



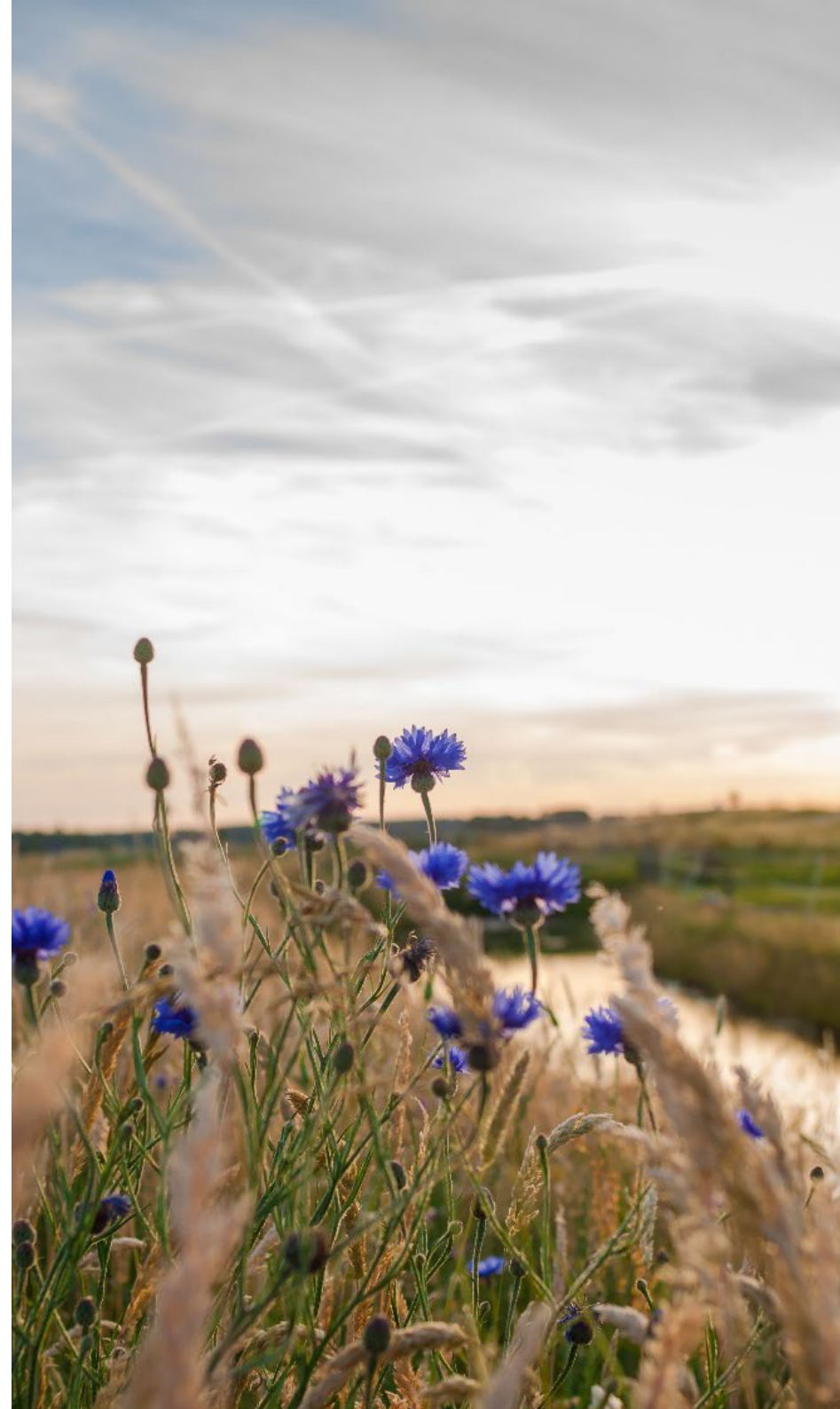
# STATEMENT ON PRINCIPAL ADVERSE IMPACT

Financial market participant: Fondsmæglerselskabet Maj Invest A/S

Legal entity identifier: 549300M1VQ0K5Z838B91

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## SUMMARY

This statement on the principal adverse impacts of investment decisions on sustainability factors pertains to Fondsmæglerselskabet Maj Invest A/S (LEI: 549300M1VQ0K5Z838B91) ("Maj Invest") and covers the reference period from 1 January 2023 to 31 December 2023.

