

Template periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: Maritime Investment Fund II K/S (MIF II)
Legal entity identifier: 894500MO76XZ7Y75H089

Environmental and/or social characteristics

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Did this financial product have a sustainable investment objective?

<input checked="" type="radio"/> <input type="radio"/> Yes	<input type="radio"/> <input checked="" type="radio"/> No
<input type="checkbox"/> It made sustainable investments with an environmental objective: ____% <ul style="list-style-type: none"> <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> It made sustainable investments with a social objective: ____%	<input checked="" type="checkbox"/> It promoted Environmental/Social (E/S) characteristics and while it did not have as its objective a sustainable investment, it had a proportion of 5% of sustainable investments <ul style="list-style-type: none"> <input checked="" type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with a social objective <input type="checkbox"/> It promoted E/S characteristics, but did not make any sustainable investments



To what extent were the environmental and/or social characteristics promoted by this financial product met?

1. The fund promoted environmental characteristics through adherence to the following conventions:
 - Hong Kong International Convention for the safe and environmentally sound recycling of ships.
 - Basel Convention: Technical guidelines for the environmentally sound management of the full and partial dismantling of ships.
 - EU Regulation (No. 1257/2013) on ship recycling.
 - International Convention for the Prevention of Pollution from Ships (the IMO MARPOL Convention).
 - International Convention for the Control and Management of Ship's Ballast Water and Sediments.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

2. The fund promoted environmental characteristics by operating the assets purposefully to ensure the achievement of net-zero in 2050 in line with the Paris Agreement, supported by short- and medium-term targets of 35% and 55% reduction in carbon intensity in 2025 and 2030, respectively.
3. Further, the fund promoted social characteristics through adherence to the following conventions:
 - UN Principles for Responsible Investments.
 - UN Global Compact.
 - UN Guiding Principles on Business and Human Rights.
 - OECD Guidelines for Multinational Enterprises.
 - ILO Declaration on Fundamental Principles and Rights at Work.
4. The fund promoted certain ethical and social safeguards through the exclusion of certain activities deemed to be non-ethical or controversial.
5. While operating the assets, the fund had effective operational procedures ensuring continuous follow-up on quality, resources, results, and ESG-related practices. The fund sought to influence technical managers' and charterparties' impact on sustainability matters through engagement and requirements for operating the vessels according to the above conventions.
6. The fund sought to influence cooperative partners' impact on sustainability matters through having voting rights on material sustainability topics.

● ***How did the sustainability indicators perform?***

Navigare Capital's sustainability performance disclosure is divided into three dimensions.

Environment:

Decarbonisation is a key priority among industry participants, including Navigare Capital. Thus, Navigare Capital remains focused on meeting its net zero by 2050 target, including its short term carbon intensity targets.

Navigare Capital measures carbon intensity based on a vessel's cargo-carrying capacity relative to its fuel consumption. In shipping, this number is referred to as the Annual Efficiency Ratio ("AER") and is the most used intensity metric in the sector. The AER is applicable to all vessels over 5,000 gross tonnes, which includes the majority of the Fund's fleet and the global fleet in general. As the recently purchased offshore wind support vessels Norwind Breeze and Norwind Gale are below this threshold, they are not included in the AER. However, Navigare Capital monitors industry standards closely for vessels below 5,000 gross tonnes in the offshore wind industry, in particular.

By investing in vessels with favourable AER numbers, Navigare Capital ensures that it always invests in fuel-efficient vessels, enabling it to steadily reduce carbon emissions and reach its targets.

In 2023, the Fund's AER performance was estimated to be 5.6% below the targeted trajectory stipulated by the 2018 IMO strategy, and 0.6% below Navigare Capital's own targeted trajectory due to an overall good performance across the fleet.. In total, the Fund emitted roughly 365,000 tonnes of greenhouse gases in 2023.

Social:

Navigare Capital puts strong emphasis on the safety and wellbeing of both its onshore and offshore workforce. As a consequence of this, in 2023, the Fund operated all its vessels under Danish flag, which ensures additional legal protections for all seafarers regardless of nationality, including the Danish regulations for injury compensation, sick pay and vacation. Furthermore, Danish-flagged vessels must also implement occupational health and safety systems, which together with the in-house monitoring of the technical directors, create a secure working environment for seafarers.

