

## ANNEX II

### Template pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

**Product Name:** Portfolio Management Agreement 13

**Legal entity identifier:** N/A

## Environmental and/or social characteristics

### Does this financial product have a sustainable investment objective?



Yes



No



It will make a minimum of **sustainable investments with an environmental objective:** \_\_\_\_%



in economic activities that qualify as environmentally sustainable under the EU Taxonomy



in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy



It will make a minimum of **sustainable investments with a social objective:** \_\_\_\_%



It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of \_\_\_\_% of sustainable investments



with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy



with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy



with a social objective



It promotes E/S characteristics, but **will not make any sustainable investments**



### What environmental and/or social characteristics are promoted by this financial product?

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. These are outlined in the section describing the binding elements of the strategy.

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.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The sustainability indicators used to measure the attainment of each of the environmental and social characteristics promoted by this financial products includes:

- The proportion of investments within the mandate that breach the exclusion criteria
- The proportion of companies within the mandate that are subject to active engagement cases

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

Not applicable

● ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Not applicable

— *How have the indicators for adverse impacts on sustainability factors been taken into account?*

Not applicable

— *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

Not applicable

*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.



## Does this financial product consider principal adverse impacts on sustainability factors?



Yes, \_\_\_\_\_

The mandate takes into account the principal adverse impacts of its investment decisions on sustainability factors, including the PAI indicators listed in Table 1 of Annex I under the EU's Regulatory Technical Standards (RTS), as well as selected indicators from Tables 2 and 3, such as indicator 4 from Table 2 and indicator 9 from Table 3.



No



## What investment strategy does this financial product follow?

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 50 pct. and 90 pct., within which investments in Growth and/or Value Equities may comprise 50 pct. to 90 pct., and investments in Net Zero 2050 may comprise 5 pct. to 25 pct. Bond and bond-based investment funds may range from 5 pct. to 25 pct., with up to 7.5 pct. allocated to High Income Bonds. Alternative investments may represent 0 pct. to 15 pct., and up to 20 pct. of the mandate may be held in cash.

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.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

### *Exclusions*

The mandate excludes investments in UCITS that hold companies or issuers that breach the following criteria:

- 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

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

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.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not Applicable

- ***What is the policy to assess good governance practices of the investee companies?***

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 the website, <https://majinvest.com/>



#### **What is the asset allocation planned for this financial product?**

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.

**Asset allocation** describes the share of investments in specific assets.

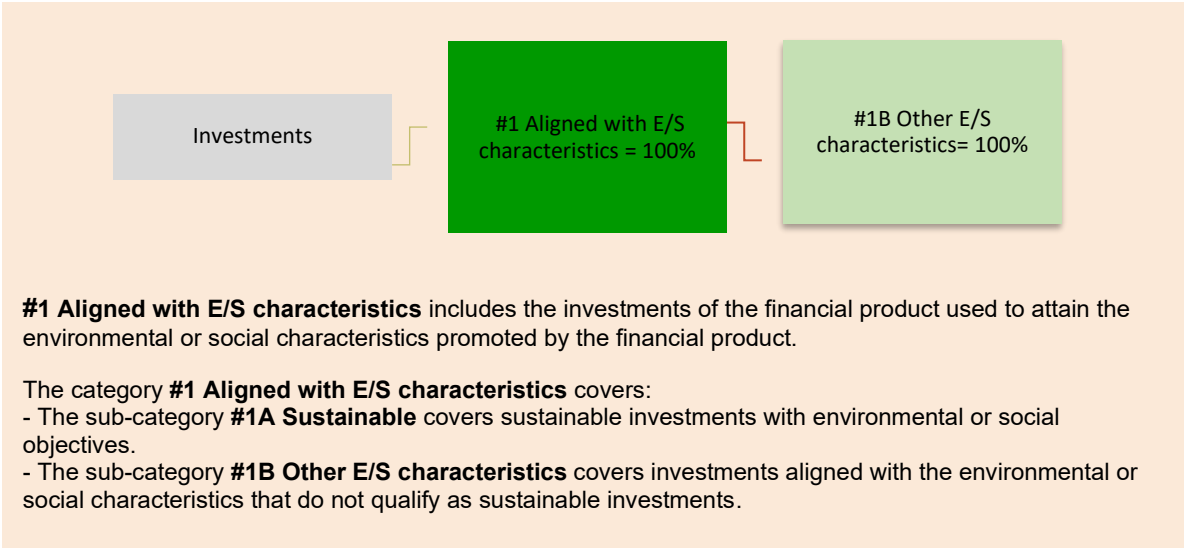
Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



● *How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?*

Not Applicable



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

None

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

☐

Yes:

☐

In fossil gas

☐

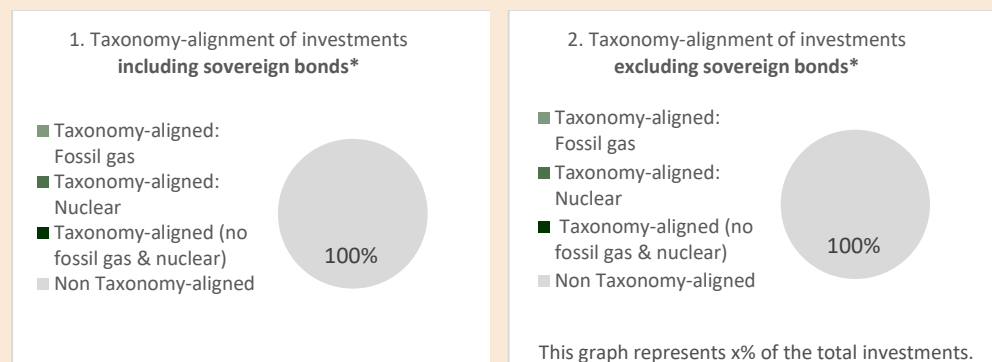
In nuclear energy

☒

No

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

Not applicable



**What is the minimum share of socially sustainable investments?**

Not applicable



**What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

Not applicable



**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

No

● **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable

- *How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?*

Not applicable

- *How does the designated index differ from a relevant broad market index?*

Not applicable

- *Where can the methodology used for the calculation of the designated index be found?*

Not applicable



**Where can I find more product specific information online?**

**More product-specific information can be found on the website:**

Product specific information can be found at <https://majinvest.com/>