SUSTAINABILITY POLICY

Qblue Balanced A/S

1. Purpose and Principles

This policy sets out rules to ensure that Qblue Balanced A/S ("Qblue") is compliant with the regulation on investment set out in the Alternative Investment Fund Managers Act, Consolidated Act no. 231 of 1 March 2024, Commission Delegated Regulation (EU) No. 231/2013 as amended by Delegated Regulation (EU) 2018/1618 and Delegated Regulation (EU) 2021/1255, and Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (SFDR).

The Sustainability policy establishes Qblue beliefs and approach to the management of investments in order to achieve sustainability, covering the principles to which Qblue aspires, and the procedures implemented to integrate these principles into Qblue's business activities.

The aim of Qblue's Sustainability policy is to protect and grow the value of Qblue's investments 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. Qblue believes that sustainability is about meeting the needs of the present without compromising the ability of future generations to meet theirs, and at the same time recognizing that your contribution to society is instrumental in how you are assessed. As a consequence, sustainable investing is not only a question about avoiding investing in the companies that are part of the problem and who shows no signs of a fast transition, but just as much about investing in innovation and progress by identifying and investing in the companies best positioned to solve the world's biggest challenges.

We believe that a focused effort to reduce material adverse sustainability impacts and to integrate responsibility and sustainability into investments is a prerequisite for long-term healthy earnings – and thus for the preservation and growth of the real value of investments. In our view, a long-term sustainable business model taking all stakeholders' interests into account and a true understanding of the company's role in society, are key to success.

Qblue will seek to encourage companies, based on the business they conduct, to address relevant sustainability issues, to pursue relevant opportunities, to have in place fit-for-purpose guidelines and to apply control and follow-up systems to enable the business to be operated in a sustainable way.

Qblue's work on sustainability in investments encompasses a wide range of socially relevant issues in relation to environment and climate, social issues, and governance – the so-called Environmental, Social and Governance (ESG) issues. Climate, in particular has been singled out as a special area of focus. Additionally, Qblue's work on

sustainable investments includes integration of the Sustainable Development Goals in investment processes. In totality, these topics define Qblue's sustainability factors.

2. Assumptions

Qblue's work on sustainable investments must be characterized by consistency, predictability, seriousness, and openness and must be based on facts rather than subjective assessments. Whenever possible, we will use quantitative measures to evaluate corporations' standards.

A starting point when evaluating the sustainability framework of a corporation, is often a comparison with absolute standards or best practices, but this cannot stand alone. When selecting which companies to invest in and engage with, Qblue will also consider a company's proven ability and commitment to continuous improvement on sustainability factors.

To a great extent, Qblue's Sustainability policy is based on stringent criteria, as it refers to politically adopted structures in the form of national legislation, international agreements and widely accepted norms.

3. Sustainability Committee

Qblue's work on sustainability is coordinated in a special internal Sustainability Committee. The members of the Sustainability Committee are: the Executive Management, the Sustainability Manager, the Risk Manager, the Compliance Officer, and the relevant Senior Portfolio Manager(s). If deemed appropriate Executive Management can appoint other employees as members. The Sustainability Committee is chaired by Qblue's Chief Commercial Officer.

The Sustainability Committee is responsible for making the necessary decisions, delegating responsibilities, and establishing processes which ensure compliance with Qblue's Sustainability policy, including making sure that appendices 1-5 to the policy are updated on an ongoing basis. In addition, the Sustainability Committee is responsible for making the necessary decisions and establishing processes which ensure compliance with Qblue's Engagement policy. The Sustainability Committee must strive to ensure that sustainability assessments are made on a factual basis and that the assessments are as objective as possible. In addition, the Sustainability Committee is the coordinating point for Qblue's internal discussions on the development in the area of sustainability.

The Sustainability Committee is responsible for, on an ongoing basis, assessing whether the organization possesses the necessary and required knowledge regarding sustainability. At least once a year, this is an agenda item at the Sustainability Committee meetings.

Finally, the Sustainability Committee is the coordinator of Qblue's ongoing work to strengthen its research, initiatives and actions in this area. This applies, for example, in relation to decisions on further analyses of individual companies or special problem areas, approval of new processes which ensure compliance with Qblue's policies and in relation to the decisions to examine alternative methods and new focus areas.

The ordinary Sustainability Committee meetings take place on a quarterly basis. If needed, the Sustainability Committee meets between ordinary meetings.

4. Integration in investment practice

Qblue makes use of a multifaceted three step process when integrating the sustainability policy into investment practice. The process is subject to continuous evaluations and improvements and is expected to evolve over time. Below the three steps are laid out.

4.1 Step 1: Engagements and Exclusions

First step is to identify the companies in the universe with which to engage and which to exclude.

Engagements

We believe that engagement is generally the best strategy for contributing to the strengthening of 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 choose 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 with which we engage. 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 impacts is taken into account.

