing collective agreement made by the Danish Medical Association (i.e. Lægeforeningen), or you must in some other way through your working position be obliged to be a member of the Pension Fund. Self-employed doctors who are not obliged by any collective agreement or any other agreement can also be admitted.

Subsidiary organisations

Number of subsidiaries:	1
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Subsidiaries performing different functions

Our subsidiaries perform significantly different functions.

Description of activities

Lægernes Pensionsbank is a fully owned subsidiary of the Pension Fund. Lægernes

Lægernes Pensionskasse

Pensionsbank is a bank that offers banking products that are normally requested by doctors. All members of The Pension Fund (Lægernes Pensionskasse) and members of their household can become customers in the Bank.

Asset allocation

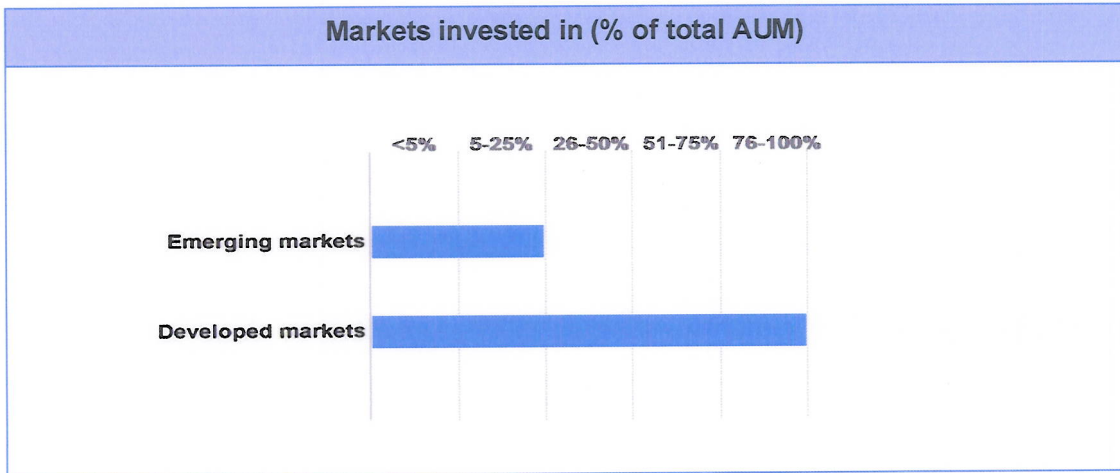
Asset allocation (as % of total AUM)	Internally managed	Externally managed
Listed equity	-	5-25%
Fixed income (corporate)	-	5-25%
Fixed income (sovereign)	-	<5%
Fixed income (other)	26-50%	5-25%
Private equity	-	<5%
Non-listed property	<5%	<5%
Cash	<5%	-
Other	5-25%	-

Description of "other": 'Other' includes the pension funds interest rate hedge portfolio (hedging the liabilities) and the investment in its subsidiary (Lægernes Pensionsbank).

Investing via quantitative strategies or fund/mandates

External active quantitative strategies (% of external actively managed assets)	
Listed equity	0%
Fixed income corporate	0%
Fixed income sovereign	0%

Breakdown of AUM by market



Lægernes Pensionskasse

Overarching approach

Responsible investment report 2012

Public report

February 2013

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Responsible investment policy

We have a responsible investment policy.

Public availability of responsible investment policies and supplementary documents

All of our RI policies and supplementary documents are publicly available.

Policy name	URL
Latest ESG policy (Danish version)	http://www.lpk.dk/media(2072,1030)/SRI_dk_2012.pdf
ESG policy. Short version in English	http://www.lpk.dk/media(2073,1030)/SRI_uk_2012.pdf
Policy for active ownership	http://www.lpk.dk/aktivt.ejerskab
PRI Reporting and Assessment survey 2011	http://www.lpk.dk/media(1936,1030)/-PRI_2011_All_responses.pdf
The holdings of listed assets	http://www.lpk.dk/Portefoljer
The ESG policy for each external portfolio manager	http://www.lpk.dk/Portefoljer

Brief summary of the key elements of our responsible investment policy, philosophy or approach

Lægernes Pensionskasse'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 portfolios.

The guidelines for socially responsible investments:

- 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.
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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.

Lægernes Pensionskasse

- 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 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.

Proxy Voting Policy

Proxy voting is also 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.

