

Sustainability Report 2022



Navigare Capital delivers attractive risk-adjusted returns while enabling the green transition of the shipping sector





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SECTION I

Sustainability at Navigare Capital



Introduction

Shipping constitutes a critical link in the global supply chain, and is therefore well placed to facilitate sustainable transition through international trade. Navigare Capital recognises the importance of this and is taking the opportunity to play an active role in the green transition of the shipping industry. Thus, Navigare Capital is committed to reaching net zero greenhouse gas (“GHG”) emissions by 2050.

Sustainability is a central consideration throughout Navigare Capital’s entire investment process, from initial deal sourcing to exit. This means selecting vessels that maximise fuel efficiency and employ recycled steel parts, retrofitting vessels with energy-saving devices, and also ensuring that vessels maintain high standards of health, safety and working conditions.

In this report, Navigare Capital discloses its performance on its material environmental, social and governance (“ESG”) topics, including GHG emissions and carbon intensity reduction.

Navigare Capital reports on both the ESG impacts produced in its capacity as an alternative fund manager and those generated by the underlying assets in the funds. Therefore, certain KPIs are reported only for the fund management company, the funds or, in certain instances, both. As Navigare Capital operates at the intersection of the financial and shipping sectors, these KPIs range from the environmental and ecological impacts of vessel operations and labour and safety conditions for seafarers to the tax considerations of the fund management company. Please note that all comparative figures are based on unchanged accounting principles. For a full overview of material topics and how they are reported, please see exhibit 2.

CEO statement

2022 was another eventful year, largely defined by the Russian war in Ukraine and the subsequent supply chain crises within the food and energy sectors. Once again, shipping played a vital role in mitigating the disruptions and ensuring the movement of critical goods around the world.

Despite the crises – or perhaps because of them – the need for advancing the sustainable transition has been thrust into sharp focus. In addition to the challenges already posed by climate change, its link with biodiversity loss is becoming ever clearer, solidifying the need to address the two issues concurrently.

To support the acceleration of sustainability in the shipping industry, Navigare Capital has taken several initiatives. For instance, in 2022, we entered into a joint venture for five offshore wind support vessels designed to maximise fuel efficiency, in addition to incorporating large amounts of recycled steel. We also invested in several energy-saving devices on our vessels scheduled for dry dock, avoiding a total of roughly 18,000 tonnes of carbon emissions (see section E.1 for further details). We also conducted a biodiversity impact assessment in collaboration with a third-party specialist to understand our impacts on biodiversity and what actions we can take to mitigate the losses arising from shipping.

As a shipowner with vessels operating all over the world, our impacts on the climate are inextricable from those on biodiversity and marine ecosystems, further stressing the importance of reducing our greenhouse gas emissions. The results of our analysis and more details on our approach to biodiversity can be found in section E.3.

In response to these challenges, regulations have also gathered pace, while more frameworks have become available to support a more standardised approach to sustainability. Hence, we have also utilised the frameworks of the Global Reporting Initiative, Science Based Target Network, Task Force on Climate-Related Financial Disclosures, Taskforce on Nature-related Financial Disclosures and others to inform how we assess and mitigate our impacts.

Our performance on key environmental, social and governance issues, disclosed in this report, reflects our progress towards our overarching ambition of enabling the green transition and accelerating sustainability in the shipping sector.

In 2023, our focus will be on deepening our knowledge of biodiversity and identifying additional ways for us to improve in this area, in addition to continuing our endeavours to increase the energy efficiency of our fleet, while ensuring that it is operated at the highest possible standards, under good governance and with a strong focus on safety and working conditions onboard our vessels.



Henrik Ramskov
Managing Partner
Navigare Capital Partners A/S



Industry insights

The shipping sector functions as the maritime infrastructure connecting the world by ensuring efficient supply chains. The sector is critical for global trade, as more than 90% of all traded goods are at some point onboard a commercial vessel before arriving at the end consumer¹, and manufactured products – whether raw materials, processed materials or finished goods – are often shipped multiple times around the world.

Seaborne transport is the most cost- and energy-efficient way of transporting goods, as the economies of scale of large vessels are unrivalled by any other mode of transport. As an example, transporting goods on a large container vessel is nearly 150 times more energy-efficient than airfreight, more than 25 times more energy-efficient than trucking, and ten times more efficient than by rail².

Despite being the most energy-efficient form of transport, the shipping industry still accounts for 3% of global GHG emissions³ and 1% of the share of pressure on biodiversity³ – owing to the sheer size of trade each year – and with trade expected to expand for many years to come, shipping's impact will only increase.

Hence, as shipping remains vital for global trade and for the continued development of global society, and as it cannot be switched to other modes of transport without worsening the environmental impact significantly, Navigare Capital recognises the importance of playing an active role in a sustainable transition of the shipping industry.

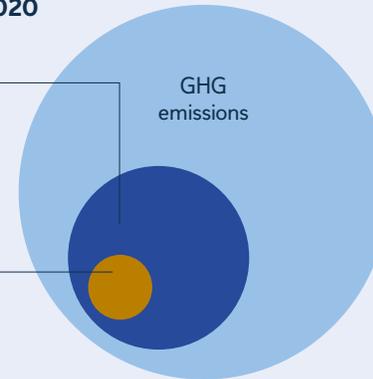
Global GHG emissions in 2020

24%

Transport's share of GHG emissions

3%

International shipping's share of GHG emissions



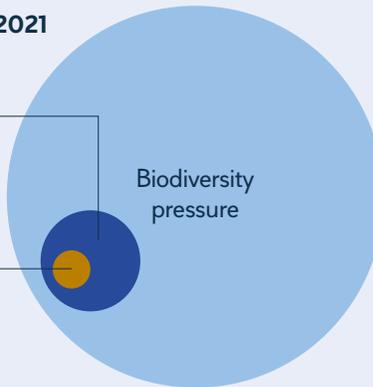
Pressure on biodiversity in 2021

7%

Transport's share of pressure on biodiversity

1%

International shipping's share of pressure on biodiversity⁴



Energy efficiency

150x

more energy-efficient than airfreight

Traded goods

90%

of all traded goods by volume are at some point onboard a commercial vessel before arriving at the end consumer

¹ OECD. ² Shell in collaboration with Deloitte: Decarbonising Shipping: All hands on deck. ³ Boston Consulting Group: The Biodiversity Crisis Is a Business Crisis. ⁴ GHG emissions are used as a proxy to calculate international shipping's share of total transport's biodiversity loss.

Navigare Capital at a glance

Navigare Capital is an alternative investment fund manager (“AIFM”) specialised in investments in maritime assets. It is approved as an AIFM by the Danish Financial Supervisory Authority (“FSA”), making it subject to the financial legislation applicable to alternative investment fund managers. This includes the Sustainable Finance Disclosure Regulation (“SFDR”), under which Navigare Capital’s funds are reported as Article 8 funds, obligating them to provide disclosure on a variety of sustainability indicators. Since its inception in 2017, Navigare Capital has launched two funds, Maritime Investment Fund I K/S and Maritime Investment Fund II K/S, both of which have a term of ten years.

Maritime Investment Fund I K/S was established in March 2017 and had a total of USD 659m under management at the end of 2022, having sold five vessels: one tanker, two dry cargo vessels and two container vessels.

Maritime Investment Fund II K/S was established in 2019 with final closing on 31 December 2021, and it had USD 260m under management at the end of 2022, having sold one container vessel. It is still in its investment period.

The funds primarily invest in modern vessels in the flexible subsegments of the container, tanker, dry cargo and gas carrier segments, for which there are liquid underlying sale and purchase markets. This strategy makes the assets more resilient to market fluctuations, as vessels are not restricted to operating on a few trade

routes or only exposed to one cargo type. The funds’ positions are similar to that of a tonnage provider, with vessels chartered out on fixed medium- and long-term bareboat or time charter contracts to operators.

As part of its ambition to transition towards a greener fleet and meet its emission targets, Navigare Capital has prioritised investing in fuel-efficient vessels and energy-saving devices. In 2022, Navigare Capital entered into two joint ventures: one with Schoeller Holdings, purchasing six methanol-ready container feeder vessels for delivery in 2023 and 2024, and the other with Norwind Offshore, purchasing five offshore wind commissioning service operation vessels (“CSOVs”), with the first (Norwind Breeze) commencing operation in 2022. The CSOVs, employed in housing technicians and transporting them to wind farms for maintenance work, feature battery hybrid propulsion and recycled steel parts.

In addition to lowering its GHG emissions and carbon intensity, Navigare Capital has set clear targets and ambitions on social and governance issues. See exhibit 2 for a list of Navigare Capital’s environmental, social and governance (“ESG”) commitments.



