

Principal adverse sustainability impacts statement

Summary

Qblue Balanced A/S ('Qblue'), LEI: 2221002STHTCVRHIGE92, considers principal adverse impacts (PAIs) of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of Qblue.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January 2025 to 31 December 2025.

Principal adverse sustainability impacts are integrated into Qblue's Sustainability-, Engagement- and Investment policies, and principal adverse sustainability impacts are considered across all financial products categorized as Article 8 and Article 9 under Regulation EU 2019/2088.

Qblue's proprietary sustainability framework, The Sustainability Cube™, is the primary tool for integrating PAIs in the investment process. The Sustainability Cube™ is a quantitative tool measuring sustainability in multiple dimensions.

The table shows the PAI indicators prioritized by Qblue.

| PAI indicators prioritized by Qblue | | | | |
|--|---|---|--------------|---------------|
| Asset type | Indicator category | PAI indicator | Table | Number |
| Investee companies | Climate and other environment-related indicators | GHG emissions | 1 | 1 |
| | | Carbon footprint | 1 | 2 |
| | | GHG intensity of investee companies | 1 | 3 |
| | | Exposure to companies active in the fossil fuel sector | 1 | 4 |
| | | Share of non - renewable energy consumption and production | 1 | 5 |
| | | Energy consumption intensity per high impact climate sector | 1 | 6 |
| | | Activities negatively affecting biodiversity sensitive areas | 1 | 7 |
| | | Emissions to water | 1 | 8 |
| | | Hazardous waste and radioactive waste ratio | 1 | 9 |
| | | Investments in companies without carbon emission reduction initiatives | 2 | 4 |
| | Social and employee, respect for human rights, anti corruption and anti bribery matters | Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises | 1 | 10 |
| | | Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises | 1 | 11 |
| | | Unadjusted gender pay gap | 1 | 12 |
| | | Board gender diversity | 1 | 13 |
| | | Exposure to controversial weapons (anti - personnel mines, cluster munitions, chemical weapons and biological weapons) | 1 | 14 |
| | | Number of identified cases of severe human rights issues and incidents | 3 | 14 |

Description of principal adverse impacts

Table 1: Statement on principal adverse impacts of investment decisions on sustainability factors

| Indicators applicable to investments in investee companies | | | | | | |
|---|--|---|-------------|-------------|-------------|---|
| CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS | | | | | | |
| Adverse sustainability indicator | | Metric | Impact 2025 | Impact 2024 | Explanation | Actions taken, and actions planned, and targets set for the next reference period |
| Greenhouse gas emissions | 1. GHG emissions | Scope 1 GHG emissions (tCO2e) | 4,508 | 3,316 | | Actions taken: <ul style="list-style-type: none"> <u>Sustainability Cube™</u>: Indicators for GHG emissions are included in Qblue's sustainability framework. |
| | | Scope 2 GHG emissions (tCO2e) | 5,466 | 4,814 | | |
| | | Scope 3 GHG emissions (tCO2e) | 247,470 | 289,410 | | |
| | | Total GHG emissions (tCO2e) | 257,444 | 297,539 | | |
| | 2. Carbon footprint | Carbon footprint (tCO2e per million EUR invested) | 157.7 | 202.8 | | |
| 3. GHG intensity of investee companies | GHG intensity of investee companies (tCO2e per million EUR sales) | 408.4 | 433.8 | | | |
| 4. Exposure to companies active in the fossil fuel sector | Share of investments in companies active in the fossil fuel sector* | 1% | 1% | | | |
| 5. Share of non - renewable energy consumption and production | Share of non - renewable energy consumption and non - renewable energy production of investee companies from non - | 59% | 55% | | | |

| | | | | | | |
|---|---|--|--------|--------|---|---|
| | | renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources | | | | |
| | 6. Energy consumption intensity per high impact climate sector | Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector | 0.11** | 0.06** | See breakdown by NACE code on the last page | |
| Biodiversity | 7. Activities negatively affecting biodiversity sensitive areas | Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas | 4% | 5% | | Actions taken: <ul style="list-style-type: none"> • <u>Sustainability Cube™</u>: Indicators for biodiversity are included in Qblue's sustainability framework. |
| Water | 8. Emissions to water | Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average | - | - | | |
| Waste | 9. Hazardous waste and radioactive waste ratio | Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average | 0.16 | 0.19 | | Actions taken: <ul style="list-style-type: none"> • <u>Sustainability Cube™</u>: Indicators for hazardous waste are included in Qblue's sustainability framework. |
| INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS | | | | | | |

| | | | | | | |
|-----------------------------|---|--|-------|-------|--|--|
| Social and employee matters | 10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises | Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises | 0% | 0% | | <p>Actions taken:</p> <ul style="list-style-type: none"> • <u>Sustainability Cube™</u>: Controversies related to global norms are included in Qblue’s sustainability framework. • <u>Exclusions</u>: Qblue excludes 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. <p>Actions Planned for 2026:</p> <ul style="list-style-type: none"> • <u>Engagement</u>: Continue engagement under the theme ‘UN Global Compact’ |
| | 11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises | Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for | 0.05% | 0.21% | | <p>Actions taken:</p> <ul style="list-style-type: none"> • <u>Sustainability Cube™</u>: Controversies related to global norms are included in Qblue’s sustainability framework. <p>Actions Planned for 2026:</p> <ul style="list-style-type: none"> • <u>Engagement</u>: Continue engagement under the theme ‘UN Global Compact’ |