Coverage of our responsible investment policy by asset category

Assets	Coverage
Listed equity	75-100%
Fixed income corporate	50-75%
Fixed income sovereign	0%
Fixed income other	0%
Private equity	25-50%
Non-listed property	<25%
Cash	0%
Other	0%

Coverage of our responsible investment policy by markets

Markets	% of AUM covered
Developed markets	19 %
Emerging, Frontier and Other Markets	92 %

Responsible Investment Report 2012
Lægernes Pensionskasse

ESG coverage in responsible investment policy

	High level policy	Detailed guidelines
Environment	✓	✓
Social	✓	✓
Corporate governance	✓	✓

Governance and human resources

Overview

[Brief overview of our organisation's RI governance, management structures and processes](#)

Lægernes Pensionskasse's board is responsible for the SRI policy. The board approves any changes to the policy and the companies on restricted list.

The CEO and CIO are responsible for developing the SRI policy and the implementation of the policy. Furthermore there is a dedicated internal ESG resource who is responsible for the implementation of the SRI policy and the day-to-day SRI activities.

The internal organisation is supported by an external SRI consultant that provides:

- General SRI related analysis
- Screening of the equity and high yield bond portfolios in order to assess whether the Pension Fund's investments are in accordance with the Pension Fund's SRI policy.
- Assists the Pension Fund in exercising active ownership.

The Pension Funds SRI policy is implemented in the portfolio managers investment guidelines to make sure, that the policy becomes a part of the manager's investment process.

The external portfolio managers are responsible for the proxy voting.

[Description of how our organization addresses potential conflicts of interest in the investment process](#)

The portfolio managers can have an interest in not implementing the SRI policy and not using the voting right to minimize they costs. Furthermore the portfolio managers are not interested in excluding investment oppotunities in their investment universe so they have the largest scope of making an excess return.

To make sure that the portfolio managers implement the SRI policy. The SRI policy is writing explicit in the contract with the portfolio managers in the LPI investment funds (LPI is the Pension Funds own investement fund). The managers are also obliged to on a quarterly basis to report, that they are compliant in relations to the SRI policy and flag any investments where their potentially could be a SRI issue.

To supervise the use of proxy voting the portfolio managers shall at least once a year report their use of the voting rights.

On a regularly basis the equity and high yield bond portfolios are screened by the external SRI consultant. This can result in asking the manager about specific investments.

RI responsibilities

Role	RI Oversight	RI Implementation
Board members/Board of trustees	✓	—
Chief Executive officer (CEO)	✓	✓
Chief Investment Officer (CIO)/Investment committee	✓	✓
Dedicated responsible investment staff	✓	✓

Setting responsible investment objectives and strategies

We have not set goals/objectives for our organisation's responsible investment activities.

Promoting responsible investment - Collaborative initiatives

We have participated in responsible investment/ESG issue-related organisations or collaborative initiatives.

Local Authority Pension Fund Forum

Our role:

Joined association/initiative and its meetings but not actively involved in its work

Other: Lægernes Pensionskasse is a member of Dansif. Dansif is an impartial forum for players with a substantial interest in socially responsible investment (SRI).

Our role:

Joined association/initiative and its meetings but not actively involved in its work

Promoting responsible investment – Investment industry

Beyond our participation in collaborative initiatives, we have sought to promote responsible investment in the investment industry.

Description of the action we have taken

Lægernes Pensionskasse promotes the incorporation of ESG factors in the investment industry in many different ways:

We have implemented the SRI policy in all equity and high yield bond based mutual fund that the Pension Fund controls (The Pension Fund has its own mutual fund called “LPI”)

The LPI mutual funds, which are distributed to clients through our subsidiary bank, have the same ESG policy as the Pension Fund.

-We have recommended the large portfolio management clients in the subsidiary bank to become a PRI signatory.

-We discuss ESG matters with the portfolio managers, when we have meetings with them.

-When searching for new portfolio managers, we ask if they are PRI signatories and have a formulated ESG policy. This is asked in the Request for proposal and/or at meetings with them.

-We only hire portfolio managers for the LPI mutual funds, if the manager implements our ESG policy. If not it is a deal breaker.

-We ask the external portfolio managers in mutual funds where we do not have a majority stake to consider using the same principles in their ESG policy as the Pension Fund. They are also recommended to become a PRI signatory.

-We have hired an external ESG consultant

Promoting responsible investment – Public policy

Apart from collaborative initiatives, we have not engaged with public policy makers on ESG issues.

