ENGAGEMENT POLICY

Qblue Balanced A/S

1. Purpose and Principles

This policy sets out Qblue Balanced's ("**Qblue**") approach to engagement in the management of investments in accordance with Alternative Investment Fund Managers Act, Consolidated Act no. 231 of 1 March 2024, 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 established 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, ongoing monitoring, 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

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.

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

[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

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 Head of Technology and Risk, 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 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 25 April 2024.

Version:	Effective from:	Changes:	Performed by:
1	3 March 2021	New policy	Board of Directors
2	4 March 2022	No changes	Board of Directors
3	19 April 2023	No changes	Board of Directors
4	25 April 2024	No changes	Board of Directors