Maj Invest considers the principal adverse impacts of its investment decisions on sustainability factors for all its listed strategies. These adverse impacts are addressed based on an assessment of their materiality and relevance to the specific strategy and are measured using both mandatory and additional indicators, as outlined in the Delegated Act (EU) 2022/1288 under the Sustainable Finance Disclosure Regulation 2019/2088 (EU).

Maj Invest does not consider the adverse impacts of its investment decisions on sustainability factors in relation to the investment advisory services provided to Maj Invest Equity A/S ("Maj Invest Equity"). Due to the maturity and nature of investments in private equity funds, it is not feasible to provide data on principal adverse impact indicators, and the availability of such data is currently limited. Nonetheless, Maj Invest Equity

assesses and monitors the sustainability of its investments in accordance with Maj Invest Equity's Sustainability Risk Policy.

The principal adverse impact indicators pertain to investments in investee companies, sovereigns bonds, supranational bonds, and real estate assets. However, due to data limitations, information on indicators related to sovereigns and supranationals is not disclosed. Additionally, since Maj Invest does not invest in real estate, the indicators for real estate are not relevant for this statement. We are continuously working to enhance and expand our data capabilities and will include this information when it becomes available.

The consideration of principal adverse impacts is integrated through various tools. Our current approach includes: (i) positive screening, (ii) negative screening, and (iii) active ownership. The prioritization of adverse impacts has been guided by our overarching ESG House View. Further information is available in the description of principal adverse impacts on sustainability factors and in the "action taken" column of the principal adverse impact statement.

# OVERVIEW

<b>Climate and other environmental-related indicators</b>			
<b>Adverse Sustainability Indicator</b>		<b>Table</b>	<b>Number</b>
Greenhouse gas emissions	GHG emissions	1	1
	Carbon footprint	1	2
	GHG intensity of investee companies	1	3
	Share of non-renewable energy consumption and production	1	4
	Exposure to companies active in the fossil fuel sector	1	5
	Energy consumption intensity per high impact climate sector	1	6
	Investments in companies without carbon emission reduction initiatives	2	4
Biodiversity	Activities negatively affecting biodiversity areas	1	7
Water	Emissions to water	1	8
Waste	Hazardous waste and radioactive waste ratio	1	9
<b>Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters</b>			
Social and employee matters	Violation on UNGC principles and OECD guidelines for multinational enterprises	1	10
	Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	1	11
	Unadjusted gender pay gap	1	12
	Board gender diversity	1	13
	Exposure to controversial weapons	1	14
Human	Lack of human rights policy	3	9

# DESCRIPTION OF PRINCIPAL ADVERSE IMPACTS ON SUSTAINABILITY FACTORS

Principal adverse impact refers to the negative effects that Maj Invest's investment decisions may have on sustainability factors, as defined by the principal adverse impact indicators in Regulation (EU) 2019/2088. These indicators include 18 mandatory and 46 voluntary metrics.

Maj Invest aims to ensure that principal adverse impacts are managed in alignment with our clients' expectations. We assess the materiality and relevance of potential impacts, as measured by the principal adverse impact indicators, in a manner specific to each strategy. When assessing the impacts we apply different approaches including positive screening, negative screening and active ownership. Information on Maj Invest's principal adverse impacts on sustainability factors, in accordance with Article 4 of the SFDR regulation, is provided in this statement. The report includes 14 mandatory principal adverse impact indicators ("PAI indicators") related to investments in investee companies, as well as two additional PAI indicators selected by Maj Invest:

- Investments in companies without carbon emission reduction initiatives (Indicator 2.4)
- Lack of a human rights policy (Indicator 3.9)

PAI indicators related to sovereigns and supranational are not included due to data limitations. Additionally, since Maj Invest does not invest in real estate assets, no actions or targets have been set for PAI indicators 17–18.