In 2023, the Fund recorded almost 900,000 working hours onboard its time chartered vessels and vessels in joint ventures, with only two work-related safety incidents, of which one resulted in lost time. The lost-time injury involved a crew member who injured his hand while conducting an inspection onboard a vessel, resulting in several fractures. The injured crew member received immediate first aid on the vessel before disembarking for further onshore medical care. The crew member was then repatriated to receive further treatment and has since recovered and returned to work. Following the incident, a full investigation was conducted into the contributing factors, which led to the implementation of new procedures and requirements for protective equipment to prevent the reoccurrence of injuries during that procedure. The other cases involved a seafarer who bruised his ankle after being hit by a rope during a mooring operation and a seafarer who was hit in the head by a faulty crane while working in the engine room without a helmet. Both received immediate first aid on board before receiving a medical evaluation onshore and were eventually able to return to their duties on the vessel. The frequency of lost time incidents was 1.16 per one million hours worked, slightly above Navigare Capital's target frequency of below one.

Maritime Authorities around the world also continuously inspect vessels to verify that the condition of a ship and its equipment complies with the requirements of international regulations and that the ship is manned and operated in compliance with these instruments to ensure maritime safety and security and prevent pollution. The Fund had a total of 10 port state controls in 2023. Following the port state controls, it had zero detentions, but an average of 0.70 deficiencies per port state control. All deficiencies were resolved immediately and a feedback loop enabled the Fund to avoid repetition of the deficiencies.

The number of PSC deficiencies was above the level targeted by Navigare Capital, but still well below the industry standard. Nevertheless, Navigare Capital will take action to ensure future alignment with its targets.

Governance:

Navigare Capital considers good corporate governance to be a cornerstone of its entire operation and way of doing business and thus has a zero-tolerance policy regarding corruption, bribery and facilitation payments. In order to minimise the vessels' exposure to any unwanted requests, Navigare Capital is a member of the Maritime Anti-Corruption Network ("MACN"), a not-for-profit organisation established by the maritime industry to tackle corruption. MACN collaborates with key stakeholders, including businesses, governments, civil society and international organisations, to identify and mitigate the root causes of corruption in the maritime sector.

In 2023, the Fund's time-chartered vessels and vessels in joint ventures reported zero incidents where either bribes or facilitation payments were requested. There were also no fines levied against its vessels.

Further details can be found in Navigare Capital's Sustainability reports, where the next is scheduled to be published at the beginning of April.

● ***...and compared to previous periods?***

Navigare Capital's sustainability performance disclosure is divided into three dimensions.

Environment:

The increase in carbon intensity in 2023 was a deterioration of roughly 9.7 percentage points compared to 2022, leaving the Fund on track to overshoot on the 2025 target of a 35% reduction in carbon intensity compared to 2008. However, it is important to note that the target covers all of Navigare Capital's funds and as a total, it is still on track to meet its 2025 target. The unfavourable development in 2023 was driven by a combination of adding an additional eight vessels to the portfolio and a reduction in carbon intensity on several of the existing vessels.

While the new vessels were energy-efficient, they were less so, compared to the 2022 portfolio average, lowering the portfolio's combined carbon intensity performance from 2022 to 2023.

While it is important to have energy-efficient vessels, how they are operated is equally important – if not more – especially with regards to the choice of speed, as fuel consumption and speed have an exponential relationship, meaning that higher speeds result in significantly higher fuel consumption and vice versa. As Navigare Capital does not have operational control of its vessels, including their speed, it can only encourage and incentivise its charterers to operate the vessels as efficiently as possible, while making the most energy-efficient vessels available to them. New regulations, such as shipping's inclusion in the EU Emissions Trading System ("EU ETS"), which increases the cost of emitting more GHGs, will also incentivise charterers to optimise speed and vessel performance.

As vessel speeds are often dependent on fluctuating factors such as market and supply chain conditions, carbon intensity can vary from year to year, typically increasing when markets improve and decreasing when markets slow down. In 2023, improved market conditions within the tanker segment incentivised charterers to increase speeds, leading to a poorer operational efficiency, while other tankers were used for storage rather than trading, resulting in reduced sailing distances which negatively impacted carbon intensity. This was partly counterbalanced by an improved performance on the container vessels, where charterers reduced speeds to compensate the poorer market conditions

As a result of the above, , the Fund experienced a sharp increase in GHG emissions from roughly 210,000 tonnes CO₂e in 2022 to 350,000 tonnes CO₂e in 2023. This was mainly driven by Scope 1 emissions, which constitute more than 70% of the Fund's total GHG emissions and Scope 3, category 3.2, where embedded carbon

from the 2023 purchased vessels resulted in a 28-fold increase from 2022 to roughly 96,000 tonnes CO₂e in 2023. Scope 2 remained unchanged at zero from 2023.

