



# 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 principal adverse impacts of investment decisions on sustainability factors concerns Fondsmæglerselskabet Maj Invest A/S (LEI: 549300M1VQ0K5Z838B91) and applies to the reference period from 1 January 2022 to 31 December 2022. Maj Invest provides investment advisory services and portfolio management and is subject to elements of SFDR as a Financial Market Participant. Maj Invest offers mutual fund products. As the requirements concerning sustainability classification and reporting enter into force and are incorporated, Maj Invest will to a greater extent be able to apply sustainability factors to investment advisory services and portfolio management.

Maj Invest considers adverse impacts of Maj Invest's investment decisions on sustainability factors for the products/services that in Appendix 1 of the Sustainability Risk Policy are classified according to SFDR, articles 8 or 9. Maj Invest does not consider adverse impacts of Maj Invest's investment decisions on sustainability factors in relation to the investment advisory services provided to Maj Invest Equity A/S. For private equity funds classified under Article 8, the fund considers sustainability indicators associated with specific Sustainable Development Goals that the fund promotes.

Maj Invest's investment teams select investments in their investment advisory and investment decision processes according to a fixed process. Sustainability factors may

be one of several factors in the overall assessment, depending on the individual investment strategy. Maj Invest's investment advisory/investment decision process typically entails norm-based screening via external consultants and the exclusion of investments based on ESG factors, as well as engagement processes via an external consultant. Maj Invest aims for the products/services offered by Maj Invest to include products/services with a higher sustainability classification (Article 8 or 9). The products/services that Maj Invest has currently classified according to SFDR, articles 8 or 9, are stated in Maj Invest's Sustainability Risk Policy.

In Appendix 1 to the policy, Maj Invest has described the principal adverse impacts of investment decisions on sustainability factors, and stated how Maj Invest identifies and prioritises the principal adverse impacts of investment decisions on sustainability factors. Maj Invest's policy also presents a summary of the Active Ownership Policy (Responsible Investment) and references to international standards.

## 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
	Breakdown of energy consumption by type of non-renewable sources of energy	2	5
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 rights	Lack of human rights policy	3	9



## DESCRIPTION OF PRINCIPAL ADVERSE IMPACTS ON SUSTAINABILITY FACTORS

Regulation (EU) 2019/2088 on sustainability-related disclosures outlines 18 mandatory and 46 voluntary indicators that financial market participants should consider and report on regarding the principal adverse impacts of investment decisions on sustainability factors.

Maj Invest will assess the mandatory principal adverse impact (PAI) indicators and at least two voluntary PAI indicators across all funds to identify and evaluate any adverse impacts. The selection of voluntary PAI indicators is based on an assessment of their materiality and relevance of the potential impact measured by the PAI indicators specific to each fund. Consequently, the chosen voluntary PAI indicators may vary depending on which measurements are considered most relevant for each of our sub-funds.

Tables 1–3 provide details on the mandatory and voluntary indicators, as well as the planned actions or targets for the period of January 1st to December 31st, 2023, aimed at avoiding or reducing these adverse impacts. Note that since we have no investments real estate assets, no actions or targets have been set for PAI indicators 17–18.

Information on the impacts of our investments, as measured by the PAI indicators, will be published by June 30th, 2024, and annually thereafter. This information will cover the period from January 1st to December 31st of the preceding year. Additionally, by June 30th, 2025, we will report on the impact compared to the previous year, and this reporting will continue on an annual basis.

Indicators applicable to investments in investee companies						
Adverse Sustainability Indicator	Metric	Impact [year n]	Impact [year n-1]	Explanation	Actions taken, and actions planned, and targets set for the next reference period	
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	N/A	N/A	N/A	<p><b>General approach</b> Maj Invest collaborates with a third-party data provider for quarterly screenings of portfolio companies, ensuring compliance with international norms including UN Global Compact (UNGC). Furthermore, Maj Invest monitors the commitment of portfolio companies to the Science Based Targets initiative (SBTi) as a measure of their dedication to combating climate change. SBTi provides a robust framework for setting science-based targets that align with global climate goals.</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 addresses any environmental issues that may be identified.</p> <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><b>Exclusions</b> We exclude investee companies with material activities with negative climate impacts in some of our</p>
		Scope 2 GHG emissions	N/A	N/A	N/A	
		Scope 3 GHG emissions	N/A	N/A	N/A	
		Total GHG emissions	N/A	N/A	N/A	
	2. Carbon footprint	Carbon footprint	N/A	N/A	N/A	
	3. GHG intensity of investee companies	GHG intensity of investee companies	N/A	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	N/A	N/A	N/A	
5. Share of non-renewable energy consumption and production	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	N/A	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	N/A	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	N/A	N/A	N/A	<p>These negative impacts includes activities within fossil fuels. Additionally, Maj Invest exclude companies that breach the UNGC and have proven ineffective in engagement efforts. This also encompasses companies that have a detrimental effect on the environment.</p> <p><b>Data limitations</b> There are challenges in obtaining reliable data, especially within emissions to water, hazardous waste, and biodiversity resulting in potential gaps in understanding the environmental impact of portfolio companies. Nevertheless, we is monitoring data availability and quality, recognizing the importance of addressing these issues.</p>
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as the weighted average	N/A	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	N/A	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	N/A	N/A	N/A	<p><b>General approach</b> We collaborates with a third-party data provider for quarterly screenings of portfolio companies, ensuring compliance with international norms including the UNGC and OECD guidelines. This includes monitoring companies lacking processes and policies to meet these standards.</p> <p><b>Engagement</b> In cases where companies are at risk of severe and/or systematic violations of the UNGC, the data provider initiates dialogue and engagement with those companies.</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>N/A</p>	<p>N/A</p>	<p>N/A</p>	<p><b>Voting</b> Our voting guidelines generally support shareholder-sponsored resolutions on social, workforce, and environmental issues.</p> <p><b>Exclusions</b> We exclude companies that breach the UNGC and OECD 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>N/A</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>N/A</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>N/A</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 [year n]	Impact [year n-1]	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	Maj Invest does not invest in countries that have been assessed as "severe" risks by third-party provider, which includes considering the scope, severity, nature and background of all UN, EU and US sanctions, including environmental conventions
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	Maj Invest does not invest in countries that have been assessed as "severe" risks by third-party provider, which includes considering "subject to social violation" in their assessment
Indicators applicable to investments in real estate assets						
Adverse Sustainability Indicator		Metric	Impact [year n]	Impact [year n-1]	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

