

## Statement on principal adverse impacts of investment decisions on sustainability factors

**Financial market participant** Navigare Capital Partners A/S, LEI: 549300G1V3KY7N4XMR28

### Summary, English

Navigare Capital Partners A/S, LEI: 549300G1V3KY7N4XMR28, considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of Navigare Capital Partners A/S.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January 2024 to 31 December 2024.

Navigare Capital Partners is an authorised Alternative Investment Fund Manager (AIFM) according to the Danish Act on Alternative Investment Fund Managers. The funds managed by Navigare Capital Partners primarily invests directly in wholly owned assets, placing the overall operational responsibility directly with Navigare Capital Partners.

Navigare Capital Partners is a signatory of the UN Principles for Responsible Investment and the company's Responsible Investment Policy together with the Policy for Integration of Sustainability Risks confirm and outline the commitment to identify and prioritize principal adverse impacts on sustainability factors and to avoid specific types of investments with an undesirable level of principal adverse impact. Furthermore, the policies describe how Navigare Capital Partners aims to analyze and assess the impacts of all investments and how it will address these aspects in accordance with the best interest of the investors through the entire investment process.

As shipping is a high impact climate sector with inherent safety risks related to operations at sea, the main principal adverse impacts, directly caused by the assets Navigare Capital Partners has invested in, are those related to environment and safety. Hence, to inform on these two topics, Navigare Capital Partners has chosen to report on indicator no. 2. and 5. from table 2 and indicator no. 1., 2., 6., and 7. from table 3.

To support its efforts, Navigare Capital Partners has set a target of net zero by 2050 along with short-term carbon intensity targets. It has also set a target for lost time injury frequency that is more restrictive than the industry average.

The PAIs are largely based on data provided by maritime authorities or verified by third-party specialists.

### **Sammenfatning, på Dansk**

Navigare Capital Partners A/S tager hensyn til de væsentligste negative indvirkninger af sine investeringsbeslutninger på bæredygtighedsfaktorer. Denne erklæring er Navigare Capital Partners A/S' konsoliderede erklæring om væsentligste negative indvirkninger på bæredygtighedsfaktorer.

Denne erklæring om de væsentligste negative indvirkninger på bæredygtighedsfaktorer omfatter referenceperioden fra 1. januar 2024 til 31. december 2024.

Navigare Capital Partners er en autoriseret forvalter af alternative investeringsfonde (AIFM) i henhold til lov om forvaltning af alternative investeringsfonde. Fondene forvaltet af Navigare Capital Partners investerer primært direkte i 100% ejede aktiver, hvilket placerer det overordnede operationelle ansvar direkte hos Navigare Capital Partners.

Navigare Capital Partners er medlem af UN Principles for Responsible Investments og virksomhedens politik for ansvarlige investering og politik for integration af bæredygtighedsrisici bekræfter og skitserer forpligtelsen til at identificere og prioritere væsentlige negative indvirkninger på bæredygtighedsfaktorer og til at undgå specifikke typer investeringer med et uønsket niveau af negativ indvirkning. Desuden beskriver politikkerne, hvordan Navigare Capital Partners sigter mod at analysere og vurdere indvirkningerne af alle investeringer, og hvordan de vil adressere disse aspekter i overensstemmelse med investorernes interesse gennem hele investeringsprocessen.

Da skibsfart er en sektor med høj klimabelastning og iboende sikkerhedsrisici relateret til operationer til søs, er de væsentligste negative indvirkninger, som er direkte forårsaget af de aktiver Navigare Capital Partners har investeret i, dem, der relaterer sig til miljø og sikkerhed. For at informere om disse forhold har Navigare Capital Partners valgt at rapportere på indikator nr. 2. og 5. fra tabel 2 og indikator nr. 1., 2., 6. og 7. fra tabel 3.

For at understøtte sin indsats har Navigare Capital Partners sat et mål om netto nul udledninger i 2050 sammen med kortsigtede mål for CO<sub>2</sub>-intensitet. Navigare Capital Partners har også sat et mål for frekvensen af fraværsskader, der er mere restriktivt end branchens gennemsnit.