Social:

While Navigare Capital hires third-party technical managers to operate and staff its vessels, it maintains close in-house monitoring of health and safety conditions onboard vessels. As required by the MLC, all vessels operate under rigorous health and safety support systems, which are audited externally by classification societies as well as internally by Navigare Capital's Technical Directors. The Technical Directors inspect all vessels on a rotating basis, to ensure that the working and operating conditions of the vessels meet the environmental, social and governance ("ESG") requirements and contractual commitments established by Navigare Capital. The technical managers of Navigare Capital's vessels report on a wide range of KPIs, including health and safety topics, on a quarterly basis, which are reviewed by the Technical Directors. These quarterly reports include any findings from port state controls and external audits required by the International Safety Management ("ISM") Code and the International Ship and Port Facility Safety ("ISPS") Code, in addition to the MLC. Tracking these KPIs promotes best practice onboard vessels and provides knowledge via a feedback loop enabling Navigare Capital to keep its number of incidents below industry standards. The LITF increased from zero in the previous two years to 1.16 in 2023.

While the Fund experienced an increase in safety incidents, the number of deficiencies per port state control decreased in 2023 from 2 in 2022 to 0.7 in 2023.

Governance:

The Fund continued to have no incidents of bribery or facilitation payment requests on its vessels. The consistent low rates of corruption-related incidents reported throughout the fleet was the result of concerted efforts by MACN to combat corruption at ports, as well as the current composition of Navigare Capital's fleet, which is less exposed to bribery and facilitation requests due to the type of cargo it carries and the areas it sails to.

Navigare Capital has also stepped up its focus on mitigating corruption risks at ports by ensuring that crews are up to date on relevant anti-corruption procedures. To further pre-empt requests for bribes and facilitation payments at ports, all vessels are equipped with large MACN posters on their bridges to emphasise that they are not authorised to make such payments and are contractually obliged to decline any such requests. When operating in high-risk areas, Navigare Capital also employs onshore Protection & Indemnity Club representatives for additional support when necessary.

Again, further details can be found in Navigare Capital's Sustainability reports, where the next is scheduled to be published at the beginning of April.

- ***What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?***

Not applicable.

- ***How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?***

As Norwind Breeze is subject to the economic activity 'Installation, maintenance and repair of renewable energy technologies' under the EU taxonomy, only one of the five "do no significant harm criteria" is applicable - climate adaptation - under climate mitigation. To ensure the DNSH criteria, the Norwind Breeze, including its remodelling in 2022, was built to comply with all applicable ship design and construction rules, which include considerations of the ocean wave patterns and extreme weather vessels must withstand.

In addition, it upholds the "do no significant harm" criteria relevant for all vessels operating at sea under the economic activity 'Sea and coastal freight water transport, vessels for port operations and auxiliary activities', including considerations of circular economy, pollution prevention and biodiversity. For instance, to facilitate future recycling of the vessel, it carries inventory of hazardous materials ("IHM") certificates onboard, as required by the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships and the EU ship recycling regulation, which Navigare Capital along with with EU Waste Regulation has committed to follow in the event that it has to recycle the ship itself. Navigare Capital is also committed to limiting other forms of pollution from the operation of the vessel by always ensuring that it is fully compliant with all regulations on air emissions, including the IMO MARPOL Convention, which regulates the emissions of sulphur and nitrogen oxides, among other pollutants. To prevent the introduction of invasive species during operations through ballast water, the vessel also complies with the International Convention for the Control and Management of Ships' Ballast Water and Sediments ("BWM Convention"), and has a BWT system installed.

