



# 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, supranationals, 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 provided to the investment team. Our current approach includes: (i) positive screening, (ii) negative screening, and (iii) active ownership. 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.

This statement also includes a description of our Sustainability Risk Policy, Active Ownership Policy (Responsible Investment Policy and Voting Policy), as well as relevant international standards applied by Maj Invest.

## Overview

Climate and other environmental-related indicators			
Adverse Sustainability Indicator		Table	Number
Greenhouse gas emissions	GHG emissions	1	1
	Carbon footprint	1	2
	GHG intensity of investee companies	1	3
	Exposure to companies active in the fossil fuel sector	1	4
	Share of non-renewable energy consumption and production	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
Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters			
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 rights	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 supranationals 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.

**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	N/A	<p><b>General approach</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, Net-Zero 2050 and Planet and People, we actively support climate and environmental initiatives. We ensure that at least 80% of portfolio companies contribute to these efforts through substantial positive revenue alignment with SDGs 6, 7, 9, 11, 12, 13, and 14, as well as through Science-Based Targets (SBTi) or EU Taxonomy-aligned CAPEX.</p> <p><b>Exclusions</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> <p><b>Engagement</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>
		Scope 2 GHG emissions	92.566 (Coverage 86%)	N/A	N/A	
		Scope 3 GHG emissions	3.172.726 (Coverage 85%)	N/A	N/A	
		Total GHG emissions	3.497.183 (Coverage 85%)	N/A	N/A	
	2. Carbon footprint	Carbon footprint	372 (Coverage 85%)	N/A	N/A	
	3. GHG intensity of investee companies	GHG intensity of investee companies	470 (Coverage 85%)	N/A	N/A	
	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	N/A	
	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	N/A	
5. Share of non-renewable energy production	0,11% (Coverage 84,8%)		N/A	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	N/A		

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	N/A	<p><b>Voting</b> Maj Invest voting guidelines generally support shareholder-sponsored resolutions on social, workforce, and environmental issues to promote responsible corporate behavior and enhance long-term shareholder value. This includes endorsing disclosure requests for non-proprietary company-specific information, especially when shareholder concerns on social, workplace, and environmental matters remain unaddressed.</p> <p>In 2023, we actively voted on key issues, including restrictions on fossil fuel financing and greater transparency around the disclosure of fossil fuel financing.</p> <p><b>Data limitations</b> Data availability has historically been limited, particularly in areas such as emissions to water, hazardous waste, and biodiversity. These data gaps hinder a full understanding of the environmental impact of our portfolio companies. However, in 2023, we are actively monitoring data availability and quality, recognizing the importance of addressing these challenges to ensure comprehensive future disclosures.</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	N/A	
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	N/A	
<b>INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS</b>						
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	N/A	<p><b>General approach</b> At Maj Invest, we work with third-party data providers to monitor social factors across our portfolios. Key areas include labor and human rights. We also assess social risks, such as labor and human rights violations, ensuring that companies in our portfolios comply with international standards like the UNGC.</p> <p><b>Engagement</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>

<p>11. Lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD guidelines for multinational enterprise</p>	<p>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</p>	<p>0% (Coverage 86%)</p>	<p>N/A</p>	<p>N/A</p>	<p><b>Voting</b> Our voting guidelines generally support shareholder-sponsored resolutions on social, human rights and workforce issues.</p> <p>In 2023, Maj Invest actively voted 'for' on topics such as racial equity and civil rights audits, human and labor rights as well as transparent disclosure of lobbying payments and policies.</p> <p><b>Exclusions</b> We exclude companies that breach the UNGC guidelines and have proven ineffective in engagement efforts.</p>
<p>12. Unadjusted gender pay gap</p>	<p>Average unadjusted gender pay gap of investee companies</p>	<p>14% (Coverage 42%)</p>	<p>N/A</p>	<p>N/A</p>	<p><b>Data limitations</b> There are challenges in obtaining reliable data on this subject. As data availability and quality improve over time, our approach will become more accessible and informed.</p> <p><b>Voting</b> Our voting guidelines generally favor proposals that enhance the disclosure of business conduct and compliance.</p>
<p>13. Board gender diversity</p>	<p>The average ratio of female to male board members in investee companies expressed as a percentage of all board members</p>	<p>34% (Coverage 86%)</p>	<p>N/A</p>	<p>N/A</p>	<p><b>General approach</b> In position where we hold majority ownership, we encourage investee companies to promote diversity and inclusion and aim to achieve a minimum board representation of 40% for underrepresented genders in these positions by 2026.</p>
<p>14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)</p>	<p>Share of investments in investee companies involved in the manufacture or selling of controversial weapons</p>	<p>0% (Coverage 86%)</p>	<p>N/A</p>	<p>N/A</p>	<p><b>General approach</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).</p>



