

Sustainability Risk Policy

1. Purpose of the policy

This policy ("Policy" or "the Policy") applies to Fondsmæglerselskabet Maj Invest A/S and its employees, ("Maj Invest").

The policy has been drawn up in accordance with Article 3 of the Disclosure Regulation (EU) 2019/2088 of 27 November 2019. The policy is an element of Maj Invest's approach to sustainability risks, including Maj Invest's general policy statements concerning environmental, social and governance (ESG) factors, see clause 3. The policy furthermore sets the framework for how Maj Invest will handle and integrate sustainability risks in investment decisions, see clause 4.

The purpose of this policy is to describe Maj Invest's approach to the integration of sustainability risks in investment processes at Maj Invest. At Maj Invest, the identification and handling of sustainability risks can take place at company level, in certain investment processes and as part of the ongoing monitoring of investments. Maj Invest acts as both investment adviser and portfolio manager, and the opportunities to integrate sustainability risks in investment processes depend to a great extent on agreement and customer type, and the customer's requirements.

2. Sustainability risk

Sustainability risk is defined – according to SFDR – as an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of an investment. Sustainability factors are – according to SFDR – environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

Climate and environmental risks

Climate and environmental risks include financial risks arising from exposure to an investment that may be affected by climate change or other forms of environmental degradation, and the

transition to a carbon-neutral economy. Here, a distinction is made between physical risks and transition risks.

Physical risks are related to more frequent and more extreme weather events, and may include business activities that are particularly vulnerable to these extreme weather conditions.

Transition risks concern the financial risks that companies may face as a consequence of the transition to a carbon-neutral economy. This might include investments in a sector with high carbon emissions, where the underlying assets become stranded, resulting in lost value and failing profitability.

Social risks

Social risks concern the financial risks faced by investors as a consequence of social or societal factors. These risks may develop as a consequence of changes in a number of societal aspects, and include social conditions, working conditions, human capital, diversity and inclusion.

Governance risks

Governance risks refer to the potential challenges and threats a company might face as a consequence of ineffective or incompetent management. These risks may affect the company's ability to achieve its own goals, protect its reputation and maintain good management and operations, which in overall terms can have a negative impact on the value of an investment.

3. In general about sustainability in the Maj Invest Group

Maj Invest's overall approach to responsible investment is expressed through membership of PRI (Principles for Responsible Investment) and the annual reporting in accordance therewith, and through Maj Invest's policies for responsible investments and voting. Read more about this at www.majinvest.com.

As a company, Maj Invest relates to sustainability risks to the extent that such risks can influence Maj Invest's financial stability, if they are not handled correctly.

Maj Invest aims to offer products and services with a sustainability classification (products in accordance with Article 8 of the Disclosure Regulation) among the products and services offered by Maj Invest.

Maj Invest is also focused on being a workplace that takes sustainability into account, and which takes a serious approach to sustainability and corporate responsibility.

Maj Invest endorses the following general policy statements in the Maj Invest Group.

The Maj Invest Group's social responsibility and climate initiatives:

- The Maj Invest Group has a permanent employee committee, the Committee for Social Purposes, which works with donations and has the aim of donating DKK 10 million over a five-year period (up to and including 2027), with focus on social vulnerability and or nature/climate issues.
- The Maj Invest Group has a permanent employee committee, the Climate Committee, which works to promote climate awareness internally in the Maj Invest Group. The committee also actively seeks to identify internal opportunities within the Maj Invest Group to choose more climate-friendly solutions that will contribute to reducing waste and excessive consumption.
- The Maj Invest Group has a permanent employee committee, the Inclusion Committee, which works to promote diversity and inclusion in the Maj Invest Group and in the financial sector in general, in cooperation with relevant institutions.

The Maj Invest Group's initiatives to support investments and products to promote sustainability:

- The Maj Invest Group seeks to adhere to internationally recognised principles in its sustainability work.
- The Maj Invest Group actively seeks to be able to offer investment strategies and/or products that invest directly in renewable energy, and in companies that change behaviour or develop technology and products that promote the green transition.
- The Maj Invest Group works actively to be able to offer investment strategies and/or products which invest in companies that promote positive development in society or social conditions.

The Maj Invest Group's policy statements are principles to which the Maj Invest Group will seek to adhere in the companies and for the investment strategies in the Maj Invest Group for which this supports the purpose, and is relevant for and agreed with the customer.

The Maj Invest Group's business partners, codes of conduct for responsible business practices, internationally recognised due diligence standards and sustainability reporting are presented in Appendix 1.

