

Sustainability Risk Policy

20 February 2023
MS/RMO/EUC

1. In general concerning the Policy for Sustainable Financing and Sustainability Risks

- 1.1 This policy ("Policy" or the "Policy") applies to Maj Invest Equity A/S and its employees, ("Maj Invest Equity").
- 1.2 The ESG Policy is an element of Maj Invest Equity's approach to sustainability and describes how Maj Invest Equity will handle and integrate sustainability risks. The EU regime for sustainable financing (the EU Disclosure Regulation or SFDR) requires Maj Invest Equity to have a separate ESG policy.
- 1.3 Maj Invest Equity's general approach to sustainability includes membership of PRI and annual reporting according to the PRI standard, a Responsible Investment Policy, a consulting partnership with Sustainalytics, annual ESG reporting to investors/clients, a Voting Policy, and social responsibility initiatives, which among other things are described at majinvest.com, see the link in section 6.2 , and the Maj Invest Group's general policy statements concerning sustainability, see below in section 1.4.
- 1.4 Maj Invest Equity adopts the following general **policy statements** in the Maj Invest Group:

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

- The Maj Invest Group has the goal of donations from the Maj Invest Group of DKK 10 million during a five-year period (up to and including 2027), with focus on socially vulnerable groups and or nature/climate measures.
- The Maj Invest Group has a permanent employee committee, the Committee for Social Purposes, which works with donations to socially vulnerable groups.

- The Maj Invest Group has an employee committee that works with opportunities internally within the Maj Invest Group to choose solutions with a smaller climate impact, including reduction of carbon emissions (Scope 1).

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

- The Maj Invest Group seeks to adhere to internationally recognised principles for sustainability screening and goals in its sustainability work.
- The Maj Invest Group actively seeks to offer investment strategies and/or products with direct investment in sustainable energy and enterprises that change behaviour, or create technology and products that reduce carbon footprint (Scope 2 and 3).

The Maj Invest Group's policy statements are standpoints with which the Maj Invest Group will seek to comply in the companies and for the investment strategies in the Maj Invest Group where this best supports the intention and is relevant. The Maj Invest Group advises on and manages investments for clients. The client's preferences in terms of sustainability are therefore included in the Maj Invest Group's assessment of initiatives that can affect the individual client.

2. Overall goal and scope of the policy

- 2.1 The purpose of this policy is to describe how Maj Invest Equity handles and integrates sustainability risks in its investment advisory services and its investment decisions for the private equity funds managed by Maj Invest Equity.
- 2.2 Maj Invest Equity manages several alternative investment funds with two different investment strategies, and according to SFDR is a Financial Market Participant. Several requirements in the EU Disclosure Regulation, including reporting, are relevant for Maj Invest Equity. Due to its size (fewer than 500 employees), Maj Invest Equity is not subject to some of the requirements.

3. Definitions

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

4. Investors in Maj Invest Equity funds

- 4.1 Investors in the funds managed by Maj Invest Equity receive information concerning sustainability risks, before they enter into an investment agreement, among other things concerning i) whether Maj Invest Equity integrates sustainability risks in its investment advisory services/investment decisions; and ii) probable impacts of sustainability risks on the returns from the funds managed by Maj Invest Equity; or iii) information on how sustainability risks are not assessed to be relevant for the funds managed by Maj Invest Equity, and the reasons for this.
- 4.2 Where relevant, the investor's preferences in relation to sustainable products will be surveyed as an element of the establishment of an investment agreement. Maj Invest Equity and the investor will assess whether the funds offered by Maj Invest Equity can match the investor's preferences. Maj Invest Equity will be able to incorporate investors' preferences in the form of special restrictions and a black list, if this is assessed to be in accordance with the investment strategy. The investors' own *ESG policy* or specific *ESG objectives* may in principle not be incorporated if the policy or objective does not match the investment strategy, selected sustainability indicators and SFDR classification.
- 4.3 Investors in the Maj Invest Equity funds receive information on the products/services managed by Maj Invest Equity that have sustainability as an objective, or as one among several characteristics. The investors will receive quantitative reports concerning sustainable products/portfolios, which reflect the requirements in SFDR.
- 4.4 For further information for investors on how Maj Invest Equity handles sustainability risks, see the link in section 6.2.

5. About Maj Invest Equity's products and sustainability risks

- 5.1 Maj Invest Equity manages alternative investment funds (AIFs). This includes funds/strategies that promote sustainability, and funds/strategies that do not promote sustainability. Whether sustainability is promoted and how sustainability risks

are integrated depends on the specific investment strategy. To the relevant extent, agreements with the individual investors will state how Maj Invest Equity 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.

- 5.2 At each ordinary meeting of the Board of Directors, Maj Invest Equity provides a briefing on sustainability conditions for Maj Invest Equity. The strategy and fund documentation determine the extent to which it is relevant to include sustainability risks, and which risks, in investment advisory services/investment decisions.
- 5.3 Maj Invest Equity'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. The approach may vary between strategies, but includes cooperation with external consultants, including with focus on assessment of ESG factors. Read more about this in Maj Invest Equity's Responsible Investment Policy. Maj Invest Equity aims for the funds offered by Maj Invest Equity to include funds with a higher sustainability classification (Article 8 or 9).
- 5.4 As the requirements concerning sustainability classification and reporting are qualified in EU regulation, Maj Invest Equity will present and report sustainability information concerning funds and include this information in investment advisory services.
- 5.5 On an ongoing basis, Maj Invest Equity's management assesses whether actual ESG events or incidents have occurred which entail sustainability risks of significance to the investment advisory services.

