

Sustainability-related disclosure

Product name: Maj Invest Financial Inclusion Fund III K/S

LEI code: 549300MVQKFCWEG1V841

Summary

This financial product promotes social characteristics by investing in financial institutions and service providers that advance financial inclusion in emerging markets. It supports business models that:

- Improve access to and use of responsible financial services,
- Improve financial health, and
- Increase gender equality.

The Fund exceeds the ESMA minimum threshold of 80% alignment required for funds using sustainability-related terms in their names, with 100% of investments contributing to the promoted social characteristics.

Environmental and social characteristics are supported by binding elements such as exclusions, ESG integration, thematic relevance, and active ownership.

The Fund does not commit to making sustainable investments as defined by SFDR and does not use a reference benchmark.

Monitoring is conducted through sustainability indicators including share of portfolio companies primarily serving underserved clients, number of clients served (including rural clients), share of income-generating loans, and gender-related indicators (female clients, employees, and board members).

No sustainable investment objective

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

Environmental or social characteristics of the financial product

The Fund promotes social characteristics by investing in financial institutions that expand access to responsible financial services for underserved populations in Latin America, Asia, and Africa.

Promoted outcomes include:

- Improved access to and use of financial services,
- Improved financial health, and
- Increased gender equality.

At least 80% of investments must be aligned with the promoted characteristics; in practice, 100% of investments contribute to them.

Investment strategy

The Fund is a closed-end private equity vehicle investing in medium-to-large financial institutions and service providers in emerging markets. Investments are made through direct equity in companies serving client groups below the middle class but above the extreme poverty line.

Key selection criteria include:

- Financial institutions with digital and scalable business models,
- Established, profitable institutions with growth potential and strong governance,
- Well-capitalized companies regulated by national authorities, audited by reputable firms,
- High operational efficiency and strong distribution networks,
- A defined ESG and impact strategy aligned with international standards.

Sustainability risks are assessed in due diligence and ongoing monitoring. Given the focus on well-managed institutions with strong governance, sustainability risks are expected to have a limited negative impact on financial performance.

Binding elements

The binding elements of the investment strategy used to attain the social characteristics of the Fund encompass exclusions, ESG-integration, thematic relevance, and active ownership.

- **Exclusions:** The Fund's exclusions comply with the IFC's Microfinance Exclusion list, and the Maj Invest Minimum Standards. Furthermore, the Fund is covered by the EU Climate Transition Benchmark, in accordance with Article 12(1)(a) to (c) of Commission Delegated Regulation (EU) 2020/1818.
- **ESG-Integration:** As part of ESG integration the Fund is committed to working with the portfolio companies on creating long-term social impact, as well as mitigating ESG-related risks. During the management phase, the Fund will monitor the portfolio

company's social impact activities through the Fund's board participation, visits and/or reporting and dialogue.

- **Thematic Relevance:** All portfolio companies are required to comply with the Fund's social characteristics. This is evaluated using the Fund's sustainability indicators. ESG data is collected quarterly from each company to assess their contribution to the Fund's thematic focus. The results are presented in the Fund's quarterly reports, annual sustainability report and the periodic reporting template
- **Active Ownership:** Through board participation and dialogue, the Fund works with portfolio companies to improve ESG practices, strengthen financial inclusion outcomes, and align with international standards.

Good governance policy

Governance is assessed through due diligence and ongoing monitoring, referencing the Fund's ESG Impact Policy, which draws on Client Protection Principles, Universal Standards for Social Performance Management, OECD Principles of Corporate Governance, IFC Corporate Governance Methodology, and IFC Exclusion List.

Proportion of investments

The Fund invests 100% in portfolio companies that comply with the social characteristics promoted by the Fund, specifically financial inclusion, measured at fair value.

The Fund does not plan to hold cash or use derivatives as part of its investment strategy. However, immaterial amounts of cash may be temporarily held for administrative purposes only. Such cash balances are considered ancillary liquidity and are not part of the planned allocation.

This allocation ensures the Fund complies with ESMA's guidelines on the naming of funds using sustainability-related terms, while maintaining sufficient flexibility for operational needs.

Monitoring of environmental or social characteristics

The attainment of the promoted social characteristics is measured through sustainability indicators, including:

- Share of portfolio companies primarily serving underserved clients,
- Number of clients served, including rural clients,
- Share of income-generating loans in total portfolios,

- Gender-related indicators (female clients, employees, and board members).

Monitoring is conducted quarterly and reported through quarterly updates, the annual sustainability report, and periodic SFDR disclosures.

Methodologies

Methodologies include:

- Screening portfolio companies for compliance with the Fund's social characteristics,
- ESG integration and monitoring through board participation, visits, and reporting,
- Active ownership via engagement and governance participation.

Data sources and processing

The Fund collects ESG data quarterly from portfolio companies. This data is supplemented by dialogue, visits, and reporting through board seats.

Data quality is supported by active engagement with portfolio companies, though limitations exist due to varying reporting capacities across emerging market financial institutions.

Limitations to methodologies and data

Limitations include inconsistent reporting, data gaps, and reliance on portfolio companies' own systems. These limitations are mitigated through continuous dialogue, capacity-building, and board-level oversight. While limitations may affect data granularity, they do not undermine the Fund's ability to attain its promoted social characteristics.

Due diligence

Due diligence is carried out prior to investment to ensure compliance with international standards and the Fund's CSR Policy. It includes financial analysis, ESG assessment, and governance review. Internal controls include systematic ESG integration; external validation is achieved through dialogue and cooperation with investee institutions.

Engagement policies

Engagement is a core part of the strategy. Through board participation and dialogue, the Fund works with portfolio companies to improve ESG practices, strengthen financial inclusion outcomes, and align with international standards. Engagement is also used to address controversies, with escalation up to divestment if necessary.

Designated reference benchmark

No index has been designated as a reference benchmark for this financial product.