

## Sustainability Risk Policy

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### 1. Purpose of the policy

This policy (“Policy” or “the Policy”) applies to Maj Bank A/S and its employees, (“Maj Bank”).

The policy has been drawn up in accordance with Article 3 of the Disclosure Regulation (EU) 2019/2088 of 27 November 2019. The policy is an element of Maj Bank’s approach to sustainability risks, including Maj Bank’s general policy statements concerning environmental, social and governance (ESG) matters, see clause 3. The policy also sets out the framework for how Maj Bank will handle and integrate sustainability risks in its investment advisory activities, see clause 4.

The purpose of this policy is to describe Maj Bank’s approach to the integration of sustainability risks in its investment advisory services. At Maj Bank, the identification and handling of sustainability risks can take place both at company level, and in elements of investment advisory services. Maj Bank operates as an investment adviser, and the opportunities to integrate sustainability risks in investment advisory services are to a great extent dependent on the client’s sustainability preferences.

### 2. Sustainability risk

Sustainability risk is defined – according to SFDR – as an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of an investment. Sustainability factors are – according to SFDR – environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

#### *Climate and environmental risks*

Climate and environmental risks include financial risks arising from exposure to an investment that may be affected by climate change or other forms of environmental degradation, and the transition to a carbon-neutral economy. Here, a distinction is made between physical risks and transition risks.

Physical risks are related to more frequent and more extreme weather events, and may include business activities that are particularly vulnerable to these extreme weather conditions.

Transition risks concern the financial risks that companies may face as a consequence of the transition to a carbon-neutral economy. This might include investments in a sector with high carbon emissions, where the underlying assets become stranded, resulting in lost value and failing profitability.

#### *Social risks*

Social risks concern the financial risks faced by investors as a consequence of social or societal factors. These risks may develop as a consequence of changes in a number of societal aspects, and include social conditions, working conditions, human capital, diversity and inclusion.

#### *Governance risks*

Governance risks concern the potential challenges and threats that a company may face as a consequence of ineffective or incompetent management. These risks may affect the company's ability to achieve its own goals, protect its reputation and maintain good management and operations, which in overall terms can have a negative impact on the value of an investment.

### **3. In general about sustainability in the Maj Invest Group**

As a company, Maj Bank considers sustainability risks to the extent that such risks may affect Maj Bank's stability if they are not handled correctly.

Maj Bank aims to offer mutual fund products with a sustainability classification (products in accordance with Article 8 of the Disclosure Regulation) among the products offered by Maj Bank.

Furthermore, Maj Bank is focused on being a workplace that takes sustainability into account, and which takes sustainability and social responsibility seriously.

Based on the aforementioned, Maj Bank, as part of the Maj Invest Group, adopts the following general policy statements:

The Maj Invest Group's social responsibility and climate initiatives:

- The Maj Invest Group has a permanent employee committee, the Committee for Social Purposes, which works with donations and has the aim of donating DKK 10 million over a five-year period (up to and including 2027), with focus on social vulnerability and or nature/climate issues.
- The Maj Invest Group has a permanent employee committee, the Climate Committee, which works to promote climate awareness internally in the Maj Invest Group. The committee also actively seeks to identify internal opportunities within the Maj Invest Group to choose more climate-friendly solutions that will contribute to reducing waste and excessive consumption.
- The Maj Invest Group has a permanent employee committee, the Inclusion Committee, which works to promote diversity and inclusion in the Maj Invest Group and in the financial sector in general, in cooperation with relevant institutions.

The Maj Invest Group's initiatives to support investments and products to promote sustainability:

- In its sustainability work, the Maj Invest Group seeks to adhere to internationally recognised principles.

The Maj Invest Group actively seeks to offer investment strategies and/or products with direct investment in renewable energy and in enterprises that change behaviour, or develop technology and products that promote the green transition.

- The Maj Invest Group works actively to offer investment strategies and/or products that invest in enterprises that promote positive societal development or social conditions.

The Maj Invest Group's policy statements are principles to which the Maj Invest Group will seek to adhere in the companies where this supports the purpose, and is relevant and agreed with the client.

The Maj Invest Group's business partners, codes of conduct for responsible business practices, internationally recognised due diligence standards and sustainability reporting are presented in Appendix 1.

#### **4. Integration of sustainability risks in investment advisory services**

As Maj Bank advises on mutual fund products, but is not an asset manager, some elements, but not all, of the EU Disclosure Regulation are relevant for Maj Bank. For example, requirements concerning portfolio management are not relevant.