PAI'erne er i vid udstrækning baseret på data leveret af maritime myndigheder eller verificeret af tredjepartsspecialister.

### **Description of the principal adverse impacts on sustainability factors**

For the purposes of this statement, by "principal adverse impacts" means the negative, material, or likely to be material effects on sustainability factors caused, compounded by, or directly linked to Navigare Capital Partners investment decisions. Navigare Capital Partners prioritizes and reports on principal adverse impacts of its investment decisions on sustainability factors on the basis of and covering the indicators listed below.

<b>Indicators applicable to investments in investee companies</b>					
<b>Adverse sustainability indicator</b>	<b>Metric</b>	<b>Impact 2024</b>	<b>Impact 2023</b>	<b>Explanation</b>	<b>Actions taken, and actions planned and targets set for the next reference period</b>
<b>CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS</b>					

Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	490,541 tonnes	444,599 tonnes	<p>The increase in Scope 1 emissions resulted from the addition of seven vessels to the portfolio in 2024, including three newbuild CSOVs with battery hybrid propulsion and three newbuild container feeder vessels. Additionally, the eight vessels delivered in 2023 had a full-year impact. This increase was partly offset by the sale of three vessels in 2024 and nine in 2023.</p>	<p>Navigare Capital Partners has a target of net zero by 2050, supported by short-term carbon intensity targets of 35% and 55% reduction in 2025 and 2030, respectively, compared to a 2008 baseline provided by the IMO.</p> <p>To achieve this, Navigare Capital Partners, overall, has a strategic focus on buying modern and energy-efficient vessels, and when possible, it prioritises divesting less energy-efficient ones. It also invests in energy saving devices onboard its vessels when relevant and looks at ways to incentivise its charterers to operate the vessels as efficiently as possible.</p>
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						This has been further supported by new EU regulation, e.g., inclusion of shipping in EU ETS and the entry into force of the FuelEU Maritime regulation.
		Scope 2 GHG emissions	0 tonnes	0 tonnes	The funds managed by Navigare Capital Partners did not generate any Scope 2 emissions.	
		Scope 3 GHG emissions	125,156 tonnes	172,946 tonnes	The decrease in Scope 3 emissions was primarily the result of Navigare Capital Partners having both acquired and sold fewer vessels compared to 2023, many which were also smaller in size.	Scope 3.2 is the largest Scope 3 category. It mainly consists of embedded carbon in the vessels. Hence, to mitigate its emissions within this category, Navigare Capital Partners has increased its focus on using recycled steel, if possible, when building new vessels.