Indicators applicable to investments in sovereigns and supranational						
Adverse Sustainability Indicator		Metric	Impact [2023]	Impact [2022]	Explanation	Actions taken, and actions planned, and targets set for the next reference period
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 conventions, United Nations principles and, where applicable, national law	N/A	N/A	N/A	N/A
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	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	N/A

**Table 2: Climate and other environment-related indicators**

<b>Indicators applicable to investments in sovereigns and supranational</b>					
Adverse Sustainability Indicator	Metric	Impact [2023]	Impact [2022]	Explanation	Actions taken, and actions planned, and targets set for the next reference period
Emissions	4. Investments in companies without carbon reductions initiatives aimed at aligning with the Paris agreement	41% (Coverage 86%)	N/A	N/A	See comments provided in Tabel 1: Climate and other environment-related indicators, "Actions taken (...)" 1-6

**Table 3: Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters**

<b>Indicators applicable to investments in real estate assets</b>					
Adverse Sustainability Indicator	Metric	Impact [2023]	Impact [2022]	Explanation	Actions taken, and actions planned, and targets set for the next reference period
Human Rights	9. Lack of a human rights policy	3% (Coverage 86%)	N/A	N/A	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

## 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 PAI indicators (Indicators 2.4 and 3.9) aligns with Maj Invest's ESG House View, reflecting our focus on climate, as well as offering several climate and transition-focused funds. We are also committed to ensuring that our portfolios do not harm society.

Principal adverse impacts are identified pre-investment by the investment team through a screening process. This includes an overall assessment of the PAI indicators we are committed to evaluating, as outlined in the PAI table. All Maj Invest strategies undergo norms-based screening, as well as exclusions, to ensure that principal adverse impact indicators leading to negative impacts are properly addressed.

The screening process supports our three approaches to investment: positive screening, negative screening, and active ownership. All Maj Invest Funds are screened daily for compliance with international norms set by organizations such as, but not limited to, the OECD, ILO, and UN.

The exclusion of companies within the individual units of Investeringsforeningen Maj Invest and Maj Invest Funds is detailed on Investeringsforeningen Maj Invest's website and [majinvest.com](https://majinvest.com).

Engagement may be initiated with companies that present high ESG risks, either directly or through external consultants. Further details are available in Maj Invest's Responsible Investment Policy, Voting Policy, and Policy on Sustainability Risks.

The quality of our methodologies for identifying and assessing principal adverse impacts relies on the accuracy of data from third-party service providers. Such data may not always be fully accurate. Maj Invest uses external data providers, including Sustainalytics, Clarity AI, and Comply Advantage, as well as publicly available information such as information from the Science-Based Target initiative, company reports and research conducted by our portfolio managers, to identify and assess principal adverse impacts.

## 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.

Our engagement approach takes form in two approaches where we for relevant funds combine our own direct engagement with collaborative engagement through partnership with a third-party data provider. For the rest of our funds, we engage only through collaborative engagement.

Our direct engagement approach is centered around addressing topics considered risky for investors. We aim to deepen their understanding of the company's actions while simultaneously working towards driving positive change within the company.

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. 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.

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

### 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.

### 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.