4. Integration of sustainability risks in investment decisions

Maj Invest handles and integrates sustainability risks in its investment advisory services and investment decisions to the extent agreed with the customer and for the investment strategies that promote sustainability.

The impact of sustainability factors on the value of an investment can vary according to the company's activities/nature of the investment. In the assessment – depending on the type of investment and the agreement with the customer – Maj Invest can include such parameters as the sector, and the portfolio company's maturity, size and geographical location, in the assessment of these risks. Maj Invest will generally seek to take account of relevant sustainability risks in conjunction with its investments, where this is set out in the customer agreement.

As investment adviser and portfolio manager, the integration of sustainability risks will depend on the individual investment strategy and customer agreement, but Maj Invest does seek to incorporate systematic processes for integration of sustainability risks across investment strategies and customer agreements. Processes for sustainability are also reflected in the procedure for product management, etc.

Maj Invest's work as investment adviser and portfolio manager includes a risk assessment in the investment process, in which connection sustainability risks can be relevant. Sustainability factors can be among several factors in the overall assessment, depending on the individual investment strategy and customer agreement. In such case, a sustainability risk analysis will be implemented by the respective investment officers, supported to the relevant extent by internal knowledge and external information about sustainability factors, and in cooperation with Maj Invest's Sustainability Department.

Maj Invest's management continuously assesses whether actual ESG events or incidents have occurred that constitute significant sustainability risks for the Maj Invest Group's companies, or are of significance to Maj Invest's investment advisory services/portfolio management. At each ordinary meeting of the Board of Directors, information is given concerning any sustainability incidents/events with an actual or potential adverse material impact on the value of investments/products, and which entail any change in material sustainability risks for Maj Invest.

Listed strategies

Maj Invest's listed investments include financial instruments traded on a regulated market. The investment process includes a norm-based screening based on data from a third party. The norm-based screening identifies whether a company's practice in the ESG area is in accordance with international norms. If any such risks are identified, an engagement process will be initiated with the company, via the third party. Depending on the investment strategy and the agreement with the customer, investments can be excluded on the basis of selected sustainability factors, for example if it is assessed that aiming for specific or improved ESG performance in the long term could reduce the sustainability risks associated with the investment.

Further information about this can be found in Maj Invest's Responsible Investment Policy.

Unlisted strategies

Maj Invest has both individual investment advisory agreements for unlisted investments and investment advisory agreements with Maj Invest Equity A/S, as manager of alternative investment funds with primarily unlisted investments. The integration of sustainability risks depends to a high degree on the specific investment fund's strategy and customer agreement. For investments in alternative investment funds, various types of sustainability risks can be relevant, depending on the geographical location, sector and maturity of the investments. See Appendix 1.

For the investment strategies and customer agreements for which this is agreed, the investment process will entail analysis of sustainability risks as part of the risk assessment, and where relevant, it is sought to take a systematic approach.

5. About Maj Invest's customers and sustainability risks

Maj Invest's advisory services and portfolio management include products/strategies that promote sustainability, and products/strategies that do not promote sustainability. Whether sustainability is promoted and how sustainability risks are integrated depends on the specific investment strategy and customer agreement.

Customers of Maj Invest are informed about sustainability risks when they enter into an agreement with Maj Invest and in reporting from Maj Invest, including

- i) whether Maj Invest integrates sustainability risks in its investment advisory services/investment decisions, and

- ii) in such case probable impacts of sustainability risks on the return on the products/services offered by Maj Invest, or
- iii) information that sustainability risks are not assessed to be relevant for the products/services offered by Maj Invest, and the reasons for this.

Where relevant, the customer's preferences in relation to sustainable products will be surveyed as an element of the establishment of a customer relationship. Together with the customer, Maj Invest will assess whether the products/services offered by Maj Invest match the customer's preferences. Maj Invest will be able to incorporate the customer's preferences, for example restrictions and black list, if this is assessed to be in accordance with the investment strategy. It will not be possible to incorporate the customer's own policy or separate goals, for example, if the policy or goals are in conflict with the investment strategy.

As portfolio customers, the customers will receive quantitative reports concerning sustainable products/portfolios, which reflects the requirements in SFDR. The customer's preferences for reporting of selected factors are matched to the extent to which Maj Invest can ensure data of a suitable quality in the data from a third party.

