

BLUE
ESG POLICY

January, 2024

ESG and social responsibility

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

This is why we focus closely on ESG 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.

ESG and social responsibility contribute to generate returns precisely through the opportunities that the enterprises have in the area of ESG. We must not only live up to requirements regarding behavioural conduct and legal aspects, we must also proactively exploit the opportunities that the transition toward greater focus on ESG 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 ESG 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 ESG including the environment, 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 ESG and social responsibility

We incorporate these objectives into our investment process by:

- selecting investments which by their nature contribute to the ESG related 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 ESG efforts.

In BE III we have further intensified our focus on ESG compared to SEBE I and BE II, primarily by establishing clear objectives for ESG 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. ESG and social responsibility have become integrated and key components in the investment process itself through:

- ESG 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 ESG.
- establishing, in the strategy plan for the individual investment, clear objectives for ESG 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 complies with the principles of UN Global Compact.

Blue’s ESG 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 in relation to ESG

The investment team in Blue are, within their respective work areas, responsible for ensuring Blue’s ESG policy is incorporated and complied with, and that the ESG policy is continually developed and sharpened. Each individual investment responsible is accountable for ensuring the implementation of the ESG 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 ESG efforts, we regularly liaise with relevant experts. The main task being to advice Blue’s investment team – and Blue’s investment partners where relevant – about ESG focused business development, and in particular guide Blue with regards to the following:

- Developments within legislation and the implications hereof.
- Selection of reporting standards for both portfolio companies and Blue’s reporting to investors and the public.
- Relevant ESG-parameters, which should be assessed in connection with company investments in Blue’s domain.
- Ad-hoc assessment of businesses which Blue contemplates to invest in from an ESG -perspective with a focus on track-record, current status as well as future potential.
- ESG initiatives in relation to concrete finalized investments, including strategic planning, sparring in relation to strategy implementation, reporting etc.

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