Lægernes Pensionskasse

Indirect – Selection and monitoring of External Managers

Responsible investment report 2012 Public report

February 2013

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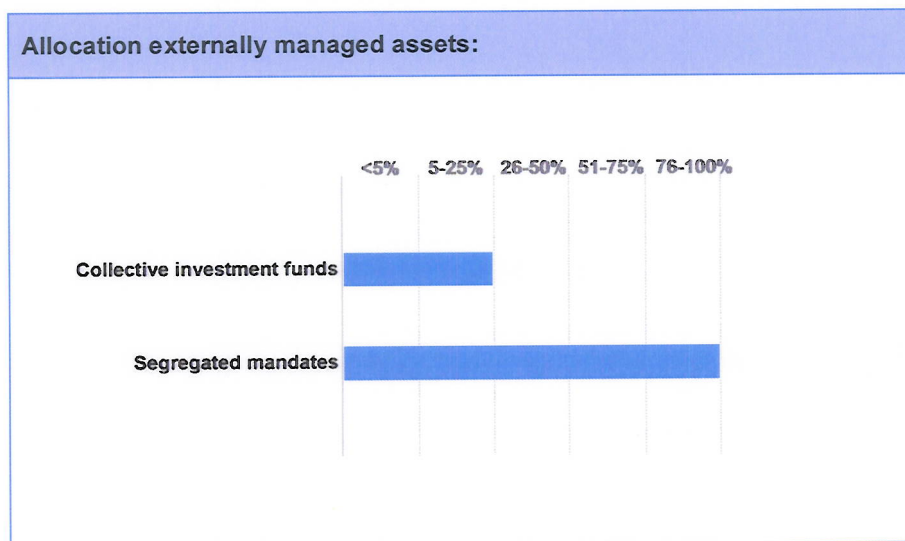
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It should be noted that signatories investing indirectly also reported on a supplement called "External Manager Implementation". Following feedback from signatories, the PRI has decided to remove this supplement and not include it in the RI Reports.

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Introduction



Our approach to manager appointment, assessment and monitoring differs between segregated and collective investment funds.

Description of the main differences

Appointing:

When concluding an agreement with a new portfolio manager for equity or high yield bond mandates in a segregated investment fund, the manager must accept and implement the Pension Funds SRI policy. If the manager can't implement the SRI policy it is a deal breaker.

When investing through a collective investment fund the Pension Fund accepts the fund managers SRI policy. The potential manager's SRI policy is a part of the due diligence of a potential manager for equity and high yield bond mandates. The managers SRI policy has a weight in the score card when choosing a new manager. Lægernes Pensjonskasse prefer managers that is a PRI signatory or has a SRI policy in place.

Assessment and monitoring:

The monitoring of the segregated investment funds in regard to SRI is more extensive than for the collective funds since the segregated investment funds use the voting rights and has to follow the Pension Fund's SRI policy.

The monitoring of the collective investment funds SRI policy takes place on an ad hoc basis through meetings with managers. At least once a year the managers are asked whether there have been any changes to the policy.

Process

Overview




Use of investment consultants in selection/monitoring of external managers

We use mainstream consultants to support us in the selection/monitoring of external managers.

We do not use specialist ESG/responsible investment consultants to support us in the selection and/or monitoring of external managers.

- **ESG competencies are not considered when appointing/reappointing investment consultants.**

We address ESG issues in following steps:

	Manager appointment/reappointment selection processes
	Contractual agreements and mandate design
	Investment manager monitoring and reporting

Lægernes Pensionskasse

We address ESG issues in following asset categories:

Asset categories	Appointment/reappointment of external managers	Monitoring external managers
Listed equity	✓	✓
Fixed income (corporate)	✓	✓
Fixed income (sovereign)	–	–
Fixed income (other)	–	–
Private equity	–	–
Non-listed property	–	–

Selection

Addressing ESG issues in manager selection and appointment processes was not applicable to us in the reporting year.

Additional comments

The pension fund has not appointed any new portfolio managers in 2011.