		Total GHG emissions	615,697 tonnes	617,545 tonnes	Total GHG emissions remain at a relatively constant level as the 10% increase in Scope 1 GHG emissions, which account for approx. 80% of total GHG emissions, was more than offset by the large decrease in Scope 3 GHG emissions.	Navigare Capital Partners has a target of net-zero by 2050, supported by short-term carbon intensity targets.
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	<p>2. Carbon footprint</p>	<p>Carbon footprint</p>	<p>735 tonnes per million EUR invested</p>	<p>894 tonnes per million EUR invested</p>	<p>The decrease in the carbon footprint ratio is due to a year-on-year increase in invested capital, adjusted for ownership share and for the length of vessel ownership by Navigare Capital Partners during the reporting year.</p>	<p>Approximately 80% of Navigare Capital Partners' GHG emissions comes from Scope 1. Hence, to reduce the carbon footprint Navigare Capital Partners has to reduce fuel consumption onboard its vessels. This is done by:</p> <ol style="list-style-type: none"> <li>1. having a strategic focus on buying modern and energy-efficient vessels, and when possible, divesting less energy-efficient ones</li> <li>2. investing in energy saving devices onboard vessels when relevant</li> <li>3. incentivising its charterers to operate the vessels as efficiently as possible.</li> </ol>
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	<p>3. GHG intensity of investee companies</p>	<p>GHG intensity of investee companies</p>	<p>5,030 tonnes per million EUR revenue</p>	<p>5,751 tonnes per million EUR revenue</p>	<p>The reduction in GHG intensity among investee companies is attributed to a year-over-year increase in total vessel revenue, while overall GHG emissions remained relatively constant.</p>	<p>Navigare Capital Partners is constantly looking for ways to improve its GHG intensity by improving the fuel efficiency of the vessels. Improved fuel efficiency also improves the revenue of the vessels as improved fuel efficiency results in lower fuel costs for the charterer, increasing their willingness to pay for the vessel.</p>
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	<p>4. Exposure to companies active in the fossil fuel sector</p>	<p>Share of investments in companies active in the fossil fuel sector</p>	<p>48%</p>	<p>63%</p>	<p>Navigare Capital Partners estimates its exposure as total amount of capital invested in vessels dedicated to the transportation of fossil fuels, such as crude and product tankers, LNG and LPG carriers.</p> <p>Six out of the ten fossil fuel carriers that were in the portfolio at the beginning of 2023 have subsequently been sold. Additionally, the remaining fossil fuel carriers are larger in size compared to other vessels, thus accounting for a greater share of invested capital.</p>	<p>Navigare Capital Partners has prioritized reducing its exposure to coal, as this has been identified as a priority by its investors, and has thus put a cap on the number of coal cargoes transported per year.</p>
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	<p>5. Share of non-renewable energy consumption and production</p>	<p>Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources</p>	<p>100%</p>	<p>100%</p>	<p>All vessels currently run on fossil fuels.</p>	<p>Navigare Capital Partners has set a target of net-zero by 2050. Consuming renewable marine fuels, e.g., biofuels, is considered as a potential medium-term strategy towards meeting the target. Until then, Navigare Capital Partners focuses on making the most fuel-efficient vessels available to its charterers. Also, its latest newbuildings come with a methanol-ready notation meaning they can easily be converted to run on green methanol during its first dry dock, while the offshore wind vessels come with batteries and shore power allowing them to charge directly at the wind farm during operations.</p>
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	<p>6. Energy consumption intensity per high impact climate sector</p>	<p>Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector</p>	<p>10.20 GWh per million EUR revenue</p>	<p>11.50 GWh per million EUR revenue</p>	<p>All of Navigare Capital Partners' investments are made within a high impact climate sector – shipping.</p> <p>The reduction in energy consumption intensity is attributed to a year-over-year increase in total vessel revenue, while overall energy consumption by the vessels remained relatively constant.</p>	
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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	6%	6% <sup>1</sup>	<p>Navigare Capital Partners primarily invests in real assets and not in companies. Hence, this number is estimated as share of time spent in marine protected areas for the portfolio of vessels.</p> <p>The vessels sailed along similar trading routes as in 2023.</p>	<p>Marine protected areas range from coast lines to shallow waters to areas such as the Great Barrier Reef and the Paracas National Reserve in Peru. Vessels sailing through these regions, particularly those carrying oil or hazardous cargo, are required to avoid certain areas or take special precautions. These sailing restrictions appear in captains' digital navigation systems, which are continuously updated.</p>
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<sup>1</sup> The 2023 figure is being restated due time spent in marine protected areas by subsidiary vessels not having been adjusted proportionally for Navigare Capital Partners' ownership share.

Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	4.66 tonnes per million EUR invested	4.00 tonnes per million EUR invested	<p>Navigare Capital Partners primarily invests in real assets and not in companies, hence, emissions to water is assumed to be sulphur emissions from fuel consumption onboard vessels with scrubbers.</p> <p>The increase is an effect of full year ownership of three Ro-Ro vessels equipped with scrubbers, which entered the fleet in late 2023.</p>	<p>Scrubbers are approved by the IMO as a means to remove and clean SOx from the engine exhaust down to a level equivalent to, or lower than, the limit required by the IMO regulation. As Navigare Capital Partners' vessels mainly operate scrubbers as open loop, the sulphur removed from the fuel by the scrubber is subsequently released into the ocean.</p>
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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	0.18 tonnes per million EUR invested	0.17 tonnes per million EUR invested	<p>Navigare Capital Partners primarily invests in real assets and not in companies, hence, waste is assumed to be that which is generated onboard its vessels.</p> <p>Hazardous and radioactive waste amounts are not recorded separately. However, these waste types are known to be present within the following waste categories: A: Plastics, C: Domestic waste, F: Operational waste and I: E-waste. As such, the total waste amounts within these categories are assumed to be hazardous and radioactive waste.</p> <p>In 2024, the addition of three offshore service vessels to the portfolio have</p>	<p>Garbage and waste are handled onboard the vessels according to the regulations in Marpol Annex V.</p> <p>Although their amounts are not recorded separately, hazardous and radioactive waste are always landed to shore separately.</p>
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					increased the amount of domestic and operational waste generated. It is important to note that this does not necessarily mean an increase in hazardous waste.	
<b>INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS</b>						
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	N/A	N/A	Investments are primarily made in real assets and not in companies.	Navigare Capital Partners is a signatory to the UN Principles for Responsible Investments and includes UNGC principles and the OECD Guidelines for Multinational Enterprises in all contractual agreements.