Navigare Capital's year in numbers

Female representation among employees⁵



Number of employees⁶

19

Funds under management⁷

2

Assets under management⁷

USD
919_m
in Navigare Capital

Maritime Investment Fund I

10

Number of vessels⁷

9.2 years

Average age of the fleet⁷

5

Number of energy-saving devices installed

Spills



Time spent in marine protected areas

3%

Carbon avoided

18
thousand tonnes of CO₂e

Carbon intensity reduction

28%
compared to 2008

Maritime Investment Fund II

6

Number of vessels⁷

5.1 years

Average age of the fleet⁷

2

Number of energy-saving devices installed

⁵ The KPI includes employees, student assistants and interns (Partners are excluded) and is measured at year-end 2022. ⁶ The KPI includes Partners, students assistants and interns and is measured at year-end 2022. ⁷ Measured at year-end 2022.

Materiality assessment results

To determine its most material topics, Navigare Capital engages with a range of relevant internal and external stakeholders, as well as regulatory authorities and organisations active in the maritime industry. Relevant ESG topics are based on a review of known frameworks such as the Sustainability Accounting Standards Board (“SASB”), the Global Reporting Initiative (“GRI”) and the Task Force on Climate-Related Financial Disclosures (“TCFD”), along with the Sustainable Development Goals (“SDGs”) and recommendations from national and international shipping communities. In identifying the environmental and social consequences of its operations, Navigare Capital also reflects on insights from the maritime industry, non-governmental organisations (“NGOs”), civil society organisations, and regulatory agencies such as the European Union (“EU”), the International Maritime Organisation (“IMO”), the United Nations (“UN”) and the World Wildlife Fund (“WWF”), among others.

Navigare Capital also leverages its memberships with organisations, including the Principles for Responsible Investing (“PRI”), the Maritime Anti-Corruption Network (“MACN”) and the Mærsk Mc-Kinney Møller Center for Zero Carbon Shipping, to keep fully informed of developments in the shipping and ESG fields.

In 2021, Navigare Capital conducted a full materiality assessment, interviewing several of its key investors, banks and customers on the most urgent ESG issues affecting Navigare Capital. The assessment identified and ranked these topics according to their importance to stakeholders, taking into consideration short- and long-term risks and the increasing regulatory requirements from the EU and the IMO. Based on these frameworks and recommendations and the input from its stakeholders, Navigare Capital has identified a list of the most relevant ESG topics. See exhibit 1 for further details.



Navigare Capital reviews its materiality assessment annually, and if it expects significant changes to occur, it conducts a full materiality assessment. Otherwise, it may make smaller adjustments to the materiality topics based on insights gained from industry and stakeholder feedback. In 2022, Navigare Capital chose to align with the GRI framework more closely, resulting in the reorganisation of several of its material topics. The former topic of ecological impacts was renamed “biodiversity” to reflect the strong focus Navigare Capital has on reducing impacts that contribute to species and habitat loss. The topics of fines and whistleblower policy are now consolidated under corruption and bribery, while issues related to ship recycling are now reported under the 6S Model on page 25.

The results of the materiality assessment in 2021 show that Navigare Capital is in strong alignment with its key stakeholders, putting the most emphasis on environmental topics such as GHG emissions and carbon intensity. However, the picture is somewhat skewed by the fact that several stakeholders did not use the full scale in their ranking, which has resulted in an apparent misalignment between the stakeholders and Navigare Capital in the level of importance they have assigned to each topic. However, it is important to note that Navigare Capital considers all ESG topics to be important, that it simply used the full scale from 1 to 10 in its ranking, and that the ranking largely indicates the level of attention required by Navigare Capital going forward to excel. Having always had a consistently strong focus on topics within social and governance, Navigare Capital has reached a high level of maturity within these fields, while given its current strong commitment to reducing its GHG emissions and environmental impacts, the environmental topics have now become the most important focus area.

In the following sections, Navigare Capital reports on its performance on each of the material ESG topics, its targets, and the actions it commits to taking within each of these topics to ensure the targets are reached. To guarantee consistency and transparency in reporting, the report refers to a set of reporting guidelines and standards such as SASB, GRI and TCFD.

While these commitments cover Navigare Capital as a whole – including the two current funds – it is important to note that the KPIs under the ESG topics are reported for the most relevant areas of Navigare Capital – either Navigare Capital Partners A/S, the fund management company, or the Maritime Investment Funds I and II. For a full overview of which of the various material topics apply to which entities in Navigare Capital, please refer to exhibit 2.

Exhibit 1: Materiality assessment results

! Navigare Capital considers all ESG topics to be important, but simply used the full scale from 1 to 10 in its ranking.



● Environment

- 1: GHG emissions
- 2: Carbon intensity
- 3: Air pollution
- 4: Biodiversity
- 5: Ship recycling
- 6: Climate risk reporting

● Social

- 7: Accidents and safety
- 8: Labour rights
- 9: Diversity

● Governance

- 10: Corruption and bribery
- 11: Fines
- 12: ESG-related policies
- 13: Whistleblower policy
- 14: Tax considerations

For a full description of each KPI and its relevance for Navigare Capital, see pages 92-93.

Exhibit 2: Navigare Capital's ESG commitments and targets

Commitment	Initiative	Ambition	SDG	Material topics	Reporting	Page
Navigare Capital is committed to ambitious ESG targets that are important to investors and lenders and that improve business performance	Responsible investment policy Sustainability-linked loans	<ul style="list-style-type: none"> 2025: 35% reduction in carbon intensity compared to 2008 2030: 55% reduction in carbon intensity compared to 2008 2050: Net zero Zero investments in offshore oil and gas Reduce exposure to coal cargoes Reduce time spent in marine protected areas Maximum 0.5 deficiencies per port state control Zero MLC observations 	   	<ul style="list-style-type: none"> GHG emissions Carbon intensity Air pollution Ship recycling Biodiversity Accidents and safety Labour rights 	      	Pages 29-31 Pages 31-34 Pages 37-38 Page 25 Pages 38-45 Pages 51-56 Pages 57-59
	Diversity and inclusion policy	<ul style="list-style-type: none"> 50% female employees^a Increased female representation on the Board of Directors and among the Partners 		<ul style="list-style-type: none"> Diversity 		Pages 59-61
Navigare Capital makes data-driven business decisions, integrating ESG risks and seizing ESG opportunities in key decision processes as yet another de-risking principle	Policy for integration of sustainability risks	<ul style="list-style-type: none"> Fully incorporate sustainability considerations into the 6S Model 		<ul style="list-style-type: none"> Climate risk reporting 	 	Pages 46-49
Navigare Capital engages with its key stakeholders in a transparent way, providing key data on material ESG topics	Code of conduct Anti-corruption policies Whistleblower policy MACN membership PRI membership	<ul style="list-style-type: none"> 100% of employees trained in Navigare Capital's code of conduct and anti-corruption policies Zero requests for bribes or facilitation payments accepted 		<ul style="list-style-type: none"> Corruption and bribery Whistleblower policy Tax considerations ESG-related policies 	     	Pages 64-66 Page 69 Page 71 Pages 66-71
Navigare Capital is accelerating the required innovation to fuel the transition by investing in green technologies	Purchasing modern and energy-efficient vessels Installing energy-saving devices Investing in dual-fuel vessels	<ul style="list-style-type: none"> Make the most fuel-efficient vessels available to our charterers 		<ul style="list-style-type: none"> GHG emissions Carbon intensity 	 	Pages 29-31 Pages 31-34



