

Sustainability-related disclosure

Portfolio Management Agreement 23

Website disclosure with product information on financial products promoting environmental or social characteristics.

SUMMARY

The mandate primarily invests in UCITS or other sub-funds thereof that invest in shares and bonds. The allocation within each asset class varies within certain limits: equity and equity-based investment funds may range between 55 pct. and 80 pct., bonds, bond-based investment funds, and cash may range from 5 pct. to 50 pct., investments in Maj Invest's Kontra may range from 0 pct. to 15 pct.

The mandate promotes environmental and social characteristics by excluding investments in UCITS that holds companies whose activities have adverse impacts on environmental and social factors, and by engaging in active ownership to support improvements in ESG performance.

No commitment is made to sustainable investments as defined by the EU Sustainable Finance Disclosure Regulation (SFDR). No reference benchmark is used to achieve the environmental or social characteristics promoted by the mandate.

100 pct of the mandate's investments aligns with the environmental and social characteristics of the fund, secured through the binding elements of the investment strategy.

The mandate applies exclusion and active ownership as binding elements to achieve the environmental and social characteristics promoted by this mandate. The exclusion process ensures compliance with ESG restrictions and guidelines, including verification against exclusion lists and proper implementation of relevant rules. It also helps ensure that the UCITS in which the mandate invests do not hold companies whose activities have adverse impacts on environmental and social factors. Finally, active ownership is exercised with the underlying companies through engagement to ensure positive development across ESG areas.

The mandate invests in UCITS that rely on ESG data from globally recognised ESG data providers, including Morningstar Sustainalytics ("Sustainalytics") and Clarity AI. These data sources are integrated into the portfolio management systems of the underlying funds. Data quality is ensured through continuous updates and the combination of reported data, supported by validation from data providers.

NO SUSTAINABLE INVESTMENT OBJECTIVE

This financial product promotes environmental or social characteristics but does not have sustainable investment as its objective.

ENVIRONMENTAL OR SOCIAL CHARACTERISTICS OF THE FINANCIAL PRODUCT

The mandate promotes environmental and social characteristics by excluding UCITS that holds companies whose activities have adverse impacts on environmental and social factors.

The mandate excludes UCITS that holds companies engaged in activities listed under “Investment Strategy”. Additionally, the mandate exercises active ownership with companies that violate, or are at risk of violating international norms to improve ESG performance. This engagement is conducted through the third-party provider, Sustainalytics.

The environmental and social characteristics are monitored through the indicators disclosed in the pre-contractual information and reported on annually in the periodic report.

INVESTMENT STRATEGY

A minimum of 55 pct. and up to 80 pct. of the fund’s assets may be invested in equity and equity-based investment funds. Additionally, investments in Bonds, bond-based investment funds, and cash may range from a minimum of 5 pct. and up to 55 pct. of the fund’s assets, and, investments in Maj Invest’s Kontra fund may range from 0 pct. to 15 pct.

The mandate’s environmental and social objectives are achieved through its commitment to responsible investment, in line with the investment advisor Fondsmæglerselskabet Maj Invest’s (hereinafter “Maj Invest”) Responsible Investment Policy and ESG Investment Framework.

Maj Invest has defined four ESG investment strategies within its ESG Investment Framework, of which this mandate is part of the ESG exclusion strategy. Under the ESG exclusions strategy, the mandate excludes UCITS that holds companies whose activities have adverse impacts on environmental and social factors, as listed below.

Exclusion

The mandate excludes investments in UCITS that hold companies or issuers involved in unsustainable activities, including:

- Companies or issuers deriving more than 10 pct. of their revenue from oil sands exploration and extraction.
- Companies or issuers deriving more than 10 pct. of their revenue from thermal coal exploration and extraction.
- Companies or issuers deriving more than 10 pct. of their revenue from the production and cultivation of tobacco products.
- Companies or issuers deriving more than 10 pct. of their revenue from the production of adult entertainment content.
- Companies or issuers involved in controversial weapons activities (as defined by international treaties and conventions).
- Companies or issuers that have violated international standards such as the UN Global Compact and OECD Guidelines, demonstrating no willingness to change their behaviour

despite repeated engagement efforts, and are therefore placed on the Sustainalytics disengagement list.

- Sovereign bond issued by countries classified as "severe risk" under Sustainalytics' Country Risk Rating.