Since Maj Bank does not develop products, but intermediates other providers' mutual fund products, Maj Bank's approach to and documentation of sustainability risks are to some extent related to how the product providers approach and document sustainability risks.

Maj Bank handles and integrates sustainability risks in its advisory services by assessing suppliers and their mutual fund products. The investment products offered by Maj Bank can vary, and the integration of sustainability risks is therefore highly dependent on the individual investment strategy and client agreement.

Maj Bank adheres to a fixed process for selection of recommended investment products, and sustainability risks can be relevant in this respect. Maj Bank undertakes an overall assessment of portfolio managers linked to the individual mutual fund products, including such factors as screening, access to the ESG area and classification, as well as reporting under SFDR, etc. The executive director must ensure that these processes are reflected in procedures for selection of recommended mutual funds and in product governance, etc.

Maj Bank works systematically to identify and address sustainability risks for the financial products offered by the bank, to the extent that this is relevant for Maj Bank.

Maj Bank's management continuously assesses whether actual ESG events or incidents have occurred that present significant sustainability risks for Maj Bank. At each ordinary meeting of the Board of Directors information is given concerning sustainability incidents/events with an actual or potentially significant negative impact on the value of investments/products intermediated by Maj Bank and with any change in significant sustainability risks for Maj Bank.

#### **5. Maj Bank clients**

Maj Bank's advisory services concern products that promote sustainability, and products that do not promote sustainability. Whether sustainability is promoted and how sustainability risks are integrated are highly dependent on the client's sustainability preferences.

Maj Bank clients are informed about sustainability risks when they enter into an agreement with Maj Bank and in reporting from Maj Bank, including

- i) how Maj Bank integrates sustainability risks in its investment advisory services, and
- ii) probable impacts of sustainability risks on returns on the mutual fund products on which Maj Bank advises; or
- iii) information that sustainability risks are not assessed to be relevant for the advisory services offered by Maj Bank, and the reasons for this.

At Maj Bank, the client's preferences concerning sustainability will be reviewed as an element of the establishment of our relationship, and Maj Bank will assess whether the bank can match these preferences, which means that the eligibility assessment will include sustainability. The client will also receive information on the mutual fund products on which Maj Bank advises, including for products that have sustainability as a goal, or as one of several characteristics.

## **6. Further information and updating of the policy**

Information on Maj Bank's general approach to sustainability is available at:

[www.majbank.dk](http://www.majbank.dk)

## **7. Infringement and revision**

Responsibility for compliance with this policy is held by the CEO of Maj Bank A/S.

If the Executive Board of the company subject to the policy finds an instance of non-compliance with the policy, the Executive Board must notify this to the Board of Directors. In collaboration with the Board of Directors, the Executive Board will take the measures necessary to ensure that the policy is complied with once again.

The policy is revised annually by the Executive Board, or as required, including on any significant changes in the assumptions underlying the policy. This is thereafter approved by the company's Board of Directors.

Questions concerning Maj Bank's Sustainability Risk Policy may be addressed to the CEO at [info@majbank.dk](mailto:info@majbank.dk).

## **8. Entry into force**

This policy enters into force on 26 October 2023.

Discussed and adopted by the Board of Directors on 26 October 2023 and subsequently signed by digital signature.

Board of Directors:

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Chairman of the  
Board of Directors  
Cato Baldvinsson

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Board member  
Nils Bernstein

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Board member  
Henrik Parkhøi

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Board member  
Marianne Settnes

Adopted by:

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CEO  
Brian Buus Madsen

APPENDIX 1: Relevant reference to codes of conduct for responsible business practice and internationally recognised standards for due diligence and reporting, etc.

Important business partners, codes of conduct, standards, etc. for sustainability.	Companies
Cooperation with third party data provider on sustainability screening and engagement	MI, MIE
Collaboration with ComplyAdvantage on sanction screening	MI, MIE and MB
Collaboration with ISS on voting	MI
Adoption of PRI	MI, MIE
Adoption of IIGCC (The Institutional Investors Group on Climate Change)	MIE
Transparency International Danmark	MI
Various standards for sustainability and reporting, as a consequence of SFDR and other EU and DK regulation	MI, MIE and MB
Code of conduct CFA Asset Manager Code	MI
Code of conduct: International PE and Venture Capital Valuation Guidelines	MIE
Code of conduct: Active Owners' tax code	MIE
IA 50	MIE