In the Engagement policy this is described in further details.

Exclusions

Even though Qblue as a general rule finds engagement more effectful than exclusion, there are certain situations where exclusions are selected. Qblue does not invest in companies that intentionally and repeatedly violate rules laid down by national authorities on the markets in which the company operates or by central international organizations generally endorsed by the global community.

Qblue does no invest in specific securities, including central government debt securities, which are covered by EU or UN sanctions. In addition, and in order to reduce the risk of investing in securities where the sustainability risk with regard to money laundering, bribery, terrorist financing, and tax avoidance are deemed unacceptable, Qblue does not invest in securities issued by governments or companies domiciled in such countries. The current list of Countries Ineligible for Investments is attached as Appendix 1 to this policy.

[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

Information that an investee company has – or is suspected of having – breached Qblue's policy typically forms the basis for an engagement process. This includes a further investigation of the accusations and - if these are confirmed to be valid - Qblue will decide whether to engage with or exclude the company.

From time to time, situations may arise in which it is either not possible to reach an unequivocal conclusion about a sustainability issue or the costs of doing so are deemed too high. Consequently, Qblue might choose not to invest in a company based on a sustainability risk assessment.

The current list of excluded companies is attached as Appendix 2 to this policy.

The fact that a company has been excluded prevents Qblue from buying any additional securities issued by the company and a divestment plan of existing holdings of such companies has to be made. An exclusion of a company does not prevent Qblue from holding a short position in such a company.

4.2 Step 2: Industry Sustainability Risk assessment

The second step is to identify industries or sub-sectors with unwanted inherent sustainability risks where mitigation is deemed insurmountable ("Excessive Sustainability Risk Industries").

In this step we take a closer look at companies in industries or sub-sectors of industries, where the activities or products of the companies cause severe negative externalities to society and mitigation is insurmountable or very difficult, i.e., an investment would be associated with a material adverse environmental or social impacts and/or an unwanted sustainability risk. Investments in these industries or sub-sectors typically come with an uncompensated risk, making such investment less attractive from a financial point of view as well. As governments, consumers and investors increasingly focus on these negative externalities and adverse impacts associated with certain industries, the companies in such industries might face future economic sanctions as well as reputational risks, both being harmful to their business models.

If an industry or sub-sector is deemed to belong to this category, Qblue will refrain from buying any additional securities issued by companies in this industry or subsector and a divestment plan of existing holdings of such companies has to be made. It does not prevent Qblue from holding a short position in such a company.

The current list of Excessive Sustainability Risk Industries is attached as Appendix 3 to this policy.

As mitigation of sustainability risk and material adverse sustainability impact issues is a viable option in most industries, inclusion on the Excessive Sustainability Risk Industry list is expected to affect relatively few industries or sub-sectors.

4.3 Step 3: Measurement for sustainability risk – the Sustainability Cube™

Even though the processes described in step 1 and 2 are designed to significantly reduce sustainability risk, either by engagement or exclusion, the remaining sustainability risk in the investable universe will differ considerably between companies. Furthermore, step 1 and 2 do not specifically identify the companies with

a strong sustainability standard (i.e., a very low level of sustainability risk or a high level of "sustainability opportunity"[2]). In order to deal with this, Qblue has developed a proprietary framework named The Sustainability Cube™ , where all companies in the investment universe are scored and ranked according to their sustainability standards. Low scores are given to companies associated with a high level of sustainability risk and a low level of sustainability opportunities, while high scores are given to companies with a low level of sustainability risk and a high level of sustainable opportunities.

In designing the The Sustainability Cube™ framework and the associated "The Sustainability Cube Score™" the objective has been to create a robust and balanced measurement. In order to achieve this, it has to be considered that creating societal value and being sustainable (i) is a multi-dimensional effort, (ii) requires a broad range of supplementary data and data quality enhancements, as sustainability data are short, incomplete and noisy, (iii) is a dynamic process and changes over time, and (iv) should be measured based on the companies' current position as well as the forward looking trajectory, as they are both relevant in measuring sustainability risk and may very well differ, and if possible with the addition of measures of sentiments and perceptions of the companies' sustainability standards.

As a consequence, Qblue will on an ongoing basis decide on:

(1) How many and which dimensions of sustainability are to be included in the The Sustainability Cube Score™ (As of June 2022 the following three dimensions are included: i) A ESG Industry Leadership Score, ii) A Climate Transition Score, and iii) A "SDG"[3] Alignment Score

(2) Which measures and data are to form the sub-scores in each dimension, broken down into measures related to a) current position b) forward looking trajectory (or future position), and if relevant and available c) sentiment data

(3) The weights assigned to each of the measures mentioned in (2) above

(4) The method and weights assigned to dimensional sub-scores in order to calculate an overall score on sustainability risk (The Sustainability Cube Score™)

(5) The current framework and weight regarding point (1)-(4) above (The Sustainability Cube™ Framework) is attached as Appendix 4 to this policy

5. Policy to Identify and Prioritize Principal Adverse Sustainability Impacts

As described in section 4, it is an integrated part of the procedures to consider principal adverse sustainability impacts of investments. In the following, our procedures to identify and prioritize Principal Adverse Sustainability Impacts are described.