Active Ownership

The foundation of our active ownership activities includes norm-based screening conducted in collaboration with Sustainalytics to identify violations of international norms and guidelines related to human rights, environmental protection, anti-corruption, and labour rights.

When violations are identified, dialogue with the company is initiated to influence behaviour and resolve problematic issues. If engagement does not lead to improvements, the company may be excluded and divested.

Policy for assessing good governance practices

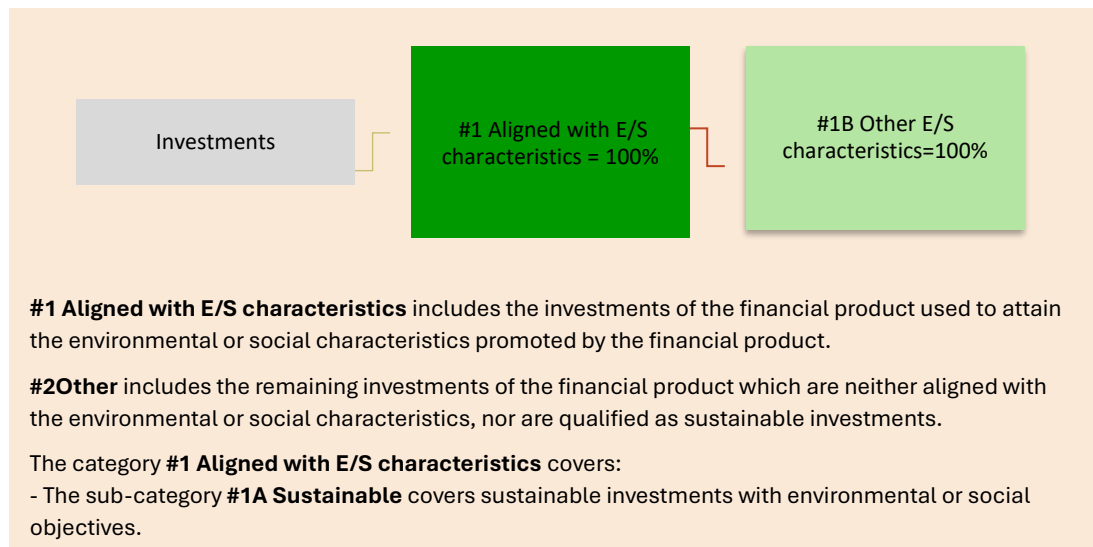
The mandate ensures that good governance practices are considered through Maj Invest's Responsible Investment Policy. This includes norm-based screening conducted by Sustainalytics, which assesses whether the companies and corporate bond issuers held by the UCITS funds in which the mandate invests comply with internationally recognised norms and standards on environmental, social, and governance (ESG) issues, including the UN Global Compact and the OECD Guidelines for Multinational Enterprises. The screening identifies entities that are in breach, or at risk of breaching these norms and cover areas such as human rights, labour practices, governance structures, and executive remuneration.

Maj Invest's Responsible Investment Policy, is available on its website, www.majinvest.com.

PROPORTION OF INVESTMENTS

100 pct. of the mandate's investments meets the criteria of Maj Invest's ESG Exclusion strategy and align with environmental and social characteristics. This is ensured through the binding elements of the investment process, including exclusions and active ownership, as described above.

The table below presents the minimum share of investments in the mandate contributing to the achievement of the environmental and social characteristics promoted by the fund.



MONITORING ENVIRONMENTAL OR SOCIAL CHARACTERISTICS

Maj Invest ensures that the mandate's investments comply with the responsible investment requirements, as adopted in the Responsible Investment Policy.

Monitoring of the mandate's social and environmental characteristics is conducted through the binding elements of the investment strategy and PAI indicators. This is described in detail in the Investment Strategy section.

METHODS

The mandate employs the following methods to achieve the environmental and social characteristics it has committed to promoting:

Exclusion

The mandate excludes investments in UCITS that hold companies or issuers that breach the criteria outlined in the Investment Strategy section. These exclusions are fully integrated into Maj Invest's portfolio management system, Dimensions, which automatically blocks investments that do not comply with the defined exclusion criteria, where data is available.

Active Ownership

The mandate engages indirectly with companies and corporate bond issuers held by the UCITS in which it invests, through the third party data provider, Sustainalytics. Sustainalytics initiates an engagement process, on our behalf, with companies that severely and systematically violate international norms, including UN Global Compact and the OECD Guidelines for Multinational Enterprises. These companies are assessed as "non-compliant" in the quarterly screening. Furthermore, Sustainalytics may engage companies at risk of violating UN Global Compact. These companies are assessed as "watchlist" in the quarterly screening.