- — ***How were the indicators for adverse impacts on sustainability factors taken into account?***

Before investing in the vessel, Navigare Capital considered the principal adverse impacts, GHG emissions and carbon footprint in particular, and in order to mitigate these adverse impacts, MIF II purchased an energy-efficient SOV vessel – Norwind Breeze – to be employed in the offshore wind industry. The Norwind Breeze mitigates climate impacts primarily through fuel efficiency, battery hybrid propulsion and by incorporating recycled steel parts. As a fuel-efficient vessel featuring battery hybrid propulsion, the Norwind Breeze reduces overall fuel consumption and, thus, GHG emissions. By incorporating recycled steel in its construction, the vessel also has a lower carbon footprint due to reduced embedded carbon from steel production. As the vessel is employed in the offshore wind industry, the Norwind Breeze also reduces the Fund's exposure to the fossil fuel industry.

In addition to mitigating these climate-related impacts, Navigare Capital ensured that the fund's social and governance PAIs, such as violations of UN and OECD principles and exposure to controversial weapons, were addressed in the employment of the Norwind Breeze. Firstly, it conducted due diligence on the technical management company to ensure it upholds proper safety standards and working conditions. Secondly, the counterparties on Norwind Breeze must agree to the UN Global Compact principles, OECD Guidelines for Multinational Enterprises and the ILO Declaration on Fundamental Principles and Rights at Work. They must also agree to restrictions on transporting nuclear weapons and weapons for warfare, something which is anyway not relevant for this particular vessel type. By operating under the Norwegian flag, seafarers on the Norwind Breeze are protected by salary, sick pay, vacation and pension regulations that are typically above industry standards. As a Norwegian-flagged vessel, seafarers on the Norwind Breeze also have access to an independent whistle-blower system run by the Norwegian Maritime Authority.

Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

In order to ensure that the Norwind Breeze complies with the minimum safeguard requirements of the Taxonomy, Navigare Capital initiated an audit of the shipyard where it was built to verify its alignment with the OECD guidelines and UN principles. An audit of the shipyard involves a comprehensive onsite inspection by Navigare Capital to verify that policies, procedures and facilities at the shipyard comply with the health and safety standards of Navigare Capital, and that the shipyard holds the necessary safety certifications and provides adequate safety training. In addition, it verifies that adequate risk assessment and mitigation processes are in place and that all workers have access to a functioning grievance mechanism.

The shipyard is also, on an ongoing basis, subject to audits made by accredited third-party classification societies, which verify the quality, environmental and safety standards of the shipyard.

In addition to the required safety certifications, the shipyard itself can opt for additional certifications such as those of Social Accountability International (SAI). VARD Shipyard has been SA8000 certified since 2011, meaning they follow internationally recognised frameworks for human rights and decent working conditions. In addition, the shipyard is ISO 45001 and ISO 9001 certified, which relates to the shipyard's safety and quality management systems, respectively.

Navigare Capital also conducts due diligence on all charter parties and technical managers for the Norwind Breeze as part of ensuring minimum safeguard compliance. This includes verifying that the parties abide by the OECD guidelines for multinational enterprises (MNEs), UN Guiding Principles on Business and Human Rights (UNGPs), ILO core conventions and the International Bill of Human Rights and that it has not been in violation of corruption and tax laws.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities.

The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



How did this financial product consider principal adverse impacts on sustainability factors?

Before investment occurs, all potential assets are thoroughly screened across a set of parameters of which carbon intensity is key. Only assets which meet the criteria satisfactorily proceeded to additional due diligences where other ESG factors were evaluated more thoroughly.

When the investments are made, each vessel is chartered out to a third party under either a time charter agreement or a bareboat agreement

In a time charter agreement, the fund has the technical, operational, and commercial responsibility of the assets and it is therefore possible for Navigare Capital to introduce its own guidelines especially within health and safety thus taking other adverse impact indicators like injuries, accidents and the like into consideration when choosing the technical manager of the vessels.

The fund also ensures that the principles and guidelines of conventions and known frameworks are adhered to and the technical managers are audited on a regular basis by the fund manager’s technical directors and by external third party specialists to ensure this.

Besides calculating and tracking the carbon intensity of the fund’s fleet, it has also, in the recent two years, calculated the carbon intensity of a peer group of vessels measured by means of the EU MRV database. The EU MRV database covers all vessels when operating in European waters. Based on these calculations the fund’s fleet is operated well above that of the industry.

In the case of a bareboat agreement, the bareboat charterer has the corresponding responsibility while the fund has the opportunity to incorporate requirements which consider principle adverse impacts, but the fund does not have the possibility to continuously follow up on the counterparties' compliance with this. However, before entering into a bareboat charter agreement, the fund manager makes reasonable investigations regarding the counterparty’s experience, quality, resources, results and ESG practices.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.