[2] "Sustainability opportunity" means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material positive impact on the value of the investment

[3] SDG meaning United Nations' Sustainable Development Goals

5.1. Identification of Principal Adverse Sustainability Impacts

In identifying principal adverse sustainability impacts, Qblue considers adverse impacts on a broad range of environmental, social and governance issues. The methodology used follows the three steps described in section 4 above:

i) The first step is to identify material adverse sustainability impacts caused by material breaches of the international treaties and standards applied by Qblue in the areas of human rights, labor conditions, environment and bribery. The method applied to identify material adverse sustainability impacts in this step is to use a competent and reliable external partner to screen all companies in the portfolios managed by Qblue and flag any issues identified. Flagged Companies with materiel breaches in these areas are identified in step one under paragraph 4 above. All of these cases are viewed as having a severe principal adverse sustainability impact that has already occurred.

ii) The second step is to identify industries or sub-sectors with unwanted inherent sustainability risks and severe principal adverse sustainability impacts where mitigation is deemed insurmountable ("Excessive Sustainability Risk Industries"). The methodology used to identify the excessive sustainability risk industries is an ongoing qualitative review of industries by the Sustainability Committee. Industries in this category is most likely associated with a high likelihood of occurrence of severe adverse irremediable impacts. Companies operating in these industries are viewed as having a severe principal adverse sustainability impact.

iii) The third step is to identify the measures in the Sustainability Cube Score™ associated with a principal adverse sustainability impact in all dimensions of sustainability. This includes a broad variety of different measures covering e.g., social standards, environmental standards, climate impact, and governance issues. The methodology used in this area is quantitative. For each measure covering a certain adverse impact an indicator is defined and a score is assigned. A low score is associated with a more likely, and more severe adverse impact. The measures, including the indicators used to identify adverse material sustainability impacts, and the data sources are attached as Appendix 5 to this policy.

All three methodologies described above come with a certain margin of error. Step i) and ii) focus on a relative limited number of companies with identified severe material adverse impacts, which is helpful in relation to dealing with these companies, but does not consider the larger number of companies with material but not necessarily severe adverse impacts. This is handled in step iii) where a very large number of companies are scored based on quantifiable indicators and measures. Even though a broad range of current and forward looking measures are used in order to identify not only realized adverse impacts, but also potential adverse impacts, the method comes with a certain margin of error, partly due to the fact that some degree of green washing in company reported statements and goals are hard to avoid, partly due to the fact that data are often incomplete and noisy, and partly just because forecasting potential i.e. future adverse impacts comes with a certain risk margin.

5.2. Prioritization of Principal Adverse Sustainability Impacts

Qblue takes principal adverse sustainability impacts into consideration across all financial products managed. The adverse impacts identified under 5.1, i) and ii) are

taken into consideration across all products managed, and are integrated into the investment procedures for all products, in accordance with the decisions made by the Sustainability Committee regarding exclusions and engagement.

In relation to the adverse impacts identified under 5.1, iii) the Investment Committee is, for each financial product managed, responsible for deciding how to take these adverse impacts into consideration, and how to integrate this into the investment process for each product, depending of the type of product considered. The Sustainability Committee can in some cases decide to engage or exclude, based on information identified under 5.1. iii). In this case, the decisions will affect all products managed, and be integrated into the investment procedures for all products.

In order to prioritize the effort regarding the large number of adverse sustainability impacts identified, Qblue has established core two principles:

- When considering the severity of an adverse impact, we give higher priority to companies with a multitude of adverse impacts in a certain area, than to companies with a single issue. As a consequence we prefer to combine areas of adverse impact into scores including more than one underlying area of adverse impact (e.g. creating a “social” score covering a range of different adverse impacts across different topics all related to social sustainability factors).
- Regarding the prioritization between different indicators covering different areas of sustainability, the starting point is the weights, assigned by the Sustainability Committee to each area in the Sustainability Cube™. If a product managed has a special sustainability focus area (e.g. climate), the Investment Committee can recommend the Sustainability Committee to decide to change the prioritization of focus on adverse impacts.

6. Review

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

7. Approval history

This policy was approved by the Board of Directors on 25 April 2025.

Version:	Effective from:	Changes:	Performed by:
1	26 August 2019	New policy	Board of Directors
2	3 March 2021	Updated with Sustainability Cube and EU SFDR requirements	Board of Directors
3	4 March 2022	No changes	Board of Directors
4	19 April 2023	Sustainability Manager added to Sustainability Committee	Board of Directors
5	25 April 2024	No changes	Board of Directors
6	25 April 2025	No changes	Board of Directors