	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 Multinational Enterprises	N/A	N/A	Investments are primarily made in real assets and not in companies.	Navigare Capital Partners is a signatory to the UN Principles for Responsible Investments and includes UNGC principles and the OECD Guidelines for Multinational Enterprises in all contractual agreements.
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	<p>12. Unadjusted gender pay gap</p>	<p>Average unadjusted gender pay gap of investee companies</p>	<p>0%</p>	<p>0%</p>	<p>The average unadjusted gender pay gap is based on seafares working on vessels time chartered out by Navigare Capital Partners and vessels in subsidiaries/joint ventures.</p> <p>Furthermore, the KPI is calculated based on individuals in comparable job functions.</p> <p>In 2024, the funds had a total of 15 female seafares onboard five of its time chartered out vessels.</p>	<p>Navigare Capital Partners is an equal opportunities employer committed to equal pay for equal work and hence, seafarers are paid only based on seniority.</p>
	<p>13. Board gender diversity</p>	<p>Average ratio of female to male board members in investee companies, expressed as a percentage of all board members</p>	<p>N/A</p>	<p>N/A</p>	<p>Investments are primarily made in real assets and not in companies.</p>	

	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	N/A	N/A	Investments are primarily made in real assets and not in companies.	Navigare Capital Partners prohibits all vessels contractually from transporting weapons intended for warfare and nuclear substances.
<b>Indicators applicable to investments in sovereigns and supranationals</b>						
<b>Adverse sustainability indicator</b>		<b>Metric</b>	<b>Impact 2024</b>	<b>Impact 2023</b>	<b>Explanation</b>	<b>Actions taken, and actions planned and targets set for the next reference period</b>
Environmental	15. GHG intensity	GHG intensity of investee countries	N/A	N/A	Navigare Capital Partners does not have any investments in sovereigns and supranationals.	

Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	N/A	N/A	Navigare Capital Partners does not have any investments in sovereigns and supranationals.	
<b>Indicators applicable to investments in real estate assets</b>						
<b>Adverse sustainability indicator</b>		<b>Metric</b>	<b>Impact 2024</b>	<b>Impact 2023</b>	<b>Explanation</b>	<b>Actions taken, and actions planned and targets set for the next reference period</b>
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	N/A	N/A	Navigare Capital Partners does not have any investments in real estate assets.	
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	N/A	N/A	Navigare Capital Partners does not have any investments in real estate assets.	

<b>Other indicators for principal adverse impacts on sustainability factors</b>						
<b>Adverse sustainability indicator</b>		<b>Metric</b>	<b>Impact 2024</b>	<b>Impact 2023</b>	<b>Explanation</b>	<b>Actions taken, and actions planned and targets set for the next reference period</b>
Emissions	2: Emissions of air pollutants	Tonnes of air pollutants equivalent per million EUR invested, expressed as a weighted average	<ul style="list-style-type: none"> <li>• Sulphur oxides: 0.88</li> <li>• Particulate matter: 1.10</li> <li>• Nitrogen oxides: 11.29</li> <li>• Carbon monoxide: 0.57</li> <li>• Volatile compounds: 0.50</li> </ul>	<ul style="list-style-type: none"> <li>• Sulphur oxides: 1.22</li> <li>• Particulate matter: 1.19</li> <li>• Nitrogen oxides: 12.06</li> <li>• Carbon monoxide: 0.65</li> <li>• Volatile compounds: 0.54</li> </ul>	The decrease in the other emissions ratios is due to a year-on-year increase in invested capital, adjusted for ownership share and for the length of vessel ownership by Navigare Capital Partners during the reporting year.	Navigare Capital Partners' emissions of other air pollutants is also dependent on its fuel consumption, hence, the actions and targets described in 1: Scope 1 GHG emissions are also valid for this PAI metric.