What were the top investments of this financial product?

The investments are measured as assets under management during the year.

Largest investments	Sector	% Assets	Country
<i>RoRo</i>	<i>Transportation of wheeled cargo</i>	<i>36%</i>	<i>100% Danish flagged</i>
<i>Crude tankers</i>	<i>Transportation of unrefined oil</i>	<i>30%</i>	<i>100% Danish flagged</i>
<i>Container ships</i>	<i>Transportation of various goods in truck-size containers</i>	<i>12%</i>	<i>100% Danish flagged</i>
<i>LPG carriers</i>	<i>Transportation of liquified petroleum gas</i>	<i>12%</i>	<i>100% Danish flagged</i>
<i>Offshore wind support vessels</i>	<i>Supporting the installation and maintenance of offshore wind farms</i>	<i>10%¹</i>	<i>100% Norwegian flagged</i>

The list includes the investments constituting the **greatest proportion of investments** of the financial product during the reference period which is 1/1-2023 – 31/12-2023



What was the proportion of sustainability-related investments?

The fund promoted environmental and social characteristics, but did not make any sustainable investments.

The expected minimum proportion of investments aligned with the fund's environmental and/or social characteristics is 99%.

The fund has reserved the opportunity of making other investments because each vessel needs a liquidity position which is necessary to ensure reliable liquidity management regarding the operation of the asset. The expected proportion of such investments is a maximum of 1%.

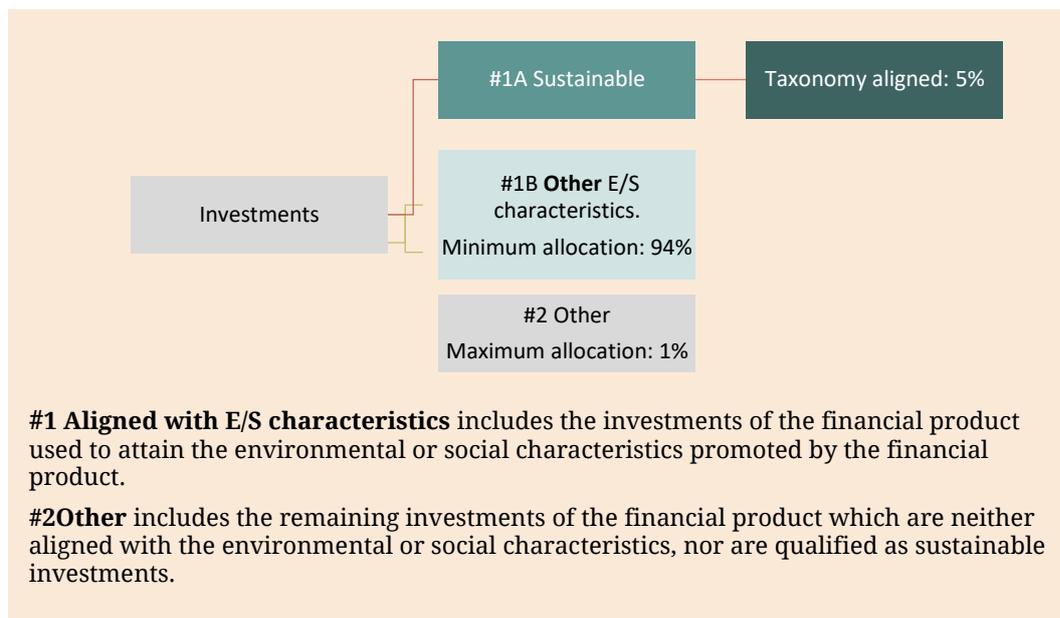
For these investments ("Other") the fund cannot guarantee that the investments promote any environmental or social characteristics.

The minimum proportion of investments aligned with environmental and/or social characteristics and the maximum proportion of other investments are to be seen as the average allocation within the annual reference period as calculated against the total market value of the fund's investments.

¹ Only one of the two offshore wind vessels, comprising 50% of the offshore wind vessels' AUM during 2023, were taxonomy aligned.

● **What was the asset allocation?**

Asset allocation describes the share of investments in specific assets.