SECTION II

Organisation and governance



Introduction

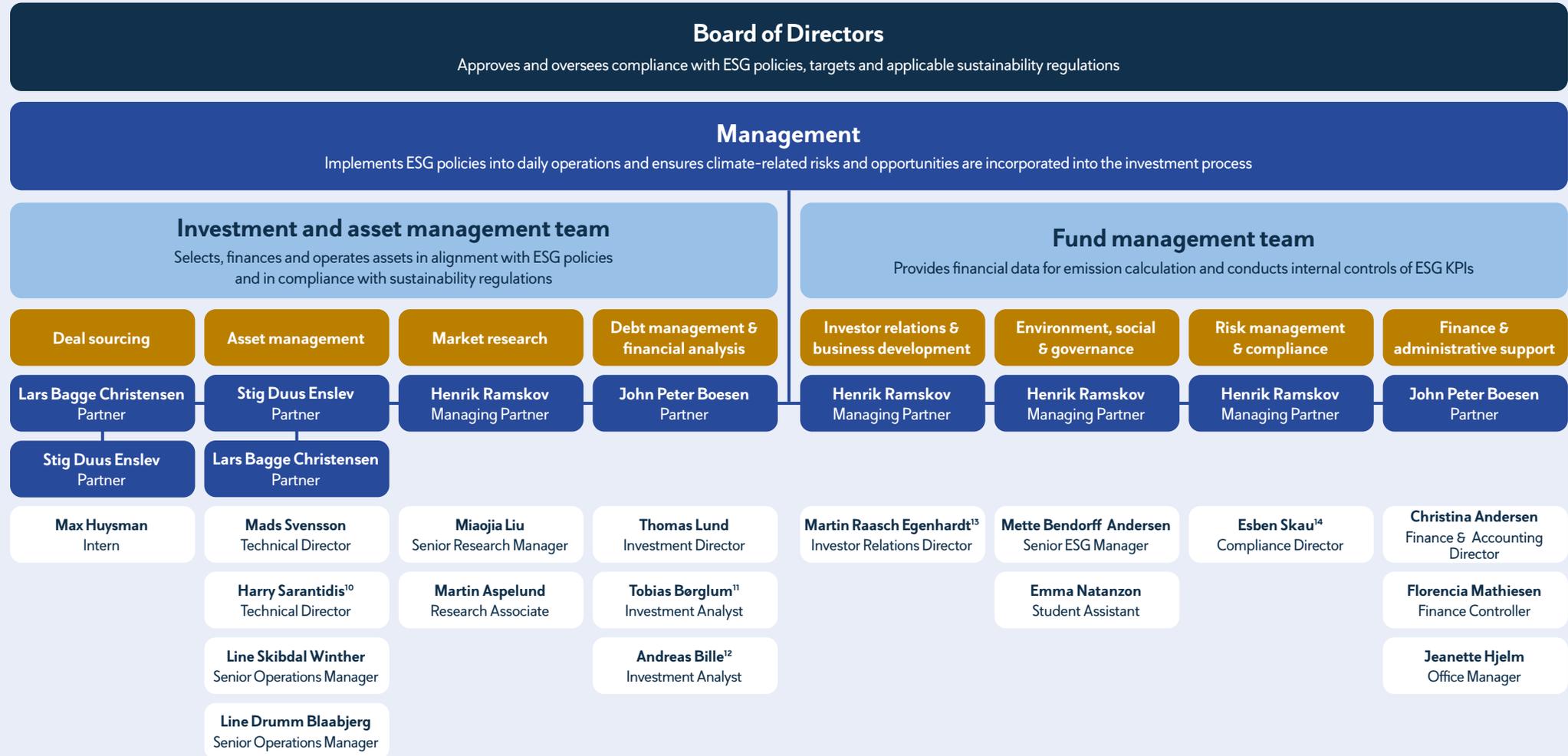
Navigare Capital consists of a team of 19 professionals⁹ with a breadth of experience in asset management, ship financing, environmental, social and governance (“ESG”) issues and research across all shipping sectors. Navigare Capital’s organisational and governance structure reflects its commitment to meeting its sustainability targets and ensuring adherence to its ethical standards.

In addition to the applicable sustainability legislation such as the European Union (“EU”) Sustainable Financial Disclosure Regulation (“SFDR”), Navigare Capital has established a responsible investment policy, which sets internal ESG targets in accordance with the principles and trajectories advocated by the United Nations (“UN”), the International Maritime Organisation (“IMO”), the International Labour Organisation (“ILO”) and the Organisation for Economic Co-operation and Development (“OECD”).

To ensure effective asset and fund management, employees are organised into two overall teams with different responsibilities for monitoring and managing ESG impacts across the organisation: an investment and asset management team and a fund management team. Navigare Capital’s ESG principles are embedded into all aspects of investment activities, from the due diligence processes evaluating whether a vessel complies with the ESG strategy, to the actual operation of the assets in accordance with recognised human and labour rights, and finally to ensuring assets are divested responsibly in a way that maximises their usable lifetimes.

⁹ Including student assistants and interns at year-end 2022.

Organisation



¹⁰ Full-time employee as of 1 March 2023. ¹¹ Full-time employee as of 1 July 2023. ¹² Full-time employee as of 1 August 2023. ¹³ Full-time employee as of 16 January 2023. ¹⁴ The compliance and risk management functions report directly to the Board of Directors.

Organisation

ESG responsibilities in the organisation

The organisational structure of Navigare Capital comprises the Board of Directors and management, who oversee the investment and asset management and fund management teams. Responsibilities are delegated across these functions to ensure effective management of investments and proper oversight of Navigare Capital's ESG commitments.

The Board of Directors

The Board of Directors ensures that Navigare Capital operates in a manner consistent with both its legal obligations and internal standards and policies. The current members of the Board of Directors have strong expertise in the shipping and financial industries and together hold the competencies necessary to steer Navigare Capital. Members are elected by the shareholders at the annual general meeting based on a range of criteria such as professional experience and competencies, reputation and integrity. In addition, the Board of Directors must meet the Danish Financial Supervisory Authority ("FSA") guidelines for "fit and proper" senior management and are scrutinised for conflicts of interest that could jeopardise Navigare Capital's investments or operations. In 2022, Navigare Capital appointed its first female board member.

In 2021, the Board of Directors approved Navigare Capital's responsible investment policy and its strategy, including its short- and long-term targets. The responsible investment policy, which can be found on Navigare Capital's website, outlines the screening criteria and ESG due diligence requirements in the process of selecting assets for investment. In the strategy process, the Board of Directors considers some of the key elements related to climate-related risks and opportunities, especially the effects of decarbonisation on commodity demand and technological development, including new fuels, and how to best position the company for taking advantage of the changes.

The Board of Directors has overall responsibility for the operations of Navigare Capital and for compliance with applicable legislation and the adopted policies. This also includes legislation for managers of alternative investment funds. The Board of Directors maintains close oversight of the implementation of and compliance with ESG policies and targets. Key elements of the ESG screening process are reported to the Board of Directors at least yearly, to monitor the progress towards Navigare Capital's fleet emission targets. The Compliance Officer evaluates this due diligence process, also in relation to ESG risks, and reports on this to the Board of Directors. If the Board of Directors deems compliance with the ESG policies inadequate, it is responsible for creating a plan for management to rectify the situation and for overseeing the implementation of this plan. In addition to its role in overseeing ESG policies and commitments, the Board of Directors reviews and approves the annual Sustainability Report.

Management

Navigare Capital's management oversees the day-to-day operation of the company and ensures that the policies approved by the Board of Directors are implemented and complied with. This includes the responsible investment policy, which determines how sustainability risks and opportunities are integrated into the investment, ownership and exit processes across Navigare Capital. Management is also responsible for the company's daily compliance with applicable legislation, including legislation pertaining to managers of alternative investment funds.

Identifying the potential impacts of climate change on the performance of the funds is an important element of the investment strategy, which is directed by Navigare Capital's management. The overall responsibility for incorporating these climate-related risks and opportunities lies with the Managing Partner, who ensures that they are a key consideration in the decision-making process. The Managing Partner is also responsible for developing the

company's strategy and target setting. The other Partners support the Managing Partner in ensuring the targets are reached and the strategy followed across the different functions of Navigare Capital.

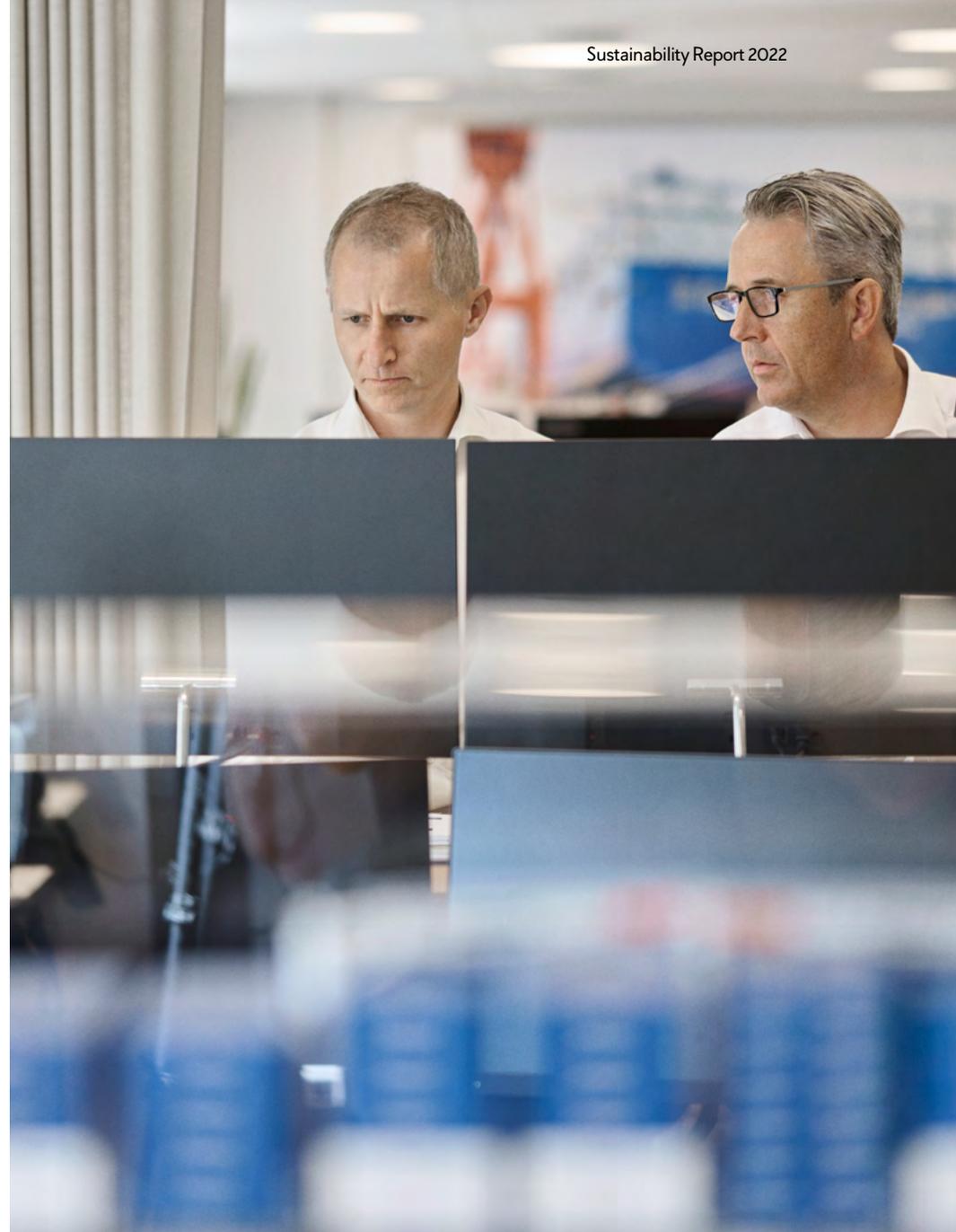
If management deems compliance with any policies to be inadequate or considers that further actions are required, it shall immediately inform the Board of Directors and submit a written report on the matter along with a proposal for a solution. In 2022, no such reports were made to the Board of Directors. Incidents of suspected non-compliance with the ESG policies can also be reported through Navigare Capital's whistleblower function. Read more about this on page 69.