During engagement, Sustainalytics operates with various indicators on their process, including "Progress", "Response", "Performance" and "Milestones" and defines change objectives for each

engagement case. An engagement strategy is developed to provide a structured methodology for engaging with companies. The strategy is based on developing a primary change objective, which is then broken down into several interim steps that form the basis of a step-by-step dialogue with the company. The engagement goals, or change objectives, help direct the engagement and make it possible to measure progress, in milestones, along the way. Milestones are defined as steps taken towards achieving the engagement goal. The objectives of engagement therefore are both actionable and measurable. When the engagement goal is achieved, the case is resolved. The company dialogue is active and focusses on change. At the initial engagement stage Sustainalytics sends information to the company regarding the goals that the company should achieve to resolve the case. This is usually followed by a conference call where objectives are discussed in greater detail with the company. On our behalf, Sustainalytics evaluates materiality in relation to ESG issues via a thorough evaluation process.

DATA SOURCES AND DATA PROCESSING

To obtain ESG data Maj Invest utilises data from Sustainalytics and Clarity AI. These data providers support the analysis of companies' exposure to activities with principal adverse impacts on sustainability factors, and well as the PAI-indicators considered in the investment process. Data quality is ensured through a combination of companies' self-reported data and estimated data from Sustainalytics and Clarity AI's analyses.

Data is continuously updated and directly integrated into Maj Invest's portfolio management system as part of the investment process. The quality of data is supported by a combination of self-reported disclosures and proprietary estimates provided by Sustainalytics and Clarity AI.

A significant portion of the data received from Sustainalytics and Clarity AI is still based on estimates, as many companies and bond issuers have not yet reported on the relevant data points. In such cases, Sustainalytics and Clarity AI may estimate data. Both Clarity AI and Sustainalytics indicate which data are estimated. However, because this varies across indicators and issuers, a full overview of estimated versus reported data cannot currently be provided. Nevertheless, Maj Invest always strive to use the most accurate data available.

LIMITATIONS TO METHODOLOGIES AND DATA

The methods and data sources used to promote environmental and social characteristics may be subject to certain limitations. These include inconsistent reporting from companies and bond issuers, limited data availability in specific sectors and geographies, and reliance on estimated data when reported data is unavailable.

Although limitations in data quality may lead to inaccuracies in the analysis of companies' ESG risk management, it is assessed that these limitations do not impact the achievement of the mandate's environmental and social characteristics.

DUE DILIGENCE

The mandate is implemented by allocating capital across a selection of UCITS managed by Maj Invest, in accordance with the investment guidelines agreed upon with the client. These underlying UCITS are actively managed and apply Maj Invest's Responsible Investment Policy, including ESG integration, exclusions, and other sustainability-related practices.

Due diligence is conducted at the UCITS level, where Maj Invest's investment teams assess financial and sustainability-related factors of the underlying securities. This includes evaluating ESG risks and opportunities based on data from third-party providers such as Sustainalytics and Clarity AI, as well as ongoing monitoring of ESG performance, controversies, and governance practices.

At the mandate level, Maj Invest ensures that selected UCITS align with the environmental and social characteristics promoted by the mandate. This is done through a structured review of the sustainability approach applied within each UCITS, as well as portfolio-level screening and reporting.

ENGAGEMENT POLICIES

Maj Invest, applies an active ownership policy. This policy includes norm-based screening conducted in collaboration with Sustainalytics to identify violations of international norms and guidelines related to human rights, environmental protection, anti-corruption, and labour rights.

When violations are identified, a dialogue is initiated with the companies or corporate bond issuers held by the UCITS in which the mandate is invested, with the aim of influencing their behaviour and resolving problematic issues. If engagement does not lead to improvements, the investment may be excluded and divested. Maj Invest may also utilise voting rights as part of active ownership, where deemed appropriate and in alignment with the client agreement, to address sustainability-related risks and promote positive developments. Through systematic engagement, monitoring, and voting, Maj Invest works to ensure that companies held by the UCITS in which the mandate invests progress in a positive direction regarding the environmental and social characteristics promoted by the mandate.

Maj Invest Active Ownership Policy is available on its website.

REFERENCE BENCHMARK

The mandate does not use a reference benchmark to achieve the environmental and social characteristics.