| | | Multinational Enterprises | | | | |
|--|---|---|-----|-----|--|---|
| | 12. Unadjusted gender pay gap | Average unadjusted gender pay gap of investee companies | 13% | 12% | | Actions taken: <ul style="list-style-type: none"> <u>Sustainability Cube™</u>: Indicators indirectly linked to the gender pay gap are included in Qblue's sustainability framework. |
| | 13. Board gender diversity | Average ratio of female to male board members in investee companies, expressed as a percentage of all board members | 37% | 38% | | Actions taken: <ul style="list-style-type: none"> <u>Sustainability Cube™</u>: Indicators for board gender diversity are included in Qblue's sustainability framework. |
| | 14. Exposure to controversial weapons (anti- personnel mines, cluster munitions, chemical weapons and biological weapons) | Share of investments in investee companies involved in the manufacture or selling of controversial weapons | 0% | 0% | | Actions taken: <ul style="list-style-type: none"> <u>Exclusions</u>: Controversial weapons are excluded from all investments managed by Qblue |
| Indicators applicable to investments in sovereigns and supranationals | | | | | | |
| Not relevant | | | | | | |
| Indicators applicable to investments in real estate assets | | | | | | |
| Not relevant | | | | | | |

*companies active in the fossil fuel sector are defined as companies that either (i) belong to the Energy sector (MSCI GICS), or (ii) have more than 1% revenue from either oil, gas, or thermal coal activities (extraction, refining, production, or distribution), or (iii) have more than 1% revenue from fossil fuel power generation, or (iv) have fossil fuel reserves.

** Energy consumption intensity per high impact climate sector can be found in Appendix A. The value presented here is calculated as a portfolio weighted average across all sectors.

The underlying data used to calculate the metrics in the table are supplied by MSCI and Refinitiv

Table 2: Additional climate and other environment-related indicators

| Indicators applicable to investments in investee companies | | | | | | |
|--|---|---|-------------|-------------|---|--|
| CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS | | | | | | |
| Adverse sustainability indicator | | Metric | Impact 2025 | Impact 2024 | Explanation | Actions taken, and actions planned, and targets set for the next reference period |
| Emissions | 4. Investments in companies without carbon emission reduction initiatives | Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement | 34% | 28% | Decrease driven by change in the methodology behind the calculation of the metric performed by our data provider. | Actions taken: <ul style="list-style-type: none"> <u>Sustainability Cube™</u>: Indicators for carbon emission reduction initiatives were included in Qblue’s sustainability framework. |

Table 3: Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters

| Indicators applicable to investments in investee companies | | | | | | |
|--|--|---|-------------|-------------|-------------|--|
| INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS | | | | | | |
| Adverse sustainability indicator | | Metric | Impact 2025 | Impact 2024 | Explanation | Actions taken, and actions planned, and targets set for the next reference period |
| Human Rights | 14. Number of identified cases of severe human rights issues and incidents | Number of cases of severe human rights issues and incidents connected to investee companies on a weighted average basis | 0 | 0 | | Actions taken: <ul style="list-style-type: none"> <u>Sustainability Cube™</u>: Indicators for rate of accidents were included in Qblue’s sustainability framework. <u>Exclusions</u>: Qblue excludes 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. |
|--|--|--|--|--|--|---|

Description of policies to identify and prioritize principal adverse sustainability impacts

Related Policy: Sustainability Policy (current version approved April 19, 2023)

Qblue's Sustainability Committee is responsible for making the necessary decisions, delegating responsibilities, and establishing processes which ensure compliance with Qblue's Sustainability Policy.

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 a three-step procedure:

1. Identify principal 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
2. Identify industries or sub-sectors with unwanted inherent sustainability risks and severe principal adverse sustainability impacts where mitigation is deemed insurmountable. The methodology used to identify the excessive sustainability risk industries is an ongoing qualitative review of industries by the Sustainability Committee
3. 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

All three methodologies described above comes with a certain margin of error. The Sustainability Committee is responsible for making the necessary decisions, delegating responsibilities, and establishing processes which ensure compliance with Qblue's Sustainability policy.

Step 1 and 2 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 do not take hand of the larger number of companies with still material but not necessarily severe adverse impacts. This is handled in step 3 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 green washing in company reported statements and goals are hard to avoid, partly due to the facts that data are often incomplete and noisy, and partly just because forecasting potential i.e. future adverse impacts comes with a certain risk margin.

Prioritization of Principal Adverse Sustainability Impacts

Qblue does take principal adverse sustainability impacts into consideration across all financial products managed. The adverse impacts identified in step 1 and 2 presented above has to be taken into consideration across all products managed, and 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 step 3, 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 on the type of product considered. The Sustainability Committee can in some cases decide to engage or exclude, based on information identified under step 3. In this case the decisions have to be taken into consideration across all products managed and integrated into the investment procedures for all products.