6. About Maj Invest Equity's information on its website

- 6.1 On its website, Maj Invest Equity must continuously disclose how sustainability risks are integrated into investment advisory services/investment decisions, and whether Maj Invest Equity's investment advisory services take account of the principal adverse impacts on sustainability factors; or alternatively, why Maj Invest Equity, in its investment advisory services/investment decisions, does not take account of the investment advisory services/investment decisions' adverse impacts on the sustainability factors; and if relevant, whether and when account will be taken of such adverse impacts. The information will be presented in Appendix 1, which will be kept updated

and will be approved annually by the Board of Directors. The information will reflect that Maj Invest Equity has fewer than 500 employees.

- 6.2 Information on Maj Invest Equity's general approach to sustainability is available at: majinvest.com/en/private-equity/responsible-investment/ and majinvest.com/en/private-equity/responsible-investment/
- About Maj Invest Equity's **ESG Policy**
 - About Maj Invest Equity's **mandatory information** concerning sustainability
 - About Maj Invest Equity's **management's assessment of principal adverse impacts** on sustainability factors
 - About Maj Invest Equity's **remuneration policy and sustainability factors**, including
 - About Maj Invest Equity's **general information concerning salary policy and remuneration, and compliance with governance requirements**
- 6.3 Prior to the full implementation of sustainability information and reporting requirements for products/portfolios, Maj Invest Equity has published the following:

This declaration applies to Maj Invest Equity A/S (LEI: 549300QQ2JBUC6CKB403) and concerns the reference period from 1 January 2022 to 31 December 2022. Maj Invest Equity manages alternative investment funds (AIFs) and is subject to elements of SFDR. As the requirements concerning sustainability classification and reporting enter into force and are incorporated, Maj Invest Equity will to a greater extent be able to apply sustainability factors to management and the provision of funds. Maj Invest Equity's investment teams select investments according to fixed investment decision processes. The approach may vary between strategies, but includes cooperation with external consultants, including with focus on assessment of ESG factors. Read more about this in Maj Invest Equity's Responsible Investment Policy. Sustainability factors may be one of several factors in the overall assessment, depending on the individual investment strategy. Maj Invest Equity aims for the products/services offered by Maj Invest Equity to include funds with a higher sustainability classification (Article 8 or 9). The products/services that Maj Invest Equity has currently classified according to SFDR, Article 8 or 9, are stated in Maj Invest Equity's Sustainability Risk Policy. Maj Invest Equity takes account of the principal adverse impacts of Maj Invest Equity's investment decisions on sustainability factors for the products/services that in Appendix 1 to the Sustainability Risk Policy are classified in accordance with SFDR, Article 8 or 9. In Appendix 1 to the Policy, Maj Invest Equity has described the principal adverse impacts with regard to sustainability factors, and stated how Maj Invest Equity identifies and prioritises the principal adverse impacts with regard to sustainability factors. Maj Invest Equity's Policy also presents a summary of the Active Ownership Policy (Responsible Investment), as well as references to international standards.

7. Infringement and revision

- 7.1 Responsibility for compliance with this policy is held by the Executive Board of Maj Invest Equity.
- 7.2 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.
- 7.3 The policy will be revised annually by the Executive Board, or as required, including on any significant changes in the underlying assumptions, and will be approved by the company's Board of Directors.
- 7.4 Questions concerning Maj Invest Equity's ESG Policy may be addressed to the company at kontakt@majinvest.com.

8. Entry into force

- 8.1 This Policy enters into force on 7 March 2023.

Considered by the Board of Directors on 7 March 2023 and approved on 7 March 2023.

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 Henrik Parkhøi	_____ Board member Britta Korre Stenholt

APPENDIX 1 for products/services includes sustainable products (Article 8 or 9)

1. Details of policies for the identification and prioritisation of the principal adverse sustainability impacts and indicators

Investment strategies/products (Article 6 services/products are omitted)	Provisionally selected principal adverse sustainability indicators	Prioritisation of principal adverse sustainability impacts	Information on the integration of sustainability
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	Table 1: 4, 10, 12, 13, 14 Table 2: 4 Table 3: 1, 4, 9, 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 Fintech Inclusion Fund I 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> .

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

See above.

3. Brief summary of active ownership policy (Responsible Investment)

Maj Invest Equity believes that sustainability factors can affect investments, and we therefore seek to integrate these factors in our investment process, depending on the individual investment strategy.

Maj Invest Equity has signed the UN-supported Principles for Responsible Investment, PRI, and complies with these principles. Maj Invest Equity is also a member of Brancheforeningen for Aktive Ejere i Danmark (Active Owners Denmark) (formerly Danish Venture Capital and Private Equity Association) and adheres to their active ownership guidelines.

Maj Invest Equity's principles for responsible investment are based on the ten principles in the UN's Global Compact. Sustainability analysis is incorporated as part of the investment criteria, and sustainability factors and potential risks are included as an element of the introductory due diligence conducted prior to any investment. Enterprises' policies and approach to reporting, and improvement in sustainability factors, are also taken into account.

Maj Invest Equity follows up on existing and/or potential sustainability risks in the investment period. The portfolio enterprises' sustainability performance is monitored via Board membership, visits, reporting and ongoing dialogue with the enterprises. Maj Invest Equity engages in dialogue with

the company's management and other shareholders, where this is required, and draws up a plan for the implementation of any improvements.

On an annual basis, our progress and activities in conjunction with sustainability are reported via PRI's reporting and evaluation survey. The PRI Transparency Report is publicly available on our website. We also report annually on our sustainability activities for clients, and on request.

4. 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 Sustainalytics 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