Tabel 1: Indicators applicable to investments in investee companies

Adverse Sustainability Indicator	Metric	Impact [2023]	Impact [2022]	Explanation	Actions taken, and actions planned, and targets set for the next reference period		
<b>CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS</b>							
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	209.142 (Coverage 85%)	N/A	<p><b>Calculation:</b> GHG emissions are calculated as the Scope 1, 2, and, if available, Scope 3 emissions of investee companies in tons of CO2 equivalent. Emissions are calculated based on the size of our investment relative to the company's Enterprise Value Including Cash (EVIC) and summed across the portfolio.</p> <p><b>Data coverage and quality:</b> We use data from Clarity AI, including company-reported figures and estimated data. Scope 3 emissions are often estimated due to limited reporting, making them less reliable and more variable than Scope 1 and 2 emissions.</p>	<p><b>Positive screening:</b> At Maj Invest, we prioritize climate action through several initiatives. We collaborate with third-party data providers to monitor the climate and environment-related performance of all our portfolios this also includes monitoring climate-related risks. Through our climate and environment-focused thematic strategies, we actively support climate and environmental initiatives. We ensure that at least 80% of portfolio companies actively contribute to these efforts. This is assessed through metrics such as significant positive revenue alignment with the Sustainable Development Goals (SDGs), the adoption of Science-Based Targets (SBTi), or capital expenditures (CAPEX) aligned with the EU Taxonomy.</p>	
		Scope 2 GHG emissions	92.566 (Coverage 86%)	N/A			
		Scope 3 GHG emissions	3.172.726 (Coverage 85%)	N/A			
		Total GHG emissions	3.497.183 (Coverage 85%)	N/A			
	2. Carbon footprint	Carbon footprint	372 (Coverage 85%)	N/A	<p><b>Calculation:</b> The carbon footprint is calculated by summing all GHG emissions (Scope 1, 2, and 3) from investee companies and dividing the total by the portfolio value. This gives emissions in CO2 equivalent per million EUR invested.</p> <p><b>Data coverage and quality:</b> We rely on Clarity AI for data, which includes both reported company figures and modelled estimates.</p>		<p><b>Negative screening</b> Maj Invest excludes companies that violate UN Global Compact (UNGC) principles and fail to show progress despite engagement efforts. This also extends to companies with harmful environmental practices. Our climate and environment-focused thematic strategies adhere to the Paris-Aligned Benchmark exclusions, excluding activities with considerable negative environmental impacts, such as fossil fuels, to ensure consistency with sustainability objectives of the strategies.</p>
	3. GHG intensity of investee companies	GHG intensity of investee companies	470 (Coverage 85%)	N/A	<p><b>Calculation:</b> GHG Intensity is calculated as the GHG emissions (Scope 1, 2, and 3) of investee companies, measured in tons of CO2 equivalent per million EUR of revenue.</p>		

