

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 527

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 characteristics by investing exclusively in green bonds aligned with recognized standards, such as the ICMA Green Bond Principles and the EU Green Bond Standard. These instruments are intended to finance projects with positive environmental outcomes, such as renewable energy, energy efficiency, and sustainable resource management.

The mandate further promotes environmental and social characteristics by applying exclusion criteria to issuers and sovereigns whose activities are considered to have adverse environmental or

social impacts. In addition, the mandate engages in active ownership with issuers to encourage improvements in environmental, social, and governance (ESG) practices.

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 attainment of the environmental and social characteristics promoted by the financial product is measured using the following sustainability indicators:

- Share of investments in green bonds: The percentage of the portfolio invested in green bonds aligned with recognized standards, such as the ICMA Green Bond Principles and the EU Green Bond Standard.
- Exclusion compliance: The proportion of investments assessed as being in breach of the mandate's exclusion criteria.

● ***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

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.

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.



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 financial product follows a fixed income investment strategy focused exclusively on green bonds. All investments are required to meet an established and recognized green bond standard, such as the ICMA Green Bond Principles or the EU Green Bond Standard. By investing solely in green bonds, the strategy seeks to finance projects that deliver positive environmental outcomes, including renewable energy, energy efficiency, and sustainable infrastructure.

The strategy applies diversification across sovereign, covered, and corporate issuers to avoid concentration risk. Portfolio duration is managed relative to a benchmark, and cash holdings may be used for liquidity management.

To promote the environmental and social characteristics described, the strategy combines its exclusive green bond focus with defined exclusion criteria and active ownership. These elements are further detailed under the binding elements section.

Sustainability risks are integrated into the investment strategy through the requirement to invest exclusively in green bonds aligned with recognized standards and through the application of exclusion criteria. While such risks cannot be fully eliminated, they are expected to be low given the sustainability-focused investment universe of the mandate.

● ***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?***

The binding elements of the investment strategy comprise the following:

Screening

All potential investments are subject to screening to ensure alignment with the ICMA Green Bond Principles or an equivalent recognized standard. Only bonds that meet these principles are eligible for inclusion in the mandate.

Exclusions

The mandate applies exclusion criteria to issuers and sovereigns whose activities are deemed to have adverse environmental or social impacts. Specifically, the product excludes:

- Companies deriving more than 10 pct. of their revenue from oil sands exploration and extraction.
- Companies deriving more than 10 pct. of their revenue from thermal coal exploration and extraction.
- Companies deriving more than 10 pct. of their revenue from the production and cultivation of tobacco products.
- Companies deriving more than 10 pct. of their revenue from the production of adult entertainment content.
- Companies involved in controversial weapons activities (as defined by international treaties and conventions).
- Companies 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 bonds issued by countries classified as "severe risk" under Sustainalytics' Country Risk Rating.

Active Ownership

Norm-based screening, conducted in collaboration with Sustainalytics, is used to identify issuers that breach international norms and guidelines related to human rights, environmental protection, anti-corruption, and labour rights. Where violations are identified, the manager seeks to engage with the issuer to influence practices and achieve corrective measures. If engagement does not result in satisfactory improvements, the issuer may be excluded and divested from the portfolio.

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

Not Applicable

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

Asset allocation describes the share of investments in specific assets.



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

Good governance practices are assessed in line with Maj Invest’s Responsible Investment Policy. For corporate issuers, including credit institutions and mortgage bond issuers, governance is evaluated through norm-based screening carried out in collaboration with Sustainalytics. This screening assesses compliance with internationally recognised standards, such as the UN Global Compact and the OECD Guidelines for Multinational Enterprises, and identifies companies that violate or risk violating these norms.