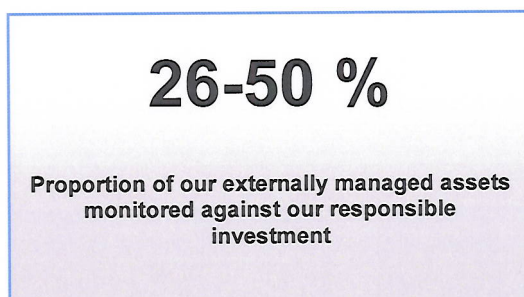
Our manager selection process includes evaluation of:

✓	Responsible investment policy (ies)
✓	The governance and management of responsible investment activities
✓	The skills, competencies and experience of the individuals charged with implementing responsible investment
✓	How ESG issues are incorporated into the investment process
✓	How engagement and active ownership processes are implemented
–	Engagement outcomes
–	Voting records
–	The collaborative and other initiatives that the organization is a signatory to
✓	Whether the organization is a signatory to the PRI
–	The organisation's responses to PRI annual reporting
–	The reporting that is provided on ESG performance and outcomes

Additional comments




The score card that is used to evaluate portfolio managers includes SRI issues.

Monitoring



Responsible Investment Report 2012
Lægernes Pensjonskasse

We monitor:

	ESG integration
	ESG exclusions
–	ESG specialist funds/mandates
	Engagement/active ownership
	Voting

Frequency of reporting

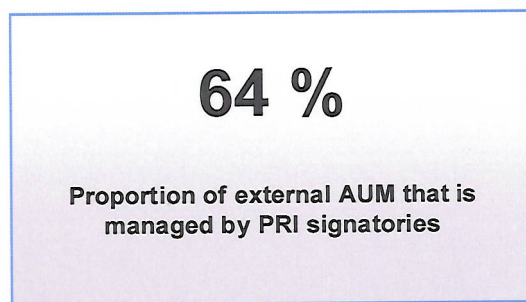
Investment managers typically report to us: Quarterly

Explanation of any variations in reporting


Each year, the portfolio managers of the segregated investment funds have to answer a questionnaire concerning the extent of their engagement with the companies. In addition, they must report their use of the voting rights.

On a quarterly basis the portfolio managers must report to the Pensions Fund that the portfolio is not in line with the SRI policy and highlight any investments where there may be any concerns regarding the SRI policy.

External AUM managed by PRI signatories



For these signatories, we reviewed:

–	Their annual PRI-generated responsible investment reports
–	Their annual PRI assessment reports
	None of the above

Communicating our ESG process

Informing clients/beneficiaries on ESG factors in manager (re)appointment process

We proactively inform clients/beneficiaries on how we include ESG factors in our investment manager appointment process

URL 1

<http://www.lpk.dk/Portefoljer>

Description of the information we provide

On the provided website it is possible to see the guidelines for the socially responsible investment for each portfolio managers of the listed assets.

Informing client/beneficiaries on RI activities carried out by manager on our behalf

We do not proactively inform clients/beneficiaries on responsible investment activities carried out on our behalf.

Lægernes Pensionskasse

(Proxy) Voting and Shareholder Resolutions

Responsible investment report 2012

Public report

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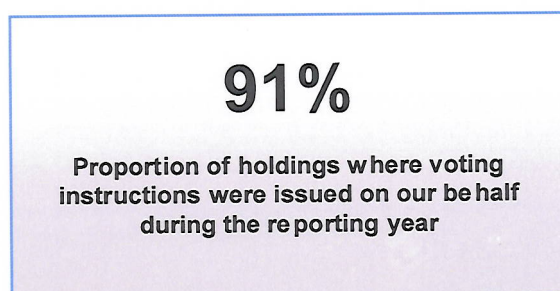
Introduction

Overview of our approach to voting including filing and/or co-filing shareholder resolutions

Proxy voting is an important part in managing the equity portfolio to accomplish 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.

The external portfolio managers normally use the voting rights on behalf of Lægernes Pensionskasse. Most of the external portfolio managers have a formalized policy in the area and a committee who make the final decisions regarding voting.

The Pension Fund normally 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.



(% calculated on the basis of the total number of ballot items we could have issued instructions on)

Process

Voting decisions and policy

Votes decided by: **Our external investment manager(s)**

% of total votes cast:	100%
Policy based on:	External manger's policy

Explanation of differences in implementation

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.

Outputs and outcomes

Tracking of votes cast

For management recommendations	Abstention	Against management recommendations
93%	0%	7%

(as a % of the total number of ballot items we could have issued instructions on.)

Disclosure of voting activities

Beyond the PRI reporting and assessment, we do not disclose our voting activities.

Explanation of why we don't disclose our voting activities

The voting activity is reported to the Pension Funds board.