					<p>Each company's intensity is weighted by the size of our investment relative to the total portfolio, and these weighted values are summed to give the portfolio's overall GHG intensity.</p> <p><b>Data coverage and quality:</b> We rely on Clarity AI for data, which includes both reported company figures and modelled estimates.</p>	<p><b>Active ownership</b> When breaches or risks of breaches with international norms are identified, Maj Invest actively engages in collaborative efforts for resolution. This includes addressing any climate and environmental issues that may be identified.</p> <p>In 2023, we also actively voted on key issues, including restrictions on fossil fuel financing and greater transparency around the disclosure of fossil fuel financing.</p>
4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	8,5% (Coverage 86%)	N/A	<p><b>Calculation:</b> The proportion of investments in companies involved in the fossil fuel sector is determined by calculating the percentage of such companies relative to the total portfolio of managed investments.</p> <p><b>Data coverage and quality:</b> The data reflects companies' operational and business activities and does not rely on estimates.</p>		
5. Share of non-renewable energy consumption	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources expressed as a percentage of total energy sources	57% (Coverage 79%)	N/A	<p><b>Calculation:</b> The impacts are calculated by summing the non-renewable energy consumption and production percentages of investee companies, weighted by the size of each investment in the total portfolio. Non-renewable energy is measured as a share of total energy sources.</p> <p><b>Data coverage and quality:</b> We rely on Clarity AI for data, which includes both reported company figures and modelled estimates.</p>		
5. Share of non-renewable energy production		0,11% (Coverage 84,8%)	N/A			
6. Energy consumption intensity per high-impact climate sector	Energy consumption in GWh per million EUR revenue of investee companies, per high-impact climate sector	0,25% (Coverage 86%)	N/A	<p><b>Calculation:</b> Calculated by assessing the energy consumption intensity of investee companies in high-impact climate sectors. For each company, energy consumption (in GWh) is divided by revenue (in million EUR) to determine energy intensity. These values are then weighted by the size of each investment in the portfolio and aggregated to provide the overall energy consumption intensity for the portfolio.</p>		

					<p><b>Data coverage and quality:</b> The data relies on information reported by companies. There is limited availability of company-reported figures for this metric. No further estimates have been made in case of no data availability.</p>	
Biodiversity	7. Activities negatively affecting biodiversity sensitive areas	Share of investments in investee companies with sites/operations located in or near biodiversity sensitive areas where activities of those investee companies negatively affect those areas	3% (Coverage 86%)	N/A	<p><b>Calculation:</b> Proportion of the portfolio exposed to companies whose activities have potential adverse impacts on biodiversity-sensitive areas.</p> <p><b>Data coverage and quality:</b> We rely on data from Clarity AI, which identifies companies associated with negative impacts on biodiversity-sensitive areas. These assessments are based on company disclosures or evaluations conducted by Clarity AI using relevant environmental criteria.</p>	<p><b>Positive screening</b></p> <p>Through our third-party data provider, we evaluate and monitor companies' performance on environmental issues. This includes assessing how effectively they manage risks that are material to their business. Our evaluation covers areas such as land use and biodiversity, water usage, and emissions, effluents, and waste. We aim to identify and prioritize companies that excel in managing these environmental risks. Through some of our thematic strategies, for example Planet and People, we seek to promote positive environmental outcomes by investing in companies who actively work to reduce their ecological footprint and contribute to sustainable solutions. Companies in these strategies must have a revenue contribution of 20% or more to selected SDGs, including SDG 6, 13, and 14.</p>
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as the weighted average	0 (Coverage 23%)	N/A	<p><b>Calculation:</b> Calculated as the total water emissions (in tonnes) from all managed investments and divided by the total investment amount in million EUR.</p> <p><b>Data coverage and quality:</b> The data relies on information disclosed by companies. However, due to limited disclosure overall data availability and coverage remains low.</p>	<p><b>Active ownership</b></p> <p>Maj Invest actively engages with companies with high risks or controversies related to biodiversity, waste, and water management are identified. Engagement efforts are conducted through our third-party data provider, directly with the companies, or in collaboration with other investors. Maj Invests voting guidelines generally support shareholder-sponsored resolutions on social, workforce, and environmental issues to promote responsible corporate behaviour and enhance long-term shareholder value. This includes endorsing disclosure requests for non-proprietary company-specific</p>
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as the weighted average	18 (Coverage 86%)	N/A	<p><b>Calculation:</b> Calculated by aggregating all hazardous and radioactive waste (in tonnes) from managed investments and dividing it by the total investments in million EUR.</p> <p><b>Data coverage and quality:</b> The data relies on companies reported hazardous waste figures, based on their own definitions. data is limited by low levels of company disclosure, resulting in incomplete coverage.</p>	



information, especially when shareholder concerns on social, workplace, and environmental matters remain unaddressed.

INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS

Social and employee matters	10. Violations of UN Global Compact principles and organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD guidelines for multinational enterprises	6% (Coverage 86%)	N/A	<p><b>Calculation:</b> Calculated as the proportion of investments in companies associated with breaches of UN Global Compact principles or OECD Guidelines for Multinational Enterprises.</p> <p><b>Data coverage and quality:</b> Impacts are based on Clarity Ai's research and data identifying companies connected to or implicated in violations of the minimum social safeguards outlined in the UN Global Compact principles and OECD Guidelines.</p>	<p><b>Negative screening</b> At Maj Invest, we work with third-party data providers to monitor social factors across our portfolios. Key areas include labour and human rights. We also assess social risks, such as labour and human rights violations, ensuring that companies in our portfolios comply with international standards like the UNGC. For specific strategies we exclude companies with breaches on UNGC and OECD guidelines who have not shown a willingness to change behaviour.</p>
	11. Lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD guidelines for multinational enterprise	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0% (Coverage 86%)	N/A	<p><b>Calculation:</b> The impacts are measured as the proportion of investments in companies without established processes or compliance systems to ensure adherence to the UN Global Compact principles and OECD Guidelines for Multinational Enterprises, relative to the total investments.</p> <p><b>Data coverage and quality:</b> The reported data reflects companies that do not have policies or mechanisms in place, such as grievance or complaint handling systems, to ensure compliance with UN Global Compact principles or OECD Guidelines for Multinational Enterprises. Interpretations of what is an adequate policy is object to subjectivity.</p>	<p><b>Active ownership</b> In cases where companies are at risk of severe and/or systematic violations of international norms, such as UNGC and OECD guidelines, we initiate dialogue and engagement directly or through a third-party.</p>
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	14% (Coverage 42%)	N/A	<p><b>Calculation:</b> Calculated as a percentage difference in average gross earnings between male and female employees for investee companies. The pay gap for each investee company is weighted by the size of the investment in the portfolio, and the</p>	<p><b>Positive screening</b> Leveraging third-party data, we evaluate companies' exposure to risks related to human capital, including labour relations. We prioritize companies that demonstrate strong performance in managing these risks, by</p>

					weighted values are aggregated to provide a portfolio-wide average.  <b>Data coverage and quality:</b> Due to the small number of companies disclosing this information, the data availability is limited.	assessing the robustness of their gender pay equity programs and other initiatives that promote fair and inclusive workplaces.  <b>Active ownership</b> Our voting guidelines typically support proposals that promote improved transparency and disclosure of corporate governance practices, including those aimed at achieving greater gender diversity at the board level.
	13. Board gender diversity	The average ratio of female to male board members in investee companies expressed as a percentage of all board members	34% (Coverage 86%)	N/A	<b>Calculation:</b> The average percentage of female board members in investee companies, weighted by the size of each investment relative to the total portfolio.  <b>Data coverage and quality:</b> Data relies on companies own reported data.	
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0% (Coverage 86%)	N/A	<b>Calculation:</b> Calculated by the total value of investments in companies involved in the manufacture or sale of controversial weapons divided by the total portfolio value and expressed as a percentage.  <b>Data coverage and quality:</b> Data is based on companies' business activities reported through own reports, or information retrieved from other public sources.	<b>Negative screening</b> Controversial weapons are excluded, which currently includes companies involved in landmines, cluster bombs, chemical weapons, and biological weapons. Regarding nuclear weapons, there is a restriction in place that allows investment only in companies located in countries that have signed the Non-Proliferation Treaty (NPT).
<b>INDICATORS APPLICABLE TO INVESTMENTS IN SOVEREIGNS AND SUPRANATIONALS</b>						
<b>Adverse Sustainability Indicator</b>		<b>Metric</b>	<b>Impact [2023]</b>	<b>Impact [2022]</b>	<b>Explanation</b>	<b>Actions taken, and actions planned, and targets set for the next reference period</b>
Environment	15. GHG intensity	GHG intensity of investee countries	N/A	N/A	N/A	N/A
Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and	N/A	N/A	N/A	N/A

		conventions, United Nations principles and, where applicable, national law				
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INDICATORS APPLICABLE TO INVESTMENTS IN REAL ESTATE ASSETS