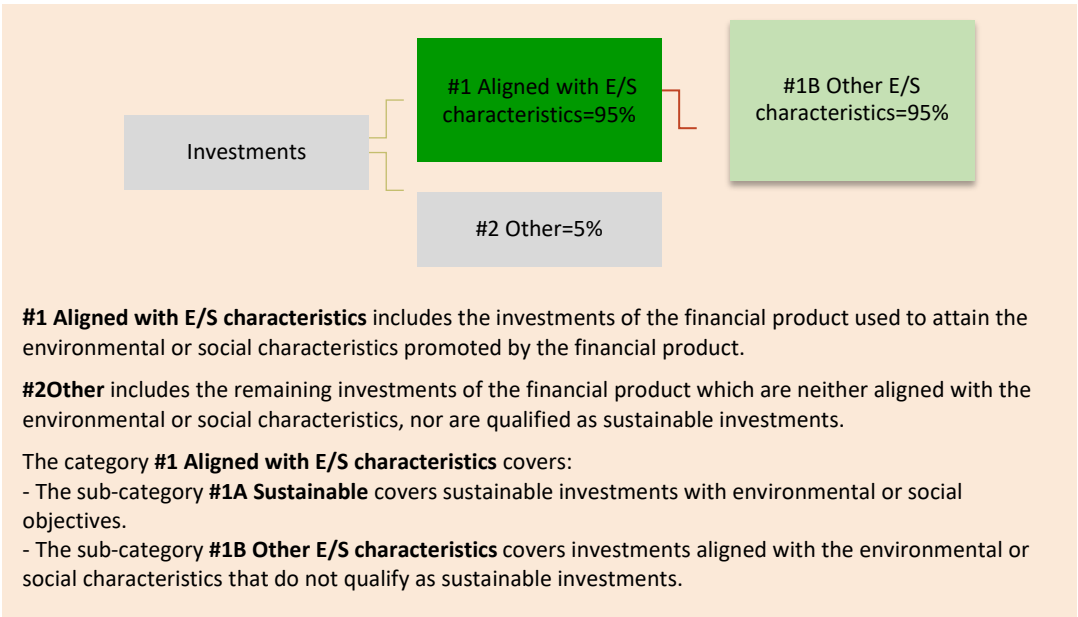
The governance assessment covers areas such as labour conditions, management structures and practices, respect for human rights, anti-corruption, and remuneration policies. Where significant breaches are identified, dialogue is initiated with the issuer, and if no improvements are observed, the issuer may ultimately be excluded.

For sovereign issuers, the governance assessment focuses primarily on the presence of international sanctions, which are used as a key indicator of governance quality.

What is the asset allocation planned for this financial product?

The financial product invests exclusively in fixed income instruments, with a minimum of 95% of assets allocated to green bonds that are aligned with recognised standards such as the ICMA Green Bond Principles or the EU Green Bond Standard. These investments are considered aligned with the environmental characteristics promoted by the product.

Up to 5% of assets may be held in cash or cash equivalents for liquidity and portfolio management purposes. These holdings are maintained for liquidity and portfolio management purposes and, on average over a reporting year, are not expected to exceed 5% of assets. Cash and cash equivalent are not considered aligned with the environmental characteristics due to the nature of the asset class, but they do not undermine the environmental or social characteristics promoted by the product.



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?**

Derivatives are not used to attain the environmental or social characteristics promoted by the financial product.



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

This financial product does not commit to a minimum share of sustainable investments with an environmental objective aligned with the EU Taxonomy.

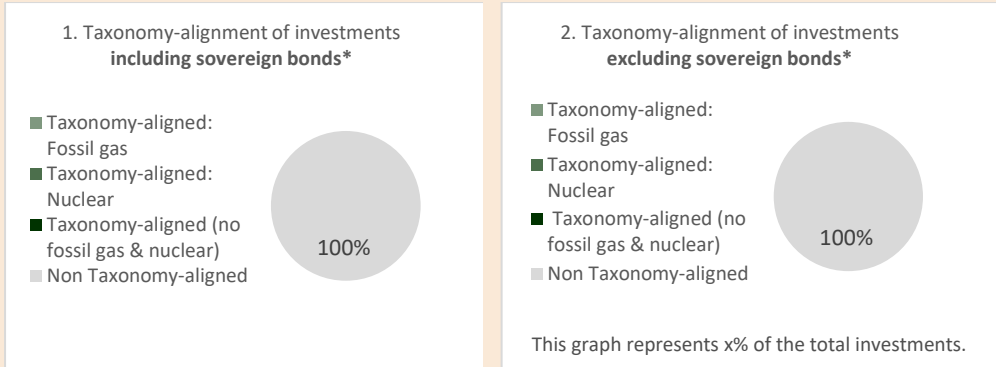
● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy¹?**

☐ Yes:

☐ In fossil gas ☐ In nuclear energy

☒ No

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?**

¹ 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.



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

This financial product does not commit to a minimum share of investments in transitional or enabling activities as defined by the EU Taxonomy.



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

This financial product does not commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.



What is the minimum share of socially sustainable investments?

This financial product does not commit to a minimum share of sustainable investments with a social objective.



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

Investments included under “#2 Other” consist of cash or cash equivalents. These holdings are maintained for liquidity and portfolio management purposes and, on average over a reporting year, are not expected to exceed 5% of assets.

Cash positions are not considered aligned with the environmental characteristics promoted by the product due to the nature of the asset class. However, they do not undermine the attainment of the environmental or social characteristics, and the same minimum environmental and social safeguards that apply to the rest of the investment process continue to apply to these holdings.



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

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 index has been designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes.

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***
- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***
- ***How does the designated index differ from a relevant broad market index?***
- ***Where can the methodology used for the calculation of the designated index be found?***



Where can I find more product specific information online?

More product-specific information can be found on the website: <https://majinvest.com/>