Lægernes Pensionskasse

Direct – Listed Equity

Responsible investment report 2012

Public report

February 2013

PRI disclaimer

The contents of this report are being piloted this year for signatories and stakeholders to provide feedback. The reports will be updated for the 2013/2014 reporting cycle to reflect the comments we receive on design, structure and usability.

Moreover, due to the pilot nature of the 2012 Reporting Framework, certain indicators are undergoing further changes. These changes will also be reflected in the reports for the next reporting cycle.

This document is based on information reported by signatories and responses have not been independently audited by the PRI Secretariat, PRI working groups, or any other third party. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Engagements

Overview

Objectives	Direct	Service provider(s)
To monitor ESG activities of the company	✓	✓
To influence company behaviour on ESG issues	✓	✓
To monitor and influence companies on business strategy not directly related to ESG issues	-	-

Engagements for monitoring

Organisational approach

Active ownership is an important part of the Pension Fund's SRI policy. Instead of just selling the stocks 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 and add it to the "Restricted list" is an action of last resort.

The Pension Fund uses an external SRI consultant to assist the fund in exercising active ownership. The SRI consult is playing the main role in the implementing the direct engagement with the companies the Pension Fund has invested in.

The engagement approaches is a combination of:

- co-signing letters about ESG matters to companies we have invested in with together with other large institutional investors.
- meetings with persons in the companies with power to address the issues.

Tracking engagement for monitoring activities

Our service provider tracks its engagement activities.

Engagement numbers – For monitoring

Engagements for Monitoring		
	Internally run	Service providers
Engagement cases	N/A	7
Companies engaged with	N/A	N/A

Engagements for influence

Organisational approach

Active ownership is an important part of the Pension Fund's SRI policy. Instead of just selling the stocks 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 and add it to the "Restricted list" is an action of last resort.

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- co-signing letters about ESG matters to companies we have invested with large institutional investors.
- meetings with persons in the companies with power to address the issues.

Tracking engagement for influence activities

Our service provider tracks its engagement activities.

Engagement numbers – For influence

Engagements for Influence		
	Internally run	Service providers
Engagement cases	N/A	6
Companies engaged with	N/A	N/A

Process for engagements for influence run internally

We have a formal process for identifying and prioritising our ESG engagements for influence.

Description of process for identifying and prioritising our ESG engagement for influence

The Pension Funds external SRI consultant has the primary responsibility for identifying the companies where there are any ESG issues. Secondly, the external portfolio manager have agreed to notify the Pension Fund if there is any doubt whether the companies they have invested in does not live up to the Pension Fund's SRI policy.

The Pension Fund is responsible of prioritizing and selecting which companies to engage with. The prioritizing follows the Pension Fund's SRI policy. The SRI policy is based on Denmark's official policy regarding specific countries and companies and treaties or sanctions of the Danish authorities as well as those adopted by international organizations (which are endorsed by Denmark). In the areas of human rights, labour standards, the environment and anti-corruption the policy follows UN's Global Compact principles.

The external SRI consultant is responsible for implementing the engagement and taking the direct dialog with the companies and reporting the development in the engagement to the Pension Fund.

[Monitoring and evaluating the progress of our ESG engagements for influence](#)

When initiating ESG engagements for influence – goals are defined systematically across ESG engagements.

A process to monitor whether companies have made desired changes following our engagement is set on a systematic basis.

Description of how we monitor and evaluate the progress of our engagements for influence

The Pension Funds external SRI consultant reports on a regularly basis to the Pension Fund with the latest pooled engagements, the results of the dialog/engagement and the next steps in regards to the engagement.

Process for engagements for influence run by service providers

We select and monitor some of the ESG engagements that our service provider runs on our behalf.

Our role to support and oversee our service provider

The Pension Fund monitors the ESG engagements that our SRI consultant runs. The Pension Fund receives reports on a regularly basis from the external SRI consultant with the latest pooled engagements, the results of the dialog/engagement and the next steps in regards to the engagement. The Pension Fund's main focus is on the companies where it has invested.

Information supplied by our engagement service provider to us:	
✓	Details of the engagement approaches being adopted
✓	Details of the subject (or ESG issue(s)) of engagement
✓	Details of the objectives of the engagement
✓	An assessment of the current status of the engagement
✓	Outcomes that have been achieved from the engagement
✓	Next steps for engagement activity

Communication and reporting

Beyond the PRI Reporting and Assessment, our organisation does not provide information on its ESG engagement for influence-related activities.