Adverse Sustainability Indicator		Metric	Impact [2023]	Impact [2022]	Explanation	Actions taken, and actions planned, and targets set for the next reference period
Fossil Fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	N/A	N/A		N/A
Energy efficiency	18. Exposure to energy inefficient real estate assets	Share of investments in energy-inefficient real estate assets	N/A	N/A		N/A

Other Indicators for principle adverse impacts on sustainability factors

Adverse Sustainability Indicator		Metric	Impact [2023]	Impact [2022]	Explanation	Actions taken, and actions planned, and targets set for the next reference period
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Table 2: Additional indicators for Climate

Emissions	4. Investments in companies without carbon reductions initiatives aimed at aligning with the Paris agreement	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	41% (Coverage 86%)	N/A	<p><b>Calculation:</b> Calculated as the share of investments in companies that lack carbon reduction initiatives aligned with the Paris Agreement. This is determined by dividing the total value of such investments by the overall portfolio.</p> <p><b>Data coverage and quality:</b> Data relies on companies own reported data. Interpretations of what constitutes an adequate initiative is subject to variability and judgment.</p>	See comments provided in Tabel 1:Climate and other environment-related indicators, "Actions taken (...)" 1-6
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### Other Indicators for principle adverse impacts on sustainability factors

Adverse Sustainability Indicator	Metric	Impact [2023]	Impact [2022]	Explanation	Actions taken, and actions planned, and targets set for the next reference period
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**Table 3: Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters**

Human Rights	9. Lack of a human rights policy	Share of investments in entities without a human rights policy	3% (Coverage 86%)	N/A	<p><b>Calculation:</b> Calculated as the share of investments in companies without a publicly disclosed human rights policy. This is determined by dividing the total value of such investments by the overall portfolio value and expressing it as a percentage.</p> <p><b>Data coverage and quality:</b> Data relies on companies own reported data. Interpretations of what is an adequate policy is object to subjectivity.</p>	See comments provided in Tabel 1: Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters" Actions taken (...)” 10-11
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# DESCRIPTION OF POLICIES TO IDENTIFY AND PRIORITISE PRINCIPAL ADVERSE IMPACTS OF INVESTMENT DECISIONS ON SUSTAINABILITY FACTORS

The Sustainability Risk Policy outlines our commitment to identifying and prioritizing principal adverse sustainability impacts and indicators, as detailed in Appendix 1. The policy also provides information on Maj Invest's sustainability efforts, which are available on our website, [majinvest.com](https://majinvest.com). Maj Invest's Policy on Sustainability Risks is reviewed and approved annually by the Board of Directors.

The selection of additional adverse impact indicators has been based on an assessment of their relevance, considering the likelihood and severity of these impacts, including their potential irreversibility. The assessment has prioritized indicators that we determine as most significant in relation to the exposure of investments and the quality of available data.

All Maj Invest strategies undergo norms-based screening, as well as exclusions, to ensure that all principal adverse impact indicators leading to negative impacts are properly addressed. The selection of additional PAI indicators (Indicators 2.4 and 3.9) is aligned with Maj Invest's ESG House View, emphasizing our commitment to both climate action and societal well-being. This approach supports our range of climate and transition-focused funds while ensuring our portfolios contribute positively and avoid causing harm to society.

