ENGAGEMENT POLICY

Qblue Balanced A/S

1. Purpose and Principles

This policy sets out Qblue Balanced's ("Qblue's") approach to engagement in the management of investments in accordance with Alternative Investment Fund Managers Act, Consolidated Act no. 2015 of 1 November 2021, Commission's Delegated Regulation (EU) No. 231/2013, and Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (SFDR), in order to ensure that investment decisions are carried out in compliance with the investment objective, the investment strategy, the sustainability policy, and the risk limits of the AIF and discretionary portfolios managed.

The Engagement policy describes how Qblue engages with and exercises voting rights in investee companies.

2. Engagements

Qblue shall always apply a high standard of diligence in the selection of, ongoing monitoring of, and engagements with investee companies, including, but not limited to, taking into account sustainability risk and material adverse impacts on sustainability factors.

2.1 Company Dialogue

As Qblue's strategies are systematic and rule-based, investment decisions are in general based on a quantitative evaluation of such rules or algorithms, and company dialogue is not a part of the investment decisions process. Companies not complying with the investment strategy specifications, in respect of financial as well as sustainability, are simply not investable. Accordingly, portfolio managers do not in general engage in company dialogue.

That being said, company dialogue is an important part of our sustainability framework as described in the Sustainability policy. We believe that engagement is generally the best strategy for contributing to improving sustainability and responsible behaviour in companies. Therefore, Qblue engages in dialogue with a selected number of companies in which we have invested.

In selecting the companies with which we chose to engage, the criteria considered are:

i) the importance of the sustainability issue in question
ii) the likelihood of achieving a positive impact or improvement by engaging, and
iii) the size of Qblue's investment in the company. As our investments grow, we expect to increase the number of companies we engage with.

In determining the importance of an issue in i), the extent to which the issue forms a sustainability risk[1] and/or has a material adverse environmental or social impact is taken into account. In the recent years the areas of focus for company engagements have been: (i) breaches of UN Global Compact principles in relation to environmental issues, human rights issues and labour rights issues; (ii) carbon emissions and; (iii) Tax avoidance/lack of tax transparency.

The Sustainability Committee is responsible for

- taking decisions on which companies to engage with
- evaluating the outcome of ongoing engagements/dialogues
- deciding on themes for future engagements (e.g., high carbon emission companies, severe breaches of UN Global Compact principles, poor gender equality standards, poor labour protection standards, and tax avoidance)
- deciding on the selection of outsourcing partners to conduct the engagement/dialogue
- reporting on the activities and outcomes of the company engagemens/dialogue

The list of engagement companies is updated continuously and is attached as appendix 1 to this policy.

2.2 Voting in Investee Companies

As a general rule, Qblue intends to exercise its voting rights in investee companies.

The aim of Qblue is to protect and grow the value of investments managed by Qblue by ensuring that the portfolio companies diligently mitigate risks and have the lowest possible capital costs, by acting responsibly, and at the same time encouraging companies to grow earnings by pursuing sustainable opportunities that support the goals of society and the global community. This forms the basis for the principles for exercising the voting rights. Proposals fostering long-term sustainable growth in earnings, ensuring good corporate governance and mitigating adverse environmental or social impacts will in general be supported by Qblue in exercising voting rights.

The Sustainability Committee is responsible for

- taking decisions on the more specific rules and procedures for voting
- deciding on whether to use an outsourcing partner to conduct proxy voting and, if confirmative, for the selection of an outsourcing partner
- reporting on the activities and outcomes of the company voting activities

Due to the nature of its investments and the associated costs of exercising voting rights, Qblue has opted for a policy of not exercising voting rights in companies with a holding below the Voting Right Threshold Level. The Voting Right Threshold Level is set by the Sustainability Committee annually. Currently, the Voting Right Threshold Level is set at EUR 2m.

[1] A ‘sustainability risk’ means 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 the investment

2.3 Cooperation with other Shareholders and Dialogue with Stakeholders

Due to the systematic and rule based characteristics of Qblue's investment processes, Qblue does not in general cooperate with other shareholders and enter into dialogue with other stakeholders of investee companies directly. As part of the engagement processes, the outsourcing partner regarding engagement and dialogue related to sustainability topics may on the behalf of Qblue enter into such activities if deemed appropriate and conducive.

3. Conflicts of Interest regarding engagements and due diligence

Potential or actual conflicts regarding engagements may arise from time to time. It is the responsibility of all involved parties, that is Investments, Risk, the Data and Technology Manager and the members of the Sustainability Committee, to raise any identified conflicts of interest and communicate this to the Compliance Officer in order to include any such conflict of interest in the Conflict of interest register and in order to decide on any mitigating action to be taken.

4. Review

This policy shall be reviewed at least once a year by the Board of Directors.

5. Approval history

This policy was approved by the Board of Directors on 4 March 2022.

Version:	Effective from:	Changes:	Performed by:
1	3 March 2021	New policy	Board of Directors
2	4 March 2022	No changes	Board of Directors

Appendix 1

Engagement companies 2020

Company	Country	Industry	Reason	Engagement start
Alphabet Inc.	USA	Interactive Media & Services	Tax	Q2 2020
Amazon.com	USA	Internet & Direct Marketing Retail	Tax	Q4 2020
Apple Inc	USA	Technology Hardware, Storage & Peripherals	Tax	Q4 2020
Credit Suisse Group AG	Switzerland	Diversified Capital Markets	Tax	Q4 2020
Deutsche Bank	Germany	Diversified Capital Markets	Tax	Q4 2020
Microsoft Corporation	USA	Systems Software	Tax	Q4 2020
Procter & Gamble	USA	Household Products	Tax	Q4 2020
Royal Dutch Shell plc	Netherlands	Integrated Oil & Gas	Tax	Q4 2020
Société Générale	France	Diversified Banks	Tax	Q4 2020
UBS Group AG	Switzerland	Diversified Capital Markets	Tax	Q4 2020
Barrick Gold Corporation	Canada	Gold	UNGC	Q2 2020
Bayer	Germany	Pharmaceuticals	UNGC	Q2 2020
BHP Group plc	United Kingdom	Diversified Metals & Mining	UNGC	Q2 2020
Exxon Mobil Corporation	United States	Integrated Oil & Gas	TOP100CCC	Q2 2020
Norvatis AG	Switzerland	Pharmaceuticals	UNGC	Q2 2020
Royal Dutch Shell plc	Netherlands	Integrated Oil & Gas	UNGC	Q2 2020
Royal Dutch Shell plc	Netherlands	Integrated Oil & Gas	TOP100CCC	Q2 2020
South32 Limited	Australia	Diversified Metals & Mining	UNGC	Q2 2020
Southern Copper Corporation	United States	Diversified Metals & Mining	UNGC	Q2 2020

Tokyo Electric Power Company Holdings, Inc.	Japan	Electric Utilities	UNGC	Q2 2020