To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

● **In which economic sectors were the investments made?**

Sector	Activity	Percentage of AUM
Transport	Sea and coastal freight water transport, vessels for port operations and auxiliary activities	90%
Construction and real estate activities	Installation, maintenance and repair of renewable energy technologies	10%

The proportion of investments during the reference period related to transportation of fossil fuels as defined in Article 2, point (62), of Regulation (EU) 2018/1999 of the European Parliament and of the Council, is 42% measured as assets under management during the year.



To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

Environmental objective	Percentage of AUM
Climate mitigation	5%
Climate adaption	0%
Water	0%
Circular economy	0%
Pollution prevention	0%
Biodiversity	0%

In Article 10(1), points (a) and (i), of Regulation (EU) 2020/852 it is stated that “An economic activity shall qualify as contributing substantially to climate change mitigation where that activity contributes substantially to the stabilisation of greenhouse gas concentrations in the atmosphere [...], by: (a) generating, transmitting, storing, distributing or using renewable energy [...], (i) or by enabling any of the activities listed in points (a) to (h) of this paragraph”.

Thus, Norwind Breeze qualifies as the vessel operates in the offshore wind industry, which is seen as enabling activities of installation, maintenance and repair of renewable energy technologies.

The substantial contribution criteria under climate mitigation set out in the economic activity “installation, maintenance and repair of renewable energy technologies” under the EU Taxonomy is:

- “The activity consists in one of the following individual measures, if installed on-site as technical building systems: [...] (d.) installation, maintenance and repair of wind turbines and the ancillary technical equipment”. As such, Norwind Breeze substantially contribute when operating in the offshore wind industry.

This is supported by two KPIs

1. Support the installation of new wind turbine generators (“WTG” measured as number of WTGs) with an installed capacity of megawatt (“MW” measured as the increase of MW capacity):

$$\frac{MW}{Year}$$

2. Support the maintenance and exchange of WTG components with a total capacity of MW:

$$\frac{MW}{Year}$$

Of which Norwind Breeze supported the installation of 179 new wind turbine generators with an installed capacity of 2,062 megawatt and the maintenance of 56 existing wind turbines with a combined capacity of 450 megawatt. This was done on four different offshore wind farms.

The above numbers have not been assured, but, in 2023, Navigare Capital received guidance from The Footprint Firm, a sustainability consultancy firm, on taxonomy alignment requirements for similar vessels.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflects the “greenness” of investee companies today.
- **capital expenditure** (CapEx) shows the green investments made by investee companies, relevant for a transition to a green economy.
- **operational expenditure** (OpEx) reflects the green operational activities of investee companies.

● **Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy²?**

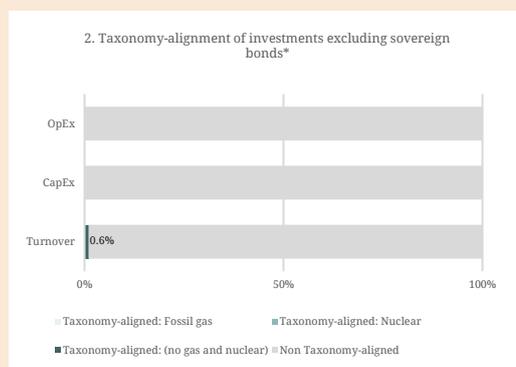
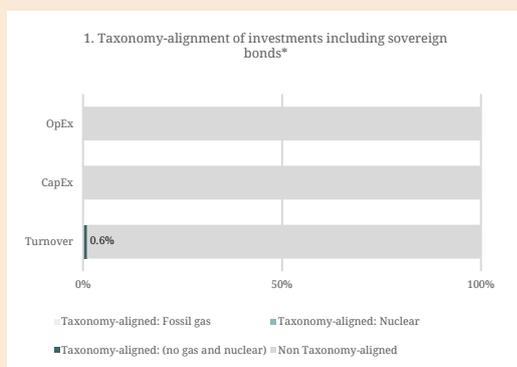
■ **Yes:**

■ **In fossil gas**

■ **In nuclear energy**

✘ **No**

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



*For the purpose of these graphs, ‘sovereign bonds’ consist of all sovereign exposures

² Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objective - see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

● **What was the share of investments made in transitional and enabling activities?**

Activity type	Percentage of AUM
Transitional	0%
Enabling	5%

● **How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?**

The percentage of investments that were aligned with the EU taxonomy increased from 0% to 5% as one vessel supported the installation, maintenance and repair of renewable energy technologies while doing no significant harm and complying with the minimum safeguards put forth.

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.