Active ownership plays a key role in mitigating principal adverse sustainability impacts, and Maj Invest integrates this approach through

engagement, voting rights, and exclusion, which is outlined in Maj Invest Responsible Investment Policy, Voting Policy and Sustainability Risk Policy.

When an investee company's activities have significant negative sustainability impacts, Maj Invest initiates direct engagement or works through external providers like Sustainalytics. The engagement focuses on material issues specific to each company and may vary across sectors. For all Maj Invest strategies, Sustainalytics leads engagement efforts, particularly addressing PAI Table 1, Indicators 10 and 11, which cover violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises, as well as the lack of processes and compliance mechanisms to monitor adherence to these standards. In cases where a company fails to take meaningful action despite engagement efforts, and its negative sustainability impacts, Maj Invest may decide to add the company to its exclusion list, which applies to all Maj Invest funds.

Maj Invest also uses its voting rights to promote responsible practices, focusing on PAI Table 1, Indicators 1–3 related to CO<sub>2</sub> emissions and Indicator 13 on diversity. Through its socially responsible voting policy, Maj Invest supports greater transparency in climate reporting and increased board-level diversity.

If significant negative impacts on sustainability factors persist for more than one reporting period, Maj Invest will review its active ownership

policies and adjust them as needed to strengthen its responsible investment approach. This may include increasing focus on areas with the most severe sustainability impacts.

This includes reviewing and revising the engagement strategy to ensure more targeted and effective dialogues with investee companies, enhancing voting policies by introducing stricter guidelines for ESG-related resolutions, and expanding exclusion criteria for companies with persistent negative sustainability impacts. Monitoring processes will be enhanced by integrating new sustainability data sources and methodologies for better tracking of PAI progress. In addition, Maj Invest will explore collaborative initiatives with other investors to increase collective pressure on underperforming companies.

While we strive for the highest level of accuracy in our assessments, we recognize that there are inherent limitations in the data we use. These limitations may arise from incomplete or inconsistent reporting by investee companies or variations in methodologies employed by data providers. Due to incomplete data, Maj Invest does not report principle adverse impacts of investments in sovereigns and supranational. To address these challenges, we acknowledge the potential margin of error.

## ENGAGEMENT POLICIES

Maj Invest have adopted an Engagement and Proxy voting Policy under Art. 3g of Directive (EU) 2017/828. Maj Invest have a separate Voting Policy and our engagement approach is specified in our Responsible Investment Policy. These policies are applicable to all our funds.

We consider principle adverse impacts throughout our engagement approach. This takes shape through two distinct approaches: for relevant funds, we combine direct engagement with collaborative engagement facilitated through partnerships with a third-party data provider. For other funds, we engage exclusively through collaborative engagement, leveraging the collective influence of investor networks to address sustainability issues across all PAIs effectively.

Our direct engagement approach focuses on addressing topics that pose risks to investors while also accounting for negative impacts. This includes considering all mandatory and selected PAI indicators. We aim to deepen their understanding of the company's actions while simultaneously working towards driving positive change within the company. Our engagement activities are aimed at addressing principal adverse impacts on sustainability factors. This may involve actions such as encouraging companies to reduce CO2 emissions (PAIs 1.1–1.6 and 2.4) or implement corrective measures in response to human rights concerns (PAI 3.9), including addressing insufficient gender diversity at the board level (PAI 1.13) or exposure to violations of social and labour standards. Our engagement policies ensure principal adverse impacts are continuously

assessed and prioritized in engagements with companies to mitigate significant adverse impacts.

In addition to this, we leverage the collective influence of other investors by engaging collaboratively through a third-party data provider. This approach allows us to participate in a proven process facilitated by highly qualified specialists who possess extensive knowledge in incident-driven services. Together with other investors, we engage with companies that exhibit severe or systematic violations of the Global Compact (PAI 1.10 and 1.11). Our aim is to encourage these companies to address and resolve the incidents in a manner that improves their future ESG performance and risk management, thereby avoiding similar controversies in the future. Our engagement policies may be reassessed in situations where reductions in the most significant adverse impacts are not evident, with a focus on identifying potential areas for improvement in the engagement approach.

