

BLUE
SUSTAINABILITY POLICY

August, 2021

Sustainability and social responsibility

At Blue we believe that sustainability and social responsibility are universal requirements for us as an actor in Danish society, while at the same time, sustainability and social responsibility are key components in creating differentiation and increased returns.

This is why we focus closely on sustainability and social responsibility in our investments. Since we began in 2013, we have focused on enterprises that, through their markets and products, have been favourably positioned in relation to the trends that affect the evolution of our future society.

Sustainability and social responsibility contribute to generate returns precisely through the opportunities that the enterprises have in the area of sustainability, environment etc. We must not only live up to requirements regarding footprint, handshake and behaviours, we must also proactively exploit the opportunities that the transition toward greater sustainability will engender.

In other words, we must, in an orderly and serious manner, continue to assume our share of responsibility for contributing to the green transition and socially responsible development, in step with the times, while simultaneously creating competitiveness in our investment enterprises and increased returns as a result.

Objectives for sustainability and social responsibility

Through our investment work and investment partnerships we at Blue must actively contribute to:

- making the world a little better through targeted initiatives in our investment enterprises in relation to environment, sustainability, circularity, working conditions, social activity (e.g. tax) etc.
- ensuring that welfare and cohesiveness in Danish society are enhanced by ensuring that smaller Danish enterprises are given optimal opportunities – on the right foundation – to evolve and optimally exploit their potential.

It is also our pledge in BE III that our partnerships must improve their footprint and impact during our ownership period and that we actively reject enterprises that add unnecessarily to environmental and social burdens. The investments in BE III must thus comply with level 2 requirements of the EU's disclosure regulation (Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector).

Blue's operational approach to sustainability and social responsibility

We incorporate these objectives into our investment process by:

- selecting investments which by their nature contribute to sustainable transformation or which carry out their necessary activity in society in a way that minimizes impacts.
- actively using ownership to influence development in a beneficial direction and by setting ambitious targets for the development of the investment enterprises.
- ensuring follow-up and reporting through the implementation of measuring systems, KPIs etc.
- reporting to investors regarding sustainability efforts.

In BE III we have further intensified our focus on sustainability compared to SEBE I and BE II, primarily by establishing clear objectives for sustainability and social responsibility for each investment and working with more detailed measuring and follow-up. To the extent possible, this approach in BE III will also be applied to already existing investments in the two previous funds. Sustainability and social responsibility have become integrated and key components in the investment process itself through:

- sustainability screening during the due diligence phase by Blue's Advisory Board that focuses precisely on determining whether the individual case aligns with the objectives of BE III while also identifying any potential for further development and differentiation within the area of sustainability.
- establishing, in the strategy plan for the individual investment, clear objectives for sustainability and clear plans for how the objectives are to be met, as well as measuring and reporting.
- specifically, objectives and plans for CO2 emissions are always established for all investments while other targets and plans deal with the most relevant areas for the individual enterprise.
- each investment enterprise signs and complies with the UN Global Compact.

In order to systematize our sustainability initiatives, Blue has chosen 'Future Fit' as the method to organize and direct our efforts. Future Fit is a recognized methodology that is well-suited to the SME segment and facilitates individual and relevant adaptation while at the same time permitting measuring and summarization across our portfolio for: CO2 emissions, the UN's 17 global sustainable development goals (SDGs), and other relevant areas such as EU taxonomy alignment etc.

Blue's sustainability efforts in BE III also follow the 6 UN Principles for Responsible Investment and, where possible, this will also be the case for SEBE I and BE II.

Governance og Advisory Board in relation to sustainability

The investment team in Blue are, within their respective work areas, responsible for ensuring Blue's sustainability policy is incorporated and complied with, and that the sustainability policy is continually developed and sharpened. Each individual investment responsible is accountable for ensuring the implementation of the sustainability policy in connection with the investments made. To ensure compliance and development, an internal anchor person has been appointed with responsibility for the area.

To assist us in the organization and implementation of our sustainability efforts, we have set up an Advisory Board consisting of external experts who are closely involved in the work of the fund.

The Advisory Board's primary task is to advise the investment team in Blue and Blue's investment partners on sustainable business development and in particular to:

- Guide Blue in the selection of reporting standards for both portfolio enterprises and Blue's reporting to investors and the public.
- Prepare input for the sustainability parameters that should be evaluated for any enterprise investment in Blue's domain.
- Analyse the enterprises that Blue is considering investing in from a sustainability perspective, focusing both on the enterprise's track record and current status as well as future potential.
- After an investment, members of the Advisory Board will be able to assist the enterprise with, for example, laying out strategy, professional sparring in relation to implementation of the strategy, reporting etc.

- Hold an annual meeting with the individual enterprise (if wished for) to follow up on the sustainability strategy and its implementation.
- Contribute with information to Blue Equity and investors in Blue regarding sustainability efforts – possibly in the form of an annual report to investors in Blue.

Advisory Board members

Kristoffer Nilaus Tarp (chairperson)

- Director and owner of Concord Consulting which advises on sustainability and international conditions.
- Senior Advisor at UN. Anchor person for UN's SDG Accelerator program in Denmark.
- Has worked as project head and advisor in a series of private companies and in addition has concluded assignments for, among others, the Danish Ministry of Foreign Affairs, the World Bank, governments and various departments of the UN System.
- Kristoffer holds an Msc.pol. from Copenhagen University.

Annette Hastrup

- Director and owner of the consulting firm *Vugge til Vugge*, which is one of the twelve globally accredited Cradle to Cradle Assessment Bodies.
- Annette is also a member of the Certification Standards Board which is the deciding body responsible for maintenance and revision of the Cradle to Cradle Certified™ Products Standard.
- For more than 20 years, Annette has served as environmental head in public and private enterprises where she has worked on both operational and strategic levels.
- Annette holds an MSc in Biology and has Leadership training from Dansk Industri.

Pelle Pedersen

- Chief Impact & Growth Officer at Doland, an investment platform for sustainable investment that helps Danish investors starting out in sustainable investment.
- Pelle also has 8 years' experience with sustainable investments and has in the past worked as head of sustainable investment for the PKA pension fund.
- Pelle qualified as a lawyer at Copenhagen University.

Approval

This sustainability policy was adopted on August 17 2021.

This sustainability policy must be reviewed at least once a year and be duly updated should this prove necessary. The next occasion shall be no later than August 16 2022.

Christian Møller
Man. Partner

Thomas Bonde
Man. Partner