## OTHER INDICATORS FOR PRINCIPAL ADVERSE IMPACTS ON SUSTAINABILITY FACTORS

In addition to the mandatory indicators mentioned previously, we take into account three supplementary indicators based on data availability and quality. These include two indicators from table 2 and one indicator from table 3. The indicators from table 2 is a part of the set of additional indicators that relate to climate and the environment, and the indicator from table 3 is part of the set of additional indicators that relate to social and employee, respect for human rights, anti-corruption and anti-bribery matters, as defined in the SFDR.

We consider an indicator relating to investments in companies without carbon emission reduction initiatives (**table 2, indicator 4**), focusing on reducing GHG emissions in line with the latest climate science and the goals of the Paris Agreement. We also consider an indicator related to the breakdown of energy consumption by type of non-renewable sources of energy (**table 2, indicator 5**) assess the company's reliance on fossil fuels and its progress towards transitioning to more sustainable energy sources.

We also consider an indicator that relates to companies that lack human rights policies (**Table 3, indicator 9**). In regard to this indicator, we monitor and identify share of investments in entities without policies addressing human rights.

We incorporate these indicators into our internally developed monitoring system, taking into account data availability and quality. If issuers are identified to show significant adverse impacts across multiple indicators, they may undergo further analysis. We do not use other indicators to identify and assess additional principal adverse impacts on a sustainability factor than those mandatory indicators that are set out in Table 1 above, and the additional indicators that we have opted to consider as per the above.

## DESCRIPTION OF POLICIES TO IDENTIFY AND PRIORITISE PRINCIPAL ADVERSE IMPACTS OF INVESTMENT DECISIONS ON SUSTAINABILITY FACTORS

Maj Invest has a Policy on Sustainability Risks which contains details of policies for the identification and prioritization of the principal adverse sustainability impacts and indicators in Appendix 1. The policy further describes Maj Invest's information on sustainability on its website, [majinvest.com](https://majinvest.com). Maj Invest's Policy on Sustainability Risks is annually reviewed and approved by the Board of Directors of Maj Invest. The policy was last approved on March 7, 2023.

Maj Invest advises on investment products and offers portfolio management services. This includes 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. To the relevant extent, agreements with the individual customers will state how Maj Invest includes sustainability risks in investment advisory services/investment decisions, and to the relevant extent and in step with the implementation of the rules, the probable impacts of sustainability risks on investment returns.

At each ordinary meeting of the Board of Directors, Maj Invest provides a briefing on sustainability conditions for Maj Invest. The strategy and customer agreement determine the extent to which it is relevant to include sustainability risks, and which risks, in investment advisory services/investment decisions.

Maj Invest's investment teams have fixed processes for the selection of investments in their investment advisory services/investment decision processes. In this process, sustainability factors may be one of several factors in the overall assessment, depending on the individual investment strategy. Maj Invest's investment advisory services/investment decision process typically entail norm-based screening via external consultants and the exclusion of investments on the basis of ESG factors, as well as engagement processes via an external consultant; see more about this in Maj Invest's Responsible Investment Policy and Voting Policy and in Maj Invest's Policy on Sustainability Risks.

Classification of the individual units of Investeringsforeningen Maj Invest and Maj Invest Funds, and any integration of sustainability in accordance with SFDR, are also described in further detail on Investeringsforeningen Maj Invest's website and [majinvest.com](https://majinvest.com).

The quality of our methodologies for identifying and assessing principal adverse impacts is dependent on the quality of the data from third-party service providers. Such data might not be completely accurate. Maj Invest uses external data providers such as Sustainalytics and Bloomberg, information publicly available such as company reports, and research conducted by our portfolio managers as data sources for identifying and assessing 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.