6. Further information and updating of the policy

Information on Maj Invest's general approach to sustainability will be available at www.majinvest.com, including

- Maj Invest's **Sustainability Risk Policy**
- Maj Invest's **Responsible Investment Policy**
- Maj Invest's **Remuneration Policy** and Maj Invest's **general information on the remuneration policy and remuneration, and compliance with management requirements.**
- Maj Invest's **Statement on principal adverse impact**

7. Infringement and revision

Responsibility for compliance with this policy is held by the Executive Board of Maj Invest.

In the event of non-compliance with the policy, the Executive Board must notify the Board of Directors. In collaboration with the Board of Directors, the Executive Board will take the measures necessary to ensure that the policy is complied with once again.

The policy is revised annually by the company's Executive Board, or as required, including on any significant changes in the assumptions underlying the policy. This is then approved by the company's Board of Directors.

Questions about Maj Invest's ESG Policy can be addressed to the company at info@majinvest.com.

8. Entry into force

This policy enters into force on 8 November 2023.

Discussed and approved by the Board of Directors on 8 November 2023 and subsequently signed using digital signature (Penneo).

Board of Directors:

Chairman of the Board of
Directors
Tommy Pedersen

Board member

Maria Hjorth

Board member

Nils Bernstein

Board member
Jørgen Tang-Jensen

Board member
Kirsten Slot

Board member
Søren Krag Jacobsen

Board member
Britta Korre Stenholt

APPENDIX 1

a. Information about individual strategies/products

Investment strategies/products	<i>Provisionally</i> selected indicators that are promoted	Tools for handling integration of sustainability risks	Further information about integration of sustainability
AM: Danish Equities	Table 1: 4, 10 and 14 Table 2: 5 Table 3: 9	Screening, exclusion, engagement via third party data provider and the team's own dialogue with portfolio companies	Information for investment advisory services and portfolio management customers is stated in customer agreements. See also Investeringssforeningen Maj Invest for details of units.
AM: Growth Equities	Table 1: 1–5, 10 and 14 Table 2: 5 Table 3: 9	Screening, exclusion and engagement via third party data provider	Information for investment advisory services and portfolio management customers is stated in customer agreements. See also Investeringssforeningen Maj Invest for details of units.
AM: Value Equities	Table 1: 4, 10 and 14 Table 2: 5 Table 3: 9	Screening, exclusion and engagement via third party data provider	Information for investment advisory services and portfolio management customers is stated in customer agreements. See also Investeringssforeningen Maj Invest for details of units.
AM: Value Equities Accumulated	Table 1: 4, 10 and 14 Table 2: 5 Table 3: 9	Screening, exclusion and engagement via third party data provider	Information for investment advisory services and portfolio management customers is stated in customer agreements. See also Investeringssforeningen Maj Invest for details of units.
AM: Global Equities, non-fossil	Table 1: 4, 10 and 14 Table 2: 5 Table 3: 9	Screening, exclusion and engagement via third party data provider	Information for investment advisory services and portfolio management customers is stated in customer agreements. See also Investeringssforeningen Maj Invest for details of units.
AM: Emerging Markets Value			
AM: Net Zero 2050	Table 1: 4, 10 and 14 Table 2: 5 Table 3: 9, 12–14	Screening, exclusion and engagement via third party data provider	Information for investment advisory services and portfolio management customers is stated in customer agreements. See also Investeringssforeningen Maj Invest for details of units.
AM: Planet & People	Table 1: 1–5, 10, 14 Table 2: 4, 5 Table 3: 9	Screening, exclusion and engagement via third party data provider	Information for investment advisory services and portfolio management customers is stated in customer agreements. See also Investeringssforeningen Maj Invest for details of units.
AM: Danish Bonds	Table 1: 4, 10 and 14 Table 2: 5 Table 3: 9	Screening, exclusion and engagement via third party data provider	Information for investment advisory services and portfolio management customers is stated in customer agreements. See also Investeringssforeningen Maj Invest for details of units.
AM: Global Bonds	Table 1: 4, 10 and 14 Table 2: 5 Table 3: 9	Screening, exclusion and engagement via third party data provider	Information for investment advisory services and portfolio management customers is stated in customer agreements. See also Investeringssforeningen Maj Invest for details of units.
AM: Green Bonds	Table 1: 4, 14 Table 2: 16, 17 Table 3: 9	Screening, exclusion and engagement via third party data provider	Information for investment advisory services and portfolio management customers is stated in customer agreements. See also Investeringssforeningen Maj Invest for details of units.
AM: High Income Bonds	Table 1: 4, 10 and 14 Table 2: 5 Table 3: 9	Screening, exclusion and engagement via third party data provider	Information for investment advisory services and portfolio management customers is stated in customer agreements. See also Investeringssforeningen Maj Invest for details of units.