In order to prioritize the effort regarding the large number of adverse sustainability impacts identified, Qblue takes into consideration 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.
- 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™.

Engagement policies

Related Policy: Engagement Policy

Qblue's Sustainability Committee is responsible for making the necessary decisions, delegating responsibilities, and establishing processes which ensure compliance with Qblue's Engagement Policy.

Company Dialogue

Company dialogue is an important part of our sustainability framework. 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 investee companies.

Criteria considered for selecting companies for engagement:

1. importance of the sustainability issue in question
2. likelihood of achieving a positive impact or improvement by engaging, and
3. size of Qblue's investment in the company.

In determining the importance of an issue in point 1, the extent to which the issue forms a sustainability risk 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 has 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 emissions 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 engagements/dialogue
- reporting on the activities and outcomes of the company engagements/dialogue

The following PAI indicators are considered in the company dialogue:

- Current levels of carbon emissions (PAI: 1.1, 1.2, 1.3, 1.4)
- Carbon emission reduction initiatives (PAI: 2.4)
- Violation of UN Global Compact principles and lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles (PAI: 1.10, 1.11)

If the company dialogue does not lead to sufficient progress Qblue will divest.

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 responsible, 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.

References to international standards

Qblue's process for identifying principal adverse sustainability impacts involves material breaches of

- United Nations Global Compact
- OECD Guidelines for Multinational Enterprises

The United Nations Global Compact is a principle-based framework promoting sustainable and socially responsible business in the area of human rights, labor, the environment and anti-corruption. The Global Compact principles lay a foundation for achieving the United Nations Sustainable Development Goals.

The OECD Guidelines for Multinational Enterprises are a set of recommendations addressed by governments on responsible business conduct for multinational enterprises. The Guidelines cover business ethics on a range of issues, including employment, human rights, environment, information disclosure, combating bribery, consumer interests, competition, and taxation.

Qblue uses a competent and reliable external partner to screen companies in the investment universe for misalignment with OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. The Sustainability Committee decides if misaligned companies are to be excluded from the investment universe or if progress can be made by engaging with the company.

Alignment with the objectives of the Paris Agreement is assessed via companies disclosed GHG emission reduction targets and track record on meeting past targets. No forward-looking climate scenario is used to measure alignment with the objectives of the Paris Agreement.

Historical comparison

During the reporting period, the Principal Adverse Impact (PAI) indicators show moderate changes compared to the previous reference period, reflecting developments in portfolio composition, assets under management, sector exposure, and updates to underlying data.

Total greenhouse gas emissions decreased compared to 2024, primarily due to a reduction in Scope 3 emissions. It should be noted that all reported greenhouse gas metrics represent financed emissions, and changes therefore reflect not only investee company characteristics but also variations in assets under management and capital allocation. The increase observed in Scope 1 and Scope 2 financed emissions is mainly attributable to higher invested amounts and changes in exposure to emission-intensive sectors, rather than a deterioration in company-level emissions performance.

Despite these developments, the portfolio's carbon footprint and GHG intensity decreased, indicating lower financed emissions relative to invested capital and investee company revenues.

Exposure to companies active in the fossil fuel sector remained unchanged, while the share of non-renewable energy consumption and production increased, mainly reflecting sector allocation effects. Energy consumption intensity per high-impact climate sector increased compared to the previous year, driven by changes in sector composition and revenue dynamics.

Biodiversity-related indicators showed a slight improvement, with a reduced share of investments in companies negatively affecting biodiversity-sensitive areas. Hazardous and radioactive waste intensity decreased, while water-related indicators remained unchanged, with data availability continuing to be limited.

Social and governance-related indicators remained largely stable. No investments were associated with violations of the UN Global Compact or OECD Guidelines, and no severe human rights incidents were identified. The share of investments in companies lacking processes to monitor compliance with international norms decreased compared to the previous reporting period. Gender-related indicators showed minor variations, which are not considered material. Exposure to controversial weapons remained at zero.

Certain changes in PAI indicators, including those related to carbon emission reduction initiatives, are partly attributable to methodological updates implemented by external data providers. Qblue continues to monitor PAI indicators and apply its sustainability framework, including exclusions and engagement activities, in line with SFDR requirements.

Appendix A: Energy consumption intensity per high impact climate sector

| Energy consumption intensity per high impact climate sector (GWh per million EUR of revenue) | | | |
|--|--|-------------|-------------|
| Nace Code | Description | Impact 2025 | Impact 2024 |
| A | Agriculture, forestry and fishing | 0.00 | 0.00 |
| B | Mining and quarrying | 1.27 | 0.13 |
| C | Manufacturing | 0.10 | 0.09 |
| D | Electricity, gas, steam and air conditioning supply | 1.33 | 0.49 |
| E | Water supply; sewerage; waste management and remediation activities | 0.31 | 0.20 |
| F | Construction | 0.09 | 0.07 |
| G | Wholesale and retail trade; repair of motor vehicles and motorcycles | 0.06 | 0.04 |
| H | Transporting and storage | 0.09 | 0.01 |
| L | Real estate activities | 0.30 | 0.16 |