We exercise our voting rights according to individual agreements with our clients, guided by our voting policy. When carrying out voting Maj Invest have engages a third-party data provider to assist with the casting and recommendation of voting, however retaining the ultimate right to make voting decision. The voting guidelines focus on sound corporate governance, responsible corporate practices, and maximizing long-term shareholder value and address various topics, including director elections, executive compensation, audits, mergers and acquisitions, and corporate citizenship issues like climate risk, job security, and workplace safety

## REFERENCES TO INTERNATIONAL STANDARDS

Maj Invest adheres to internationally recognized standards for responsible business conduct, due diligence, and reporting. We evaluate principal adverse impacts through indicators aligned with key international standards, including the UN Global Compact (UNGC) and the Science-Based Target Initiative (SBTi). The UNGC, relevant to Table 1 PAI 10 and 11, provides principles related to human rights, labor rights, environmental protection, and anti-corruption, while the SBTi, relevant to Table 1 PAI 1-6 and Table 2 PAI 4 provide a framework for assessing companies' alignment with greenhouse gas (GHG) reduction targets in accordance with the latest climate science and the goals of the Paris Agreement.

### **UN Global Compact**

*(Table 1 PAI 10 & 11)*

The UNGC is a voluntary initiative launched by the United Nations to encourage businesses and organizations to adopt sustainable and socially responsible policies and practices. It provides a framework for companies to align their operations and strategies with ten universally accepted principles in the areas of human rights, labor rights, environmental protection, and anti-corruption.

Maj Invest utilizes data from Sustainalytics and Clarity AI to evaluate adherence to the UNGC principles and progress toward science-based

targets. Their methodologies include quantitative and qualitative analyses of companies' policies, practices, and performance. This approach ensures that the most significant adverse impacts are identified, considering the scope and scale of potential violations or misalignments. Our internal ESG tool also enables portfolio managers to assess ESG risks, allowing them to anticipate potential adverse impacts, such as human rights violations or significant GHG emissions.

### **Science-Based Target initiative**

*(Table 1 PAI 1-6, Table 2 PAI 4)*

The Science Based Targets initiative (SBTi) is a collaborative effort between CDP, the UNGC, the World Resources Institute (WRI), and the World Wildlife Fund (WWF). SBTi provides a framework and guidance for companies to set science-based targets to reduce GHG emissions in line with the latest climate science and the goals of the Paris Agreement.

Maj Invest does not currently utilize external climate scenarios due to the limited availability of standardized, sector-specific scenarios that are directly applicable to our investment universe. Instead, our approach focuses on integrating sustainability data from reliable sources, such as Sustainalytics and Clarity AI, to assess and manage climate-related risks and opportunities across our portfolios.



## CHANGE LOG

DATE	VERSION NUMBER	CHANGES/COMMENTS
June 30 <sup>th</sup> 2022	1.0	Principle Adverse Impact Statement published
October 23 <sup>rd</sup> 2024	2.0	Inclusion of missing data points in Principle Adverse Impact Statement
December 5 <sup>th</sup> 2024	3.0	<p>Description of policies to identify and prioritise principal adverse impacts of investment decisions on sustainability factors, amended to include more nuanced descriptions.</p> <p>Further nuanced descriptions on methods for identification of principle adverse impacts.</p> <p>Further nuanced description of data sources, data quality and error margins.</p> <p>Further nuanced description on engagement policies and how these are amended.</p> <p>Further nuanced description on methods and data sources used to adhere to international standards and how these might predict principle adverse impacts.</p> <p>Further description of stand on climate scenarios.</p>
March 12 <sup>th</sup> 2025	4.0	Enhancement of the description of how active ownership policies will be adjusted if there is no reduction in significant negative impacts for more than one reporting period.