AM: Pension	Table 1: 4, 10 and 14 Table 2: 5 Table 3: 9	Screening, exclusion and engagement via third party data provider	Information for investment advisory services and portfolio management customers is stated in customer agreements. See also Investeringsforeningen Maj Invest for details of units.
AM: Contra-strategies			
AM: Big Picture			
Asset management, portfolio management			
Private Equity: LD Equity 1 K/S under voluntary liquidation			
Private Equity: LD Equity 2 K/S under voluntary liquidation			
LD Equity 3 K/S under voluntary liquidation			
Maj Invest Equity 4 K/S			
Maj Invest Equity 5 K/S			
Maj Invest Equity Vietnam I K/S			
Maj Invest Equity Southeast Asia II K/S			
Danish Microfinance Partners K/S	Table 1: 4, 10, 14 Table 2: 9 Table 3: 6 and 15	Separate sustainability policy Portfolio-specific focus areas Separate sustainability reporting	Information stated in the fund's sustainability policy (<i>available to investors</i>).
Maj Invest Financial Inclusion II K/S	Table 1: 4, 10, 14 Table 2: 9 Table 3: 6 and 15	Separate sustainability policy Portfolio-specific focus areas Separate sustainability reporting	Information stated in the fund's sustainability policy (<i>available to investors</i>).
Maj Invest Financial Inclusion III K/S	Table 1: 4, 10, 14 Table 2: 9 Table 3: 6 and 15	Separate sustainability policy Portfolio-specific focus areas Separate sustainability reporting	Information stated in the fund's sustainability policy (<i>available to investors</i>).
Private Equity Minorities I K/S	Table 1: 4, 13 and 14 Table 2: 4 Table 3: 6	Separate sustainability policy	Information stated in the fund's sustainability policy (<i>available to investors</i>).
Maj Invest Equity 6 K/S	NA	Separate sustainability policy Portfolio-specific focus areas Separate sustainability reporting	Information stated in the fund's sustainability policy (<i>available to investors</i>).

- b. A description of the principal adverse sustainability impacts and of any measures taken in relation thereto, or, where relevant, planned.

Reference is made to the PAI statement on Maj Invest's website.

- c. Brief summary of active ownership policy (Responsible Investment)

Maj Invest believes that sustainability factors affect investments in the long term, and we therefore seek to integrate these factors in our investment process, according to the individual investment strategy. Maj Invest has signed the UN-supported Principles for Responsible Investment, PRI, and complies with these principles.

Maj Invest has entered into an agreement with a third party that continuously delivers data for monitoring of sustainability factors in the companies in which Maj Invest invests. All Maj Invest portfolios are subject to norm-based screening to ensure that the units comply with and observe a number of international norms and conventions. If the screenings of data from the third party show that a company fails to comply with the aforementioned requirements, the third party will engage in dialogue with the company in an attempt to influence the company in question to change its behaviour. If the dialogue does not lead to a change of behaviour, the company will be added to an exclusion list and as a consequence, Maj Invest will divest the shareholding in question. In situations where companies in existing portfolios are added to the exclusion list after an investment, they will be excluded as soon as Maj Invest is made aware of this.

Maj Invest has also chosen to exclude companies that are involved in the development, production or maintenance of weapons that are banned by conventions. Some strategies are furthermore subject to sector-based screening and opt out of certain sectors, such as fossil fuels, tobacco, adult entertainment, gambling and military weapons.

Maj Invest exercises its voting rights in relation to the individual agreements with the client. Maj Invest has an overall voting policy that describes our approach to voting.

On an annual basis, our progress and activities in conjunction with sustainability are reported via PRI's reporting survey. The PRI Transparency Report is publicly available on our website.

d. Relevant reference to codes of conduct for responsible business practice and internationally recognised standards for due diligence and reporting, etc.

Important business partners, codes of conduct, standards, etc. for sustainability.	Companies
Cooperation with a third party data provider on sustainability screening and engagement	MI, MIE
Collaboration with ComplyAdvantage on sanction screening	MI, MIE and MB
Collaboration with ISS on voting	MI
Adoption of PRI	MI, MIE
Adoption of IIGCC (The Institutional Investors Group on Climate Change)	MIE
Transparency International Danmark	MI
Various standards for sustainability and reporting, as a consequence of SFDR and other EU and DK regulation	MI, MIE and MB
Code of conduct CFA Asset Manager Code	MI
Code of conduct: International PE and Venture Capital Valuation Guidelines	MIE
Code of conduct: Active Owners' tax code	MIE
IA 50	MIE