Energy performance	5: Breakdown of energy consumption by type of non-renewable sources of energy	Share of energy from non-renewable sources used by investee companies broken down by each non-renewable energy source	Oil: 89% Gas: 11%	Oil: 87% <sup>2</sup> Gas: 13% <sup>3</sup>	<p>The number is estimated based on fuel consumption onboard the vessels owned by the funds.</p> <p>With the divestment of the LNG fuelled vessel in Q4 2024, oil now accounts for a larger share of fuel consumed by the vessels.</p>	<p>The technology allowing vessels to run on alternative and renewable fuels is currently under development. At the end of 2024, Navigare Capital Partners had six vessels with a methanol-ready notation on the water. The notation allows them to be easily converted during their first dry docking.</p>
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<sup>2</sup> The number is being restated due to the changes to fuel consumption amounts as a result of third party verification.

<sup>3</sup> The number is being restated due to the changes to fuel consumption amounts as a result of third party verification.

<p>Social and employee matters</p>	<p>1: Investments in companies without workplace accident prevention policies</p>	<p>Share of investments in investee companies without a workplace accident prevention policy</p>	<p>0%</p>	<p>0%</p>	<p>In Navigare Capital Partners, safety is a key priority. Hence, Navigare Capital Partners has close in-house monitoring of health and safety conditions onboard its vessels.</p> <p>The metric is calculated as the share of time chartered out vessels operated by technical management companies with no workplace accident prevention policy in place.</p>	<p>All vessels operate under rigorous health and safety support systems, which are audited externally by classification societies as well as internally by Navigare Capital Partners' Technical Directors. The Technical Directors also inspect all vessels on a rotating basis, to ensure that the working and operating conditions of the vessels meet the requirements and contractual commitments established by Navigare Capital Partners. Quarterly review meetings are also put in place to monitor a wide range of KPIs, several on health and safety topics. If an incident or near miss incident</p>
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						is reported, Navigare Capital Partners follows a systematic three step procedure to ensure that adequate actions are taken along with future preventive measures.
	2: Rate of accidents	Rate of accidents in investee companies expressed as a weighted average	0.01 per million EUR invested	0.00 per million EUR invested	<p>The rate of accidents is based on total recordable cases (TRC) for vessels time chartered out by Navigare Capital Partners and vessels in subsidiaries and joint ventures. This has been compared to the capital invested in these assets only.</p> <p>In 2024, three accidents were recorded, compared to two in 2023.</p>	<p>Navigare Capital Partners has set a clear target for lost time incident refrequency of '&lt;1' and measures a number of other safety KPI's. In cases of near miss incidents or actual incidents, Navigare Capital Partners follows a systematic three step procedure, to ensure that adequate actions are taken along with future preventive measures.</p>

	6: Insufficient whistleblower protection	Share of investments in entities without policies on the protection of whistleblowers	0%	0%	The metric is calculated as the share of time chartered out vessels operated by technical management companies with no whistleblower systems in place.	An anonymous whistleblower system operated by the technical managers is in place on all time chartered put vessels. In addition, seafarers onboard Danish- and Norwegian-flagged vessels may also anonymously report concerns through the Maritime Authorities' whistleblower system.
	7: Incidents of discrimination	1. Number of incidents of discrimination reported in investee companies expressed as a weighted average 2. Number of incidents of discrimination leading to sanctions in investee companies expressed as a weighted average	1: 0.00 2: N/A	1: 0.00 2: N/A	No harassment cases were reported in 2024.  As Navigare Capital Partners primarily invests in real assets rather than companies, it is not possible to impose sanctions on investees.	Navigare Capital Partners has a zero tolerance policy towards any kind of discrimination.

