

## 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 525

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 institutions and countries 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.

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

**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.

● ***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.*



## 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 invests in stocks that are characterized as being undervalued relative to the companies' underlying fundamental and business value. The mandate's objective is to generate returns that, over time, exceed market returns as measured by the broad global index. The mandate follows a highly focused investment approach, holding 25-35 stocks, making it more volatile than traditional global equity funds.

The mandate's environmental and social objectives are achieved through its commitment to responsible investment, as described in 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 institutions and countries 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 companies engaged in unsustainable activities, including:

- 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 deriving more than 10 pct. of their revenue from the ownership or operation of gambling establishments.
- 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.

**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.

## 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?***

Assessing good governance practices is ensured through Maj Invest's Responsible Investment Policy and involves norm-based screening in collaboration with Sustainalytics. The screening evaluates whether companies comply with internationally recognised norms and standards concerning environmental, social, and governance (ESG) issues, including the UN Global Compact and OECD Guidelines for Multinational Enterprises. It identifies companies that violate or risk violating these norms. The screening includes an assessment of factors such as labour conditions, management practices, compliance with human rights, and remuneration policies.

Maj Invest's Responsible Investment Policy is available on the website,  
<https://majinvest.com/>



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

95 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.

Investments under '2 Other' can include cash or cash equivalents, which can account for up to 5 pct. of investments for liquidity and portfolio management purposes. These investments are not classified as being in line with the environmental and social characteristics due to the nature of the assets, but they are not considered to undermine the characteristics promoted by the mandate.

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

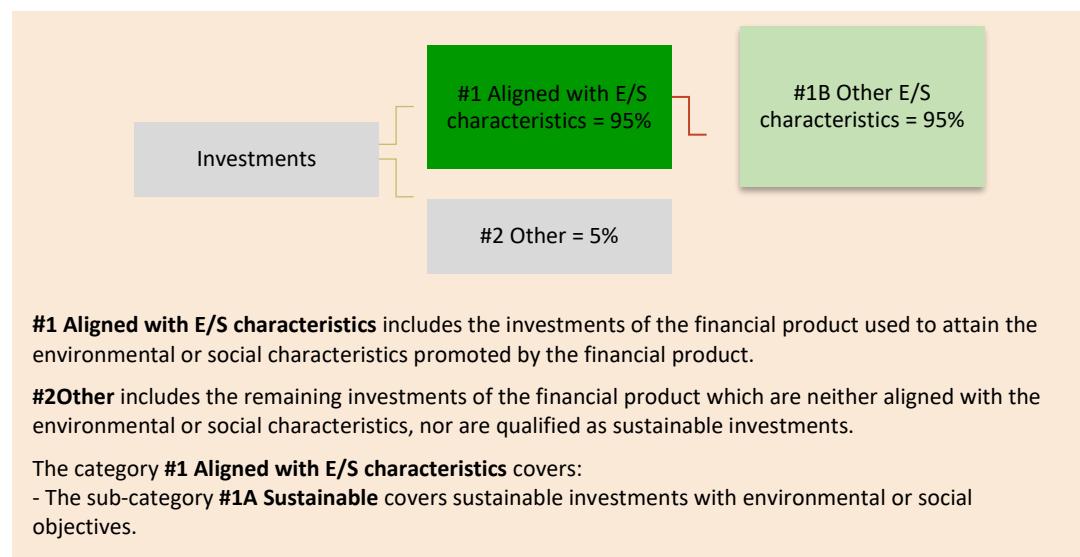
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.

- **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>?***

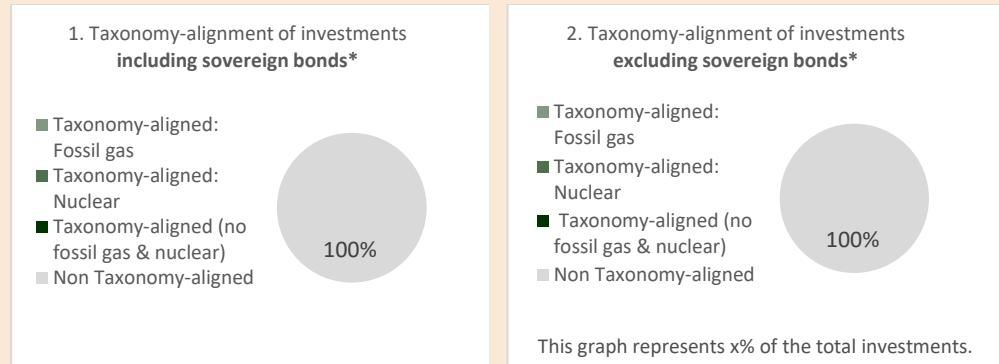
Yes:

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?**

Not applicable

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

- ***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/>