Investment and asset management team

The investment and asset management team oversees Navigare Capital's investments throughout their entire lifetimes, from the initial investment decisions to sales of the assets. Representing a wide range of professional competencies – including technical, operational, commercial and industrial expertise – the team is tasked with selecting, financing and operating assets in a manner consistent with Navigare Capital's ESG strategy and compliant with all applicable regulations. The team comprises the four departments listed below, which support the investment and operational processes at Navigare Capital.

Deal sourcing

Investing directly in shipping assets requires thorough knowledge of the maritime industry in order to select appropriate assets while being in alignment with both Navigare Capital's ESG strategy and its targeted returns. The deal sourcing team consists of professionals with extensive networks and commercial relationships from which to source secondhand or newbuilding projects, as well as employ them within fixed charters. Drawing on their deep understanding of the different shipping segments, the team facilitates the acquisition of assets through a methodological approach to risk mitigation. It selects maritime assets with



the close support of market researchers and technical managers, who provide insights into global economic drivers and the operational capabilities of assets, respectively.

Asset management

The investment and asset management team also consists of highly experienced Technical Directors, who have implemented a system of strict supervision and control to ascertain that all technical management matters concerning the assets are carried out in a manner that is safe, cost-effective, and environmentally and ethically sustainable. The Technical Directors, together with the relevant Partner and the ESG function, also implement and incorporate new technological solutions to meet the long- and short-term efficiency targets of the fleet. They also keep track of new technologies and fuel types that could improve the efficiency of the vessels.

The daily operational tasks are handled by an in-house team of experienced vessel operators, who monitor 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. Through close oversight of vessel activities, the team ensures efficient and safe voyages while minimising the risk of exposure to bribery, corruption or sanction violations in operations. The vessel operations team also optimises vessels' performance by arranging the necessary fuel efficiency-improving services such as hull cleaning, among others.

Market research

The research team utilises deep industry knowledge to track developments across shipping segments and markets. Combining analysis of the shipping industry with an understanding of the global macro trends driving demand for transport, the research team informs Navigare Capital's investment activities while providing insights to investors. Research into ESG topics pertinent to shipping – including those relating to climate risks – forms the basis of the Task Force on Climate-Related Financial Disclosures (“TCFD”) analysis and influences Navigare Capital's strategies and goals.

Debt management and financial analysis

The investment and asset management team also includes professionals with extensive experience of financial structuring and financial analysis, who play an important role in generating the targeted returns while mitigating potential risks for the funds. In addition to structuring investments, its activities include financial modelling, due diligence, risk assessment and, finally, investor reporting. The team accounts for the financial impacts that climate change may pose to investments in its financial models by integrating climate-related risks and opportunities identified through the framework of the TCFD. This allows for climate-related impacts to be assessed early in the investment cycle.

Fund management team

The fund management team is responsible for the operational and administrative oversight of the investment funds, which includes functions related to investor relations, ESG and compliance at Navigare Capital. In addition, the team oversees the financial and administrative aspects of Navigare Capital such as accounting, financial control, payroll and IT systems. The team maintains sound business conduct through the implementation of procedures for financial and ESG reporting and data processing, as well as by monitoring the risk profile of the funds and ensuring compliance with applicable laws and regulations. These functions are divided into the four departments described below.

Investor relations and business development

Navigare Capital endeavours to maintain a high and uniform level of information to investors and ensure that relevant, accurate and balanced information is provided to investors in the funds. Acting as the dedicated point of liaison between the funds and their investors, the Investor Relations Director coordinates all investor-relevant communications and activities. An important element of Navigare Capital's communications is its investor reports, which it issues quarterly for each fund and which contain information on the company's performance on its main KPIs within ESG-related topics. The report is distributed

to the funds' investors and the Board of Directors, allowing them to monitor and oversee Navigare Capital's progress towards its financial and sustainability targets. In between these quarterly reports, the Investor Relations Director engages in discussions with and addresses enquiries from investors.

Environment, social and governance

The ESG function is responsible for all ESG reporting and providing all stakeholders with relevant and correct information related to Navigare Capital's sustainability performance, including reporting emissions data to banks in line with the Poseidon Principles, a framework for disclosing the climate alignment of shipping-related activities adopted by certain financial institutions. The ESG function is also responsible for ensuring that investments – both new and existing – are aligned with Navigare Capital's ESG strategy. This involves working together with the various other functions of Navigare Capital on initiatives to improve the company's performance on ESG metrics and ensuring ESG processes and procedures are being adhered to across teams.

Risk management and compliance

Navigare Capital's internal compliance and risk management functions also monitor the risk profile of the company on a regular basis and ensure its compliance with applicable laws and regulations, including the investment strategy and mandate, as well as any regulations and laws on sustainability that may be introduced. Both the compliance function and the risk management function operate independently of the investment team, and report directly to the Board of Directors.

Finance and administrative support

The finance function at Navigare Capital is responsible for the implementation of proper accounting and internal control processes to ensure transparent and accurate external reporting of financial activities to the relevant authorities in line with international standards and accounting principles. In addition to preparing the annual budget and

conducting monthly and quarterly controls, the Finance Controller assists in ESG reporting by providing relevant financial information for the calculation of annual emission figures and conducting internal controls of the ESG KPIs.

Deloitte is the independent auditor of Navigare Capital and has been the auditor of all funds managed by Navigare Capital since its inception in March 2017. Once a year, in conjunction with the Sustainability Report, the main ESG KPIs are also audited by Deloitte.

The administrative support function at Navigare Capital oversees IT security, with the aim of preventing IT security incidents and ensuring personal data is managed appropriately and safely in line with the General Data Protection Regulation ("GDPR"). The support function is also responsible for implementing the necessary technological and software solutions to secure Navigare Capital's IT systems.

Advancing employee knowledge in ESG

Sustainability issues in the maritime industry are evolving rapidly and Navigare Capital recognises the importance of fostering a high level of ESG knowledge among employees. To meet its ESG commitments and contribute to the green transition of shipping, Navigare Capital supports its employees in obtaining training and further skills in ESG topics relevant to their field of operation. This includes attending lectures, conferences and webinars with organisations and companies active in the decarbonisation of shipping, sustainable investment, sustainability reporting and other ESG areas. In 2022, employees took part in activities held by the Principles for Responsible Investment ("PRI") organisation, the Danish Shipowners' Association, the IMO, the Global Reporting Initiative ("GRI") and the Maritime Anti-Corruption Network ("MACN"), among others.

Governance

Integration of ESG into Navigare Capital's 6S Model

Navigare Capital pursues value creation through its 6S Model, which consists of six underlying principles that ensure a disciplined investment and divestment approach. Sustainability and ESG, including climate-related risks and opportunities as outlined by the TCFD, are an integral part of each of these underlying principles, as summarised below.

- **Sourcing:** Sourcing of investments compliant with relevant ESG criteria.
- **Selecting:** Selecting the right assets, counterparties and partners that are aligned with Navigare Capital's ESG principles.
- **Structuring:** Structuring of debt financing and incorporating sustainability into loan agreements to achieve attractive risk-adjusted returns while minimising financial risk.
- **Servicing:** Servicing the assets with a strong focus on Navigare Capital's ESG strategy.
- **Steering:** Steering the assets by actively managing employment decisions using ESG metrics.
- **Selling:** Selling assets with a focus on continuous operation.

In 2021, the Board of Directors approved Navigare Capital's responsible investment policy. This policy describes how ESG is integrated into the entire investment process and all key decisions from deal origination to exit through Navigare Capital's 6S Model.