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## **Description of policies to identify and prioritise principal adverse impacts on sustainability factors**

### Governance and organizational framework:

The Responsible Investment Policy of Navigare Capital Partners together with the company's Policy for Integration of Sustainability Risks – both adopted by the Board of Directors on 12 December 2024 – confirm and outline the commitment to identify and prioritize principal adverse impacts on sustainability factors. The two policies are aligned with other policies of Navigare Capital Partners and are subject to regular, and at least annual, review and approval by the Board of Directors.

The Board of Directors is overall responsible for the operations of Navigare Capital Partners and is overall responsible for compliance with the Policies and applicable legislation. The Management of Navigare Capital Partners is responsible for overseeing the day-to-day management of the company and shall ensure that the policies approved by the Board of Directors are complied with.

The policies and their commitments to identify and prioritize principal adverse impacts are further operationalized through underlying Handling Procedures and supported by instruction on Exclusions and the Engagement Policy of the company.

### Identification of principal adverse sustainability impacts:

Navigare Capital Partners is committed to the highest degree of business conduct and to comply with the provisions in the following guideline:

- UN Principles for Responsible Investments

In doing so, Navigare Capital Partners acts in the best interest of the investors, including but not limited to, conducting adequate due diligence activities prior to making investment proposals and investments. The impact of sustainability risks is integrated in these due diligence activities and in the subsequent investment decisions in accordance with the adopted policies in the area.

The adopted due diligence procedures ensure that potential investment opportunities are thoroughly screened to identify and assess their principal adverse sustainability impacts. Further, any proposed counterparty who is a candidate to enter into a charter agreement regarding the investment asset must be thoroughly screened to assess their competencies and their compliance with the provisions in relevant international conventions and guidelines.

While operating the assets, Navigare Capital Partners has effective operational procedures ensuring continuous follow-up on quality, resources, results, and the ESG-related practices of the counterparties having chartered the assets. The follow-up is organized in such a way as to ensure that the portfolio is compliant with the sustainability standards defined by Navigare Capital Partners.

Prioritization of principal adverse sustainability impacts:

As stated in the Responsible Investment Policy, Navigare Capital Partners aims to analyze and assess the negative impacts and positive impacts of all investments and to address these aspects in accordance with the best interest of the investors.

Navigare Capital Partners prioritizes the management of principal adverse impacts on sustainability factors during the entire investment process. The company perceives a systematic prioritization of principal adverse impacts in the entire investment process and working towards ensuring high sustainability standards as prerequisites for mitigating risk, seizing opportunities, and delivering returns to investors. As such, the fund aligns its approach to adverse sustainability impacts with its fiduciary duty to act in the best interests of its investors by ensuring a balanced view of ESG opportunities and risks that may impact long-term returns.

Methodologies to select sustainability risk indicators:

Before acquisition, Navigare Capital Partners ensures that the design of the asset is aligned with the adopted sustainability standards. This includes among other things a review of the following:

- Energy efficiency measured by means of AER and CII
- Energy efficiency design index both for new and existing vessels (“EEDI” / “EEXI”)
- Ballast water treatment system
- Engine type

When operating the assets on a time charter basis, the attainment of the environmental or social characteristics promoted by Navigare Capital Partners is measured through usage of, among others, the following indicators/KPIs:

- Carbon intensity measured by AER or CII
- GHG emissions
- Spills
- Other air emissions

- Time spent in marine protected areas
- Port state detentions and deficiencies including measures on safety and MLC
- Lost time incident frequency

Besides these, Navigare Capital Partners also tracks a number of additional environmental and social KPIs to ensure performance is aligned with the adopted sustainability standards.

The indicators are reviewed at least once a year, but the majority are reviewed on a quarterly basis.

When operating the assets on a bareboat charter, the attainment of the environmental characteristics promoted by Navigare Capital Partners is similarly measured through usage of, among others, the following indicators/KPIs:

- Carbon intensity measured by AER or CII
- GHG emissions

As a result of the contract provisions, Navigare Capital Partners has no possibility to continuously follow up on the counterparties' compliance with social characteristics according to international conventions, but before entering into the contract the company 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.