What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

Not applicable.



What was the share of socially sustainable investments?

Not applicable.



What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards?

For each vessel there is a liquidity position which is necessary to ensure reliable liquidity management regarding the operation of the asset. This liquidity position part of the investments has no minimum environmental or social safeguards.



What actions have been taken to meet the environmental and/or social characteristics during the reference period?

All potential investments were thoroughly screened across a set of parameters of which carbon intensity is key. Only assets which met the criteria satisfactorily proceeded to additional due diligences where other ESG factors are evaluated more thoroughly.

During 2023 the Fund continued its efforts from 2021 and 2022 where it collaborated with a third-party specialist to develop a catalogue of suitable energy-saving devices for each vessel in its portfolio, while also looking into other ways of reducing its environmental impact.

In 2023, the Fund took delivery of eight vessels- including a newbuild CSOV vessel with hybrid battery propulsion and three highly fuel-efficient newbuild container vessels with methanol-ready notations.

In 2023, the IMO's carbon intensity index ("CII") also came into effect. This will incentivise charterers to operate the vessels as efficiently as possible as it requires all vessels to calculate their carbon intensity, based on which the vessels are graded from A to E, where A is best. If a vessel is ranked D for three consecutive years or E for one year, the Ship Energy Efficiency Management Plan ("SEEMP") must be updated with a corrective action plan to reach the reference line, C, and verified before the statement of compliance can be issued and operation can continue.

To support this, the Fund's charter contracts all included the BIMCO CII clause entitling the owners to order the vessel to adjust course and/or to reduce speed or RPM in order to reduce the carbon intensity of the vessel, thus ensuring that the vessels will be redelivered with the agreed CII grade. Following this, Navigare Capital's in-house team of experienced vessel operators also began monitoring CII compliance, in addition to monitoring that the operation of the vessels is in accordance with the limitations of the charter contracts and in compliance with Navigare Capital's ESG policy.

When the investments were made, each vessel was chartered out to a third party under either a time charter agreement or a bareboat agreement.

In a time charter agreement, the Fund outsources the technical management of its assets to carefully selected top-tier companies based on their safety track record and their performance on health and safety KPIs evaluated in a study performed by Boston Consulting Group. As the fund has the technical, operational, and commercial responsibility of the assets, it introduces its own guidelines especially within health and safety thus taking other adverse impact indicators like injuries, accidents and the like into consideration.

For vessels on time charter, the fund manager, through its in-house technical capabilities, exercised strict supervision and control to ascertain that all matters concerning the assets were planned, carried out in accordance with regulations and followed up on in a manner that was safe, cost effective, and environmentally and ethically sustainable. This involved, among other things, performance reviews of the third-party technical managers and physical onboard inspections of the vessels to assess maintenance standards and evaluate whether the assets were in sound condition in terms of sustainability.

The performance was evaluated by means of, but not limited to, the following KPIs:

- Spills
- Port state deficiencies and detentions. These includes measures on safety and MLC
- Lost time incident frequency
- Carbon intensity measured by AER or CII
- GHG emissions

In addition, the fund manager's experienced team of vessel operators monitored voyages, cargoes, speeds and fuel consumption profiles to ensure the effective operation of the vessel. They also made sure that necessary actions were taken in cases where performance was deemed inadequate, this could be a cleaning of the hull to improve the vessels fuel efficiency.

The team also ensured that any ESG-related matters in connection with the operation of the vessel was in accordance with current regulation, the limitations of the charter contract and the fund's ESG strategy.

In the case of a bareboat contract, the attainment of the environmental characteristics promoted by the fund was similarly measured through usage of, among others, the following indicators/KPIs:

- Carbon intensity measured by AER or CII
- GHG emissions

However, as a result of the contract provisions, the fund has no possibility to continuously follow up on the counterparties' compliance with social characteristics according to international conventions, but before entering into any contracts the fund manager makes reasonable investigations regarding the counterparty's experience, quality, resources, results and ESG practices and also incorporates additional requirements on health and safety, human rights and working conditions into these.



How did this financial product perform compared to the reference benchmark?

Not applicable

- ***How does the reference benchmark differ from a broad market index?***

Not applicable.

- ***How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?***

Not applicable.

- ***How did this financial product perform compared with the reference benchmark?***

Not applicable.

- ***How did this financial product perform compared with the broad market index?***

Not applicable.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.