Navigare Capital and its funds are committed to complying with the following standards, conventions and guidelines:

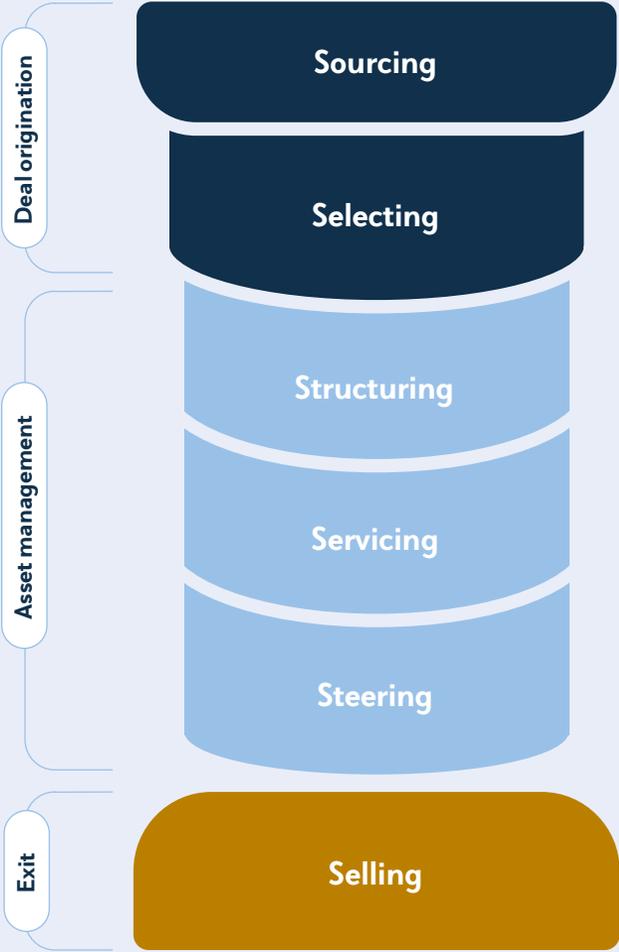
- The UN Principles for Responsible Investments
- The UN Global Compact
- The UN Guiding Principles on Business and Human Rights
- The OECD Guidelines for Multinational Enterprises
- The ILO Declaration on Fundamental Principles and Rights at Work
- See additional international conventions listed under "Selling" on page 25

Sourcing

The global shipping industry is fragmented, with vessel owners and charterers ranging from multinational industrial players to local niche operators. Hence, the ability to source investments compliant with relevant environmental criteria and find counterparties with the proper ESG principles requires a vast global network. Navigare Capital has, through the collective experience of its team, established a large global network of commercial and personal relationships, which forms the basis for this.

As each asset is unique, possessing its own technical specifications and performance, each asset is thoroughly screened by the Technical Directors and ESG Manager during sourcing

Navigare Capital 6S Model



- Strong professional and personal networks ensure access to investments compliant with relevant environmental criteria and counterparties with proper ESG principles
- Strategic focus on sourcing modern and energy-efficient vessels

- Full due diligence processes are conducted that cover all facts and risks of material importance to the investment decision
- All potential investments and peripheral activities are evaluated to assess their compliance with Navigare Capital's ESG strategy and policies

- Sustainability-linked loans are taken with a recognised network of global shipping banks

- Investigations are made regarding the counterparties' experience, quality, resources, results and ESG practices
- Additional requirements on health and safety, human rights and working conditions are incorporated into all relevant contracts

- Vessel operators ensure that voyages are as energy-efficient as possible
- The Technical Directors evaluate third-party technical managers and carry out physical onboard inspections to assess maintenance standards and evaluate whether the assets are in sound condition in terms of sustainability.

- Ensure that buyers carry out future dismantling or recycling of vessels in compliance with relevant regulations and conventions

We deliver attractive risk-adjusted returns while enabling the green transition of the shipping sector

to assess whether it fits with Navigare Capital's ESG strategy. This includes assessing the following relevant environmental criteria:

- Technical specifications
- Greenhouse gas ("GHG") emissions and emissions of other pollutants such as SO_x and NO_x
- Fuel consumption and fuel efficiency
- Ballast water treatment
- Paint scheme and status
- Classification status

Only assets that meet the criteria satisfactorily may proceed to the Selecting stage.

Selecting

During Selecting, Navigare Capital follows relevant due diligence processes that cover all facts and risks of material importance to the investment decision. ESG is a key factor in each due diligence process, and all potential investments and peripheral activities are evaluated to assess whether they comply with Navigare Capital's ESG strategy and policies. For instance, employment contracts and agreements are reviewed to ensure they are aligned with Navigare Capital's policies. Also, the Technical Directors assess and verify the assets' physical condition, including the technical specifications, and review the performance of the assets, including fuel consumption and efficiency, key elements impacting Navigare Capital's carbon footprint and hence ESG strategy. This information is also used to benchmark the assets' GHG emissions against Navigare Capital's own targeted reduction trajectory, along with those of

known frameworks such as the IMO and the Poseidon Principles. The Technical Directors also deliver a catalogue of potential energy-saving devices needed to reduce future emissions so that Navigare Capital can remain on track towards its target. As part of the financial due diligence, Navigare Capital incorporates these technologies into the financial model to assess the financial implications of complying with the ESG strategy.

The financial due diligence also includes a TCFD analysis to assess the financial implications of key climate-related risks and opportunities. Several teams are involved in the TCFD analysis, from the ESG function, which evaluates the list of climate-related risks and opportunities to identify those relevant to a particular investment, to the research team, which provides market insights into the climate-related risks and opportunities, and the Technical Directors, who in turn evaluate technological developments and how they might affect that the asset's performance and value.

Navigare Capital uses the results of the TCFD analysis to make a more informed investment decision, identifying the risks and opportunities for each investment, including the risk level, probability and potential financial implications. Moreover, the TCFD analysis enables Navigare Capital to compare different investment opportunities and choose the most optimal. Based on the investment analysis and associated due diligence, Navigare Capital makes a recommendation to the Investment Committee, which makes the final decision on each investment and exit/realisation. The results of the TCFD analysis can be found on page 46-49.

Structuring

The financial structuring of the investments plays an important role in value creation in terms of generating the targeted return. During the past year, Navigare Capital has incorporated sustainability and ESG into its financing strategy to ensure that it can continue to obtain attractive financing terms across the shipping cycles. For this purpose, Navigare



Capital benchmarks its portfolio's relative carbon intensity factor against the targeted reduction trajectory stipulated by the Poseidon Principles. The Poseidon Principle is an agreement among 24 banks to assess and disclose the climate alignment of ship finance portfolios, setting a benchmark for responsible banking. As a result, if Navigare Capital's portfolio performs better than this benchmark, it triggers a premium, and conversely a worse performance triggers a penalty.

Servicing and Steering

Navigare Capital has in-house teams dedicated to handling the disciplines of asset ownership and vessel operation. For instance, before entering into a contract with a third party, the teams overseeing asset ownership make all reasonable investigations regarding the counterparty's experience, quality, resources, results and ESG practices. Hence, contracts are only made with counterparties that have been diligently screened both qualitatively and financially across a set of key parameters. Over and above this, Navigare Capital incorporates additional requirements on health and safety, human rights and working conditions into all relevant contracts to ensure a high standard of welfare among its crew members and to ensure that the management agreements are aligned with Navigare Capital's ESG principles. The in-house technical team evaluates the performance of third-party technical managers on a regular basis and carries out physical onboard inspections of the vessels to assess maintenance standards and evaluate whether the assets are in sound condition in terms of sustainability. Should the review of the third-party technical managers bring to light any anomalies or adverse trends, the fund manager will put into place new processes and procedures to ensure a reversal of the trend. If, in a worst-case scenario, the trend cannot be reversed, the fund will have no other option than to change the technical manager of the vessel in question.

Once a year, Navigare Capital also conducts a complete TCFD analysis across all assets, whereby the ESG function together with the research team and Technical Directors identifies and analyses new risks and opportunities, and reviews and updates current ones, as per the list provided by the TCFD. This is done to assess whether the climate-related risk picture for the funds has changed and to gain insights into which key drivers should be monitored by the relevant departments going forward to either mitigate risks or capture future opportunities. This could include new seaborne commodities or current ones that may become obsolete, but also the development of a particular green fuel or engine type. Navigare Capital's in-house specialised teams work together actively to mitigate the potential risks and seize the opportunities identified in the TCFD analysis.

Selling

An exit/realisation strategy is submitted to the Investment Committee for each vessel and the Investment Committee takes the final decision on every exit/realisation. By incorporating ESG into the 6S Model, Navigare Capital ensures that ESG is embedded into the entire investment process and all key decisions from deal origination to exit.

When selecting assets, Navigare Capital focuses on modern vessels with attractive ESG metrics to ensure a reliable and efficient fleet with economic lifetimes that exceed both the duration of the initial employment contracts and the lifetimes of the funds. As vessels are likely to be sold to third parties for continued operation, Navigare Capital's sales contracts include a minimum period in which the vessel may not be recycled. To facilitate future recycling of vessels, Navigare Capital has already ensured that its vessels carry 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

EU regulations. At the same time, the buyer agrees to ensure that any future recycling or dismantling is undertaken in accordance with:

- The 2009 Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships
- The Basel Convention's technical guidelines for the environmentally sound management of the full and partial dismantling of ships

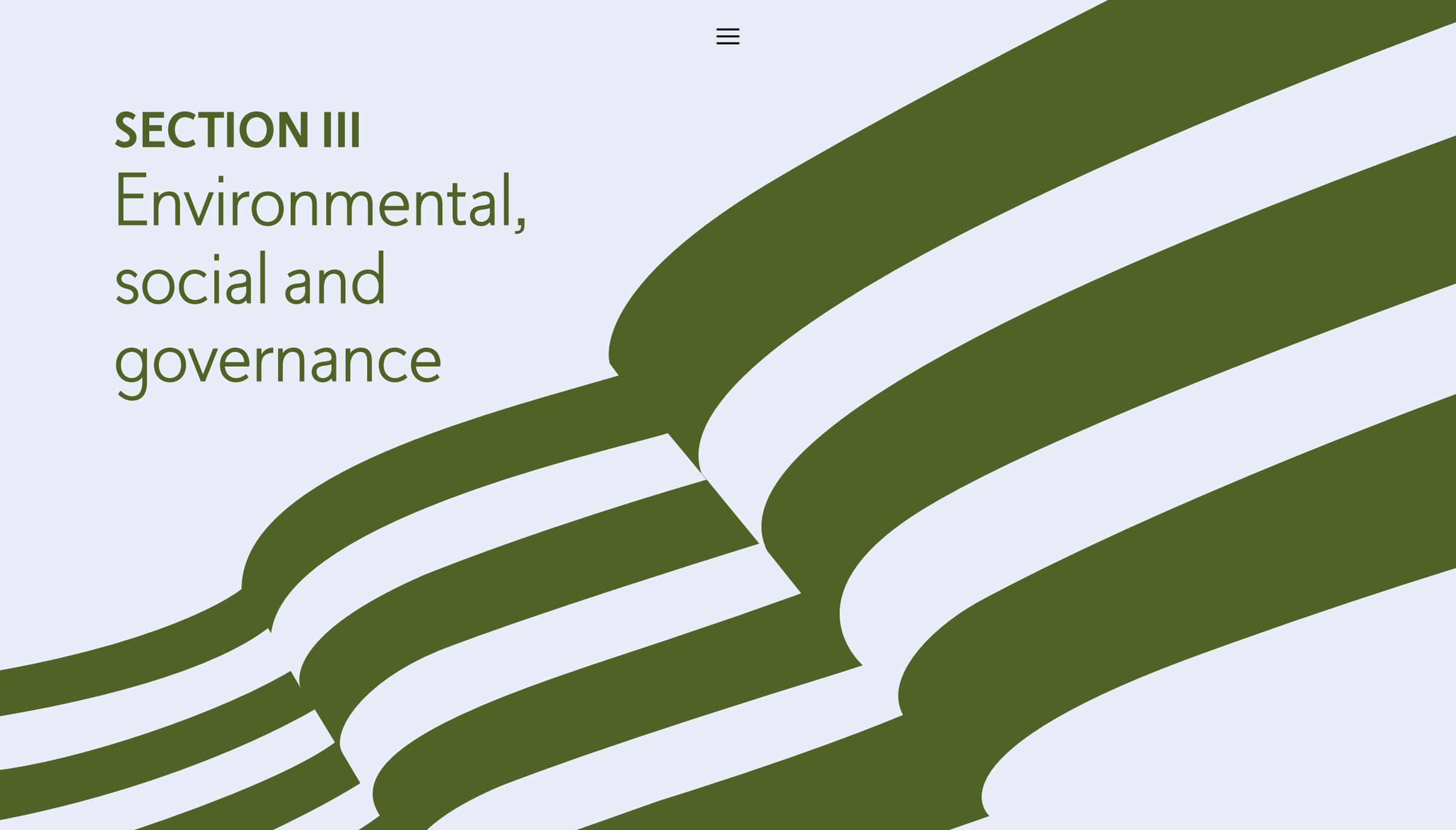
In doing so, Navigare Capital supports the UN's Sustainable Development Goal ("SDG") 12 (responsible consumption).

In the event that Navigare Capital has to undertake recycling itself, it will ensure this is done in compliance with the above regulations, but also along with the following, thus ensuring that any future recycling is compliant with the responsible ship recycling standards which are voluntarily adopted by certain financial institutions involved in ship financing:

- The EU Ship Recycling Regulation and the EU Waste Regulation
- Any other laws, standards, regulations or rules which are applicable to recycling, including without limitation any national, international, state or local environmental or waste laws



SECTION III
Environmental,
social and
governance



Introduction

As an alternative investment fund manager dedicated to investments in maritime assets, Navigare Capital contributes to the movement of vast amounts of goods across the globe in the most cost- and energy-efficient way possible today through the funds it manages.

This maritime infrastructure underpins global and regional supply chains and enables the continued development of global society by facilitating access to international trade and markets. While the value of ocean-based goods and services — such as fishing, aquaculture, maritime transport and tourism — is estimated at USD 2.5 trillion annually, the socio-economic benefits of the secure livelihoods that this creates are incalculable, particularly for coastal and island states¹⁵.

Navigare Capital aims to contribute positively to the people and communities touched by its business operations by providing safe working conditions and fair remuneration to all onshore and offshore employees and by fighting

corruption in the maritime industry. Therefore, Navigare Capital emphasises the importance of abiding by good corporate governance practices and sustainable business conduct, a principle it extends to its business partners and counterparties.

However, Navigare Capital also acknowledges that the transportation of goods has an impact on the environment and that there is a need for shipping to reduce its environmental footprint, specifically by ensuring that the vessels used to transport goods become increasingly energy-efficient and, in time, run on sustainable, green fuels. In response to these challenges, Navigare Capital has set ambitious targets and systematically assesses the impact of its investments in environment, social and governance-related areas. In addition to its environmental policies, Navigare Capital actively works to mitigate longstanding concerns in the shipping sector – ranging from safety and labour rights to diversity – on its vessels.

Many of the sustainability challenges Navigare Capital faces impact the sector as a whole, requiring industry-wide collaboration. To facilitate this cooperation and enable the green transition of the shipping sector, Navigare Capital is a signatory of the Principles for Responsible Investment (“PRI”) and an active member of the Danish Shipowners’ Association and BIMCO, one of the largest international shipping associations.

¹⁵ United Nations Global Compact: The Ocean-Climate Nexus: A Blueprint for a Climate-Smart Ocean to Meet 1.5°C.



Environment

The world today is facing unprecedented, interconnected environmental challenges in areas including climate change, clean water, ocean health and biodiversity. Navigare Capital recognises the importance of decarbonising the shipping sector and the need to mitigate other ecological impacts through the reduction of air and sea pollution, hence promoting the UN's Sustainable Development Goal ("SDG") 13 (climate action), SDG 12 (responsible consumption) and SDG 14 (life below water).

As access to international markets and trade is a cornerstone for poverty and hunger alleviation, one of the primary challenges with decarbonising shipping is to make mitigation of climate change and ecological impacts compatible with responsible global trade. Hence, Navigare Capital strives to always make the most fuel-efficient vessels available for its charterers to minimise its climate footprint and biodiversity impact.

2022 environmental KPI highlights

Zero

oil spills

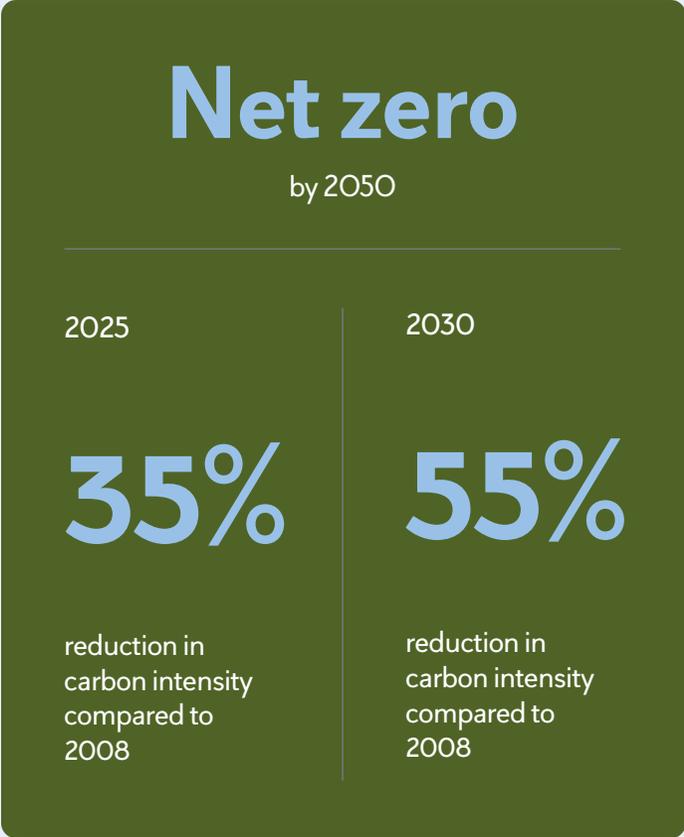
28%

reduction in carbon intensity
compared to 2008





Exhibit E1: Emission targets



E.1 Greenhouse gas emission targets

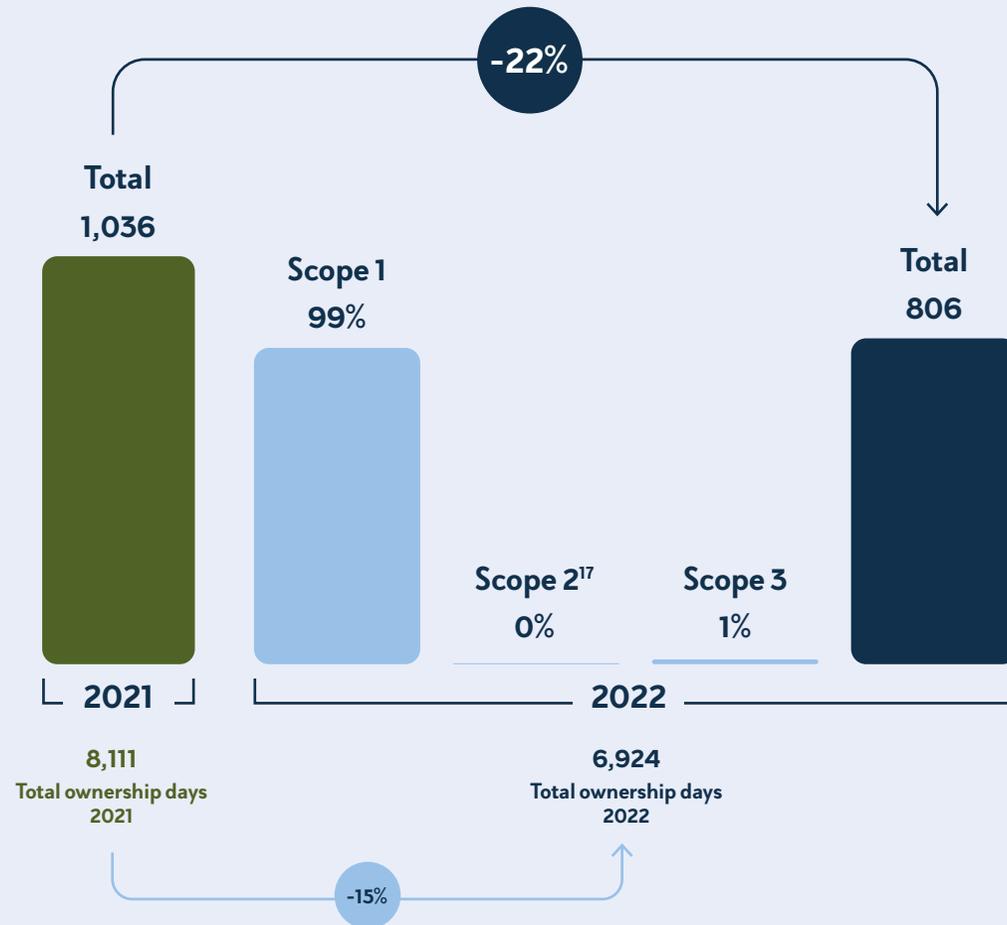
To establish a clear decarbonisation trajectory for its portfolio and facilitate the adoption of green technologies and fuels across its fleet, Navigare Capital has established several targets based on guidelines from the foremost organisations in the field of environmental reporting and shipping decarbonisation. Firstly, Navigare Capital has set an ambitious target of net zero greenhouse gas (“GHG”) emissions by 2050. This target covers Scope 1-3 GHG emissions of both Navigare Capital’s headquarters and its funds as calculated according to the GHG Protocol, the world’s most widely used GHG accounting standard¹⁶. The target follows the recommendations of the Science Based Target initiative (“SBTi”) in that Navigare Capital, to reach its target, will ensure deep decarbonisation of 90-95%, while only using carbon removals to neutralise any remaining emissions that cannot be eliminated another way.

Navigare Capital has also set short-term targets for carbon intensity reduction, because total GHG emissions are likely to increase in the short term as the portfolio of vessels expands. This will ensure that the company continues to invest in assets that are increasingly less carbon-intensive and in turn are aligned with its target of reaching net zero by 2050. The targets for carbon intensity reduction are 35% by 2025 and 55% by 2030, compared to the 2008 baseline published by the International Maritime Organisation (“IMO”).

¹⁶ Navigare Capital’s GHG baseline follows The GHG Protocol Corporate Accounting and Reporting Standard and The Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

Exhibit E2: Greenhouse gas emissions

Thousand tonnes of CO₂e



¹⁷ Location-based Scope 2 emissions.

E.1.1 Greenhouse gas emissions

The GHG Protocol sets out three accounting approaches for consolidating GHG emissions, of which the SBTi recommends either the operational control or the financial control approach for companies in the financial sector. The choice of accounting approach does not affect the absolute size of Navigare Capital's GHG emissions, only the distribution of vessels' emissions between the different scopes.

Navigare Capital has chosen the financial control approach, as it has 100% financial control of the funds that own the vessels but does not have operational control. Moreover, this approach allows Navigare Capital to establish the most accurate picture of GHG emissions from its entire operation. For instance, emissions from the vessels in the funds are allocated to and accounted for in Scope 1. This emphasises the responsibility Navigare Capital takes for its emissions and its commitment to reducing these.

Calculating all GHG emissions is important, as some vessels, such as LNG-fuelled vessels, have lower CO₂ emissions than those fuelled by conventional fuel oil, but depending on their engine type can incur methane slip. Methane is a very potent GHG: one tonne of methane has the same global warming potential as approximately 21 tonnes of CO₂ over a 100-year time horizon¹⁸. To ensure Navigare Capital invests in the most efficient vessels across the different vessel types

¹⁸ United Nations Climate Change: Global Warming Potentials (IPCC Second Assessment Report).

and contributes to limiting global warming from shipping, the company takes every GHG¹⁹ into consideration.

As a result, in 2022 Navigare Capital emitted roughly 806,000 tonnes of carbon equivalent (“CO₂e”) Scope 1-3 emissions, a decrease of 22% from 2021. The majority of its emissions, 99%, were Scope 1 emissions stemming from fuel consumption onboard the vessels owned by the funds Navigare Capital manages, while the remaining 1% came from smaller emissions mainly within Scope 3.1 (purchased goods and services), Scope 3.2 (capital goods) and Scope 3.7 (employee commuting). The largest of these three categories, capital goods, consisted of the investment in Norwind Breeze, Navigare Capital’s first offshore wind support vessel (see page 33) and the energy-saving devices (“ESD”) installed on three of the vessels scheduled for dry dock. While the ESD investments in themselves resulted in emissions captured in Scope 3.2, they also reduced fuel consumption on the vessels in question significantly, lowering Scope 1 and Scope 3.3 emissions (fuel- and energy-related activities), together enabling Navigare Capital to avoid 18,000 tonnes of carbon emissions in 2022.

While the ESDs were a contributory factor to the overall reduction in GHG emissions in 2022, the main driver was Navigare Capital’s divestment of six vessels, which cut total fuel consumption accounted for in Scope 1 and Scope 3.3. The first vessel was divested in May, the next four in the third quarter and the fifth was delivered to its new owners at the end of November 2022 (see pages 98 and 99 for an overview of the fleet). Overall, the number of ownership days decreased by 15% from 2021 to 2022 – less than the total reduction in GHG emissions – indicating improved efficiency across the fleet overall. Read more about this in section E.1.2 Carbon intensity.

¹⁹ The GHG emission types include carbon dioxide (“CO₂”), methane (“CH₄”), nitrous oxide (“N₂O”), hydrofluorocarbons (“HFCs”), perfluorocarbons (“PFCs”), sulphur hexafluoride (“SF₆”) and nitrogen trifluoride (“NF₃”).

²⁰ AER is measured as grams of CO₂ emitted per cargo-carrying capacity x nautical mile.

E.1.2 Carbon intensity

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 Ratio²⁰ (“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 Navigare Capital’s fleet and the global fleet in general. As the recently purchased offshore wind support vessel Norwind Breeze is below this threshold, it is not included. However, Navigare Capital monitors industry standards closely for vessels below 5,000 gross tonnes in the offshore wind industry, in particular.

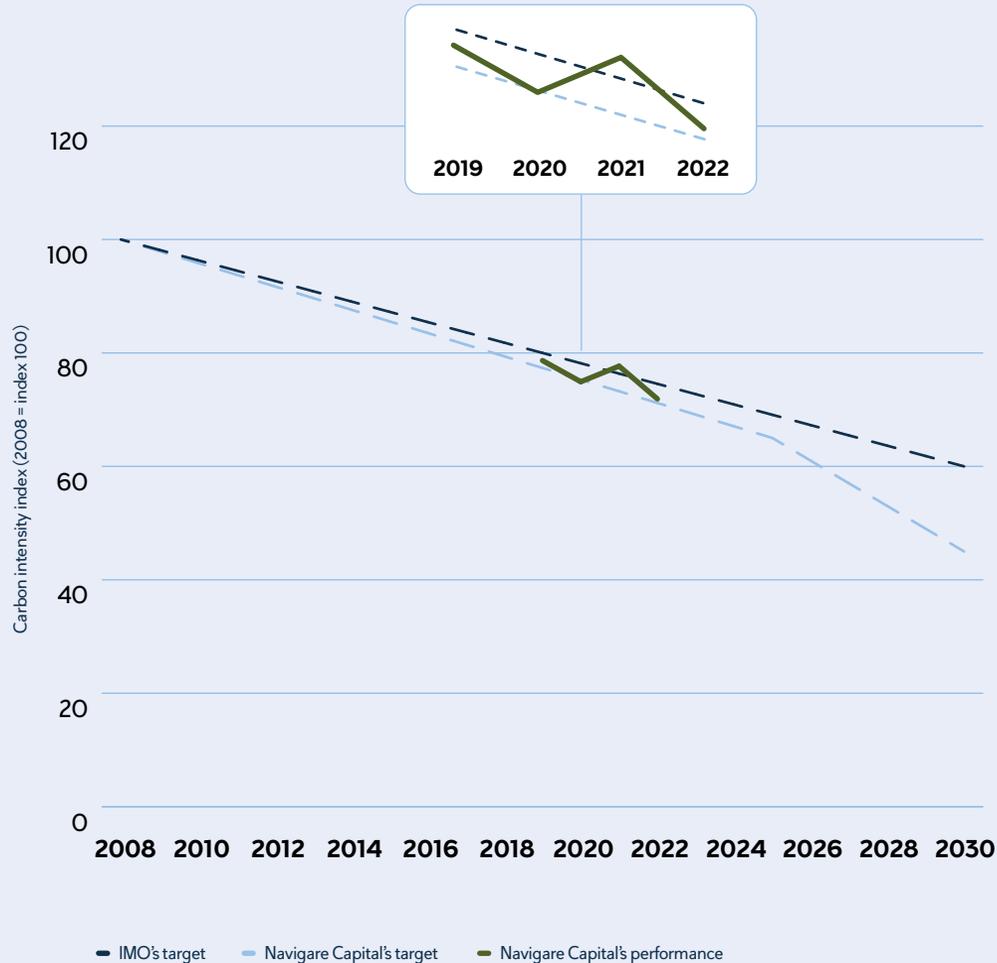
By investing in vessels with favourable AER numbers, Navigare Capital ensures that it always invests in fuel-efficient vessels, enabling it to steadily reduce carbon emissions and reach its targets described on page 29.

In 2022, Navigare Capital’s AER performance was 3.4% below the targeted trajectory stipulated by the IMO but 1% above its own targeted trajectory. See exhibit E3 for more details. This is an improvement of roughly five percentage points compared to 2021, and although Navigare Capital is not yet fully in line with its own targeted trajectory, it still expects to reach its 2025 target of a 35% reduction in carbon intensity compared to 2008.

The favourable development in 2022 was the result of Navigare Capital’s strong focus on three of the four possible reduction methods displayed in exhibit E4: portfolio effects, and technical and operational energy-efficiency improvements.

The portfolio effects were the result of Navigare Capital selling six vessels, all of which were above both its own and the IMO’s carbon intensity reduction trajectory in 2021, and taking delivery of one vessel, Norwind Breeze.

Exhibit E3: Navigare Capital's carbon intensity



The technical energy-efficiency improvements were the upshot of Navigare Capital's investment in ESDs onboard its vessels scheduled for dry dock in 2022: Navigare Pactor, Navigare Pars, Navigare Terra Mater and UASC Zamzam. The ESDs include, among other things, high-spec antifouling silicone paint, which increases the energy efficiency of the vessels significantly, an ultrasonic device to keep the propeller clean from fouling, and propeller boss cap fins to improve the propeller's efficiency. On average, the carbon intensity for these vessels decreased by 18% in 2022. The full-year effects will not be seen until 2023.

In 2022, Navigare Capital also initiated dialogue with more of its charterers with the aim of investing in additional ESDs on its vessels and several initiatives are currently in the process of being evaluated.

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.

Navigare Capital's investments in offshore wind support vessels

In 2022, Navigare Capital entered into a joint venture with Norwind Offshore for five newbuilding offshore wind commissioning service operation vessels (“CSOV”) servicing the offshore wind industry. The first vessel, Norwind Breeze, began operating in 2022 and is employed for housing and transporting technicians working in the construction and maintenance of wind farms. As the wind farms are a long way from the shore, the support vessels facilitate safe access to and from the turbines via a gangway located on the vessel. These investments in offshore wind support vessels reflect Navigare Capital’s goal of supporting the green transition and its commitment to reducing its own climate impacts, as in addition to being designed to maximise fuel efficiency and enabled with battery hybrid propulsion, the vessels incorporate large amounts of recycled steel, which lowers their embedded carbon. The CSOVs were built using steel profiles made from 100% recycled steel and steel plates consisting of 20-25% recycled steel.

Renewable energy will play a critical role in reaching the Paris Agreement goal to keep the global temperature increase below 2 degrees Celsius and the target of the European Green Deal to make the European Union (“EU”) climate-neutral by 2050. To meet these demands, increasing the share of offshore wind in global energy production is crucial; it is expected to rise to 9% by 2050, up from 0.3% today²¹. The EU has signalled clear support for the offshore wind industry with the recent agreement to nearly double the generation of offshore renewable energy in the European sea basins by 2030.

²¹ Clarksons Research: Offshore Renewables Market Outlook (Energy Transition), September 2021.



In 2022, however, deteriorating market conditions incentivised charterers to operate the vessels more efficiently, in particular by reducing speeds, thus supporting operational energy-efficiency improvements.

E.1.3 GHG emission reduction methods

Navigare Capital focuses on four main ways to reduce its GHG emissions:

- **Portfolio effects**, which are the impacts from buying more energy-efficient vessels and selling less efficient ones.
- **Technical energy-efficiency improvements**, achieved by retrofitting existing vessels with ESDs or alternative propulsion technologies.
- **Operational energy-efficiency improvements**, which are achieved by any means other than investing in new technologies. This can include voyage optimisation strategies such as slow steaming to avoid waiting time at ports, and weather routing, i.e. slowing down or sailing other routes to avoid poor weather. For the industry as a whole, GHG emission reduction can also be achieved through digitalisation of ship and port operations, and optimisation of cargo utilisation, leading to more efficient voyages overall.
- **Green fuels**, which are liquid or gaseous fuels produced with electricity from renewables, and are necessary for achieving the long-term goal of a zero-carbon shipping sector. Recent developments in the availability of low- or zero-GHG emission fuels have made alternatives to fossil fuels feasible in the medium to long term.

Navigare Capital has always had a strategic focus on buying modern and energy-efficient vessels, and, when possible, it prioritises divesting less energy-efficient ones, thus considering the portfolio effects of its investments and divestments.

To reach its targets, however, Navigare Capital is also continuing its efforts from 2021, when it collaborated with a third-party specialist to develop a catalogue of suitable ESDs for each vessel in its portfolio. The catalogue consists of a number of ESDs which have been deemed the most suitable for installation on Navigare Capital's vessels. The catalogue is updated regularly to account for technological progress and changes in the fleet composition, ensuring its continued relevance.

By means of the above, Navigare Capital strives to always make the most energy-efficient vessels available to its charterers, which have operational control. As mentioned in the previous section, Navigare Capital is investigating ways of incentivising charterers to operate the vessels as efficiently as possible.

Going forward, however, new regulation will also incentivise charterers to operate vessels more efficiently. In 2023, the IMO has implemented a carbon intensity index ("CII"), which ranks the vessels on a scale from A to E depending on their carbon intensity, 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. The European Union ("EU") has also included shipping in its emissions trading system ("ETS"), which is a cap-and-trade system that aims to reduce GHG emissions by setting a limit, or cap, on GHG emissions for certain sectors of the economy. Each year, a limited amount of EU allowances are made available for trading in the market and this is reduced yearly in order for the EU to meet its target of a 55% reduction in GHG emissions by 2030 relative to 1990, and net zero by 2050. The EU ETS will raise the costs of emissions significantly within the EU and on voyages to and from the EU, which will result in more focus on energy efficiency within the shipping sector overall.

However, to reach its long-term target of net zero, Navigare Capital is dependent on the development of green fuels, emphasising the need for it to invest in newbuild vessels that

Exhibit E4: Energy-efficiency improvement methods