Use of data sources:

Data sources include data and documentation provided by the technical managers of the vessels to Navigare Capital Partners.

Prior to investment, official documents and certificates are collected and a pre-purchase inspection is conducted to ensure that the energy efficiency design index, fuel efficiency, ballast water treatment system, engine, and paint scheme, among others, are as described. The documents are issued by a third-party classification society.

All vessels are operated under well-respected flags that are on the Paris MoU's Whitelist, signifying that they abide by IMO requirements and have a proven track record with few incidents and detentions. Whitelist flag states usually also have additional requirements to secure better safety and labor conditions for their seafarers.

Navigare Capital Partners 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.

The KPIs applied are largely based on information given by maritime authorities or third-party specialists. For instance, port state controls are performed by port authorities around the world and for each port state control an official report is published and available describing each deficiency and detention. For other data like fuel consumption, it is verified by a third-party industry expert.

In addition to this, some KPIs are based on seafarers reports and best estimate.

Navigare Capital Partners has opted to have ESG KPIs reported on its annual sustainability report subject to limited assurance performed by a third-party independent auditor to improve data quality and robustness.

Limitations to data sources and associated margins of error:

The type of charter agreement may imply a limitation of which data can be obtained.

When operating the assets on a time charter basis, the attainment of the environmental or social characteristics promoted by Navigare Capital Partners is measured through usage of the indicators/KPIs described above.

When operating the assets on a bareboat charter, Navigare Capital Partners has no possibility to follow up on the counterparties' compliance with social characteristics according to international conventions.

Data quality depends on the level of maturity of the technical managers of the vessels, as well as the level of standardization for calculating the required ESG measure. Navigare Capital Partners has during its ownership period increased the requirement for data to be better informed of its impact and thus better equipped to improve performance.

As Navigare Capital Partners is one of the first vessel owners to request this information, the data is often of poorer quality, but through active engagement, Navigare Capital Partners ensures that data quality is improved during ownership, and that environmental and social objectives are met. This is further underpinned by having data on multiple ESG KPIs verified by an independent auditor who issues a limited assurance statement. This helps strengthen the reporting process and data quality significantly.

### **Engagement policies**

Navigare Capital Partners primarily invests directly in wholly owned assets.

Where this is not the case, e.g., when investing in joint ventures, which then own the assets, Navigare Capital Partners will follow an approach of active ownership, governed through a number of guiding principles for active ownership framed by the expectations set in the UN-backed Principles for Responsible Investment (PRI), the Taskforce for Climate-related Financial Disclosure (TCFD) and other industry initiatives which Navigare Capital Partners supports.

Active ownership is a central element of Navigare Capital Partners' responsible investment policy. Through active ownership, Navigare Capital Partners uses its ownership position to the extent possible to ensure a close dialogue with the investee companies on sustainability, including social and governance issues that may have principal adverse impacts on sustainability factors.

Active ownership is conducted mainly through dialogue, collaborative engagement, and voting rights. Navigare Capital Partners will seek to engage investee companies in a constructive manner with identified and achievable goals. The investee companies will be challenged on their strategy and risks, financial and non-financial performance, and their commitments to strong environmental, social, and governance philosophies. This will include, among other things, remuneration policies, capital structure and shareholders' rights, GHG emissions, energy efficiency, gender diversity, biodiversity, human rights, and anti-corruption.

### **References to international standards**

Navigare Capital Partners aims to operate 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. Further, Navigare Capital Partners invests in suitable energy-saving devices for individual vessels in its portfolio.

The net-zero target covers Scope 1-3 GHG emissions of both Navigare Capital Partners' headquarters and its funds as calculated according to the GHG Protocol.

Multiple sources are used to calculate GHG emissions, but fuel consumption is most material, as Scope 1 constitutes approx. 80% of total emissions. Fuel consumption also constitutes the input for calculating the carbon intensity and is used as an input parameter in the TCFD analysis performed on a 1.5 – 2-degree climate scenario. Fuel consumption is verified by third-party specialists.

Navigare Capital Partners is committed to ensure 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.

Further, Navigare Capital Partners promotes 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.

#### **Historical comparison**

Historical comparison with up to the last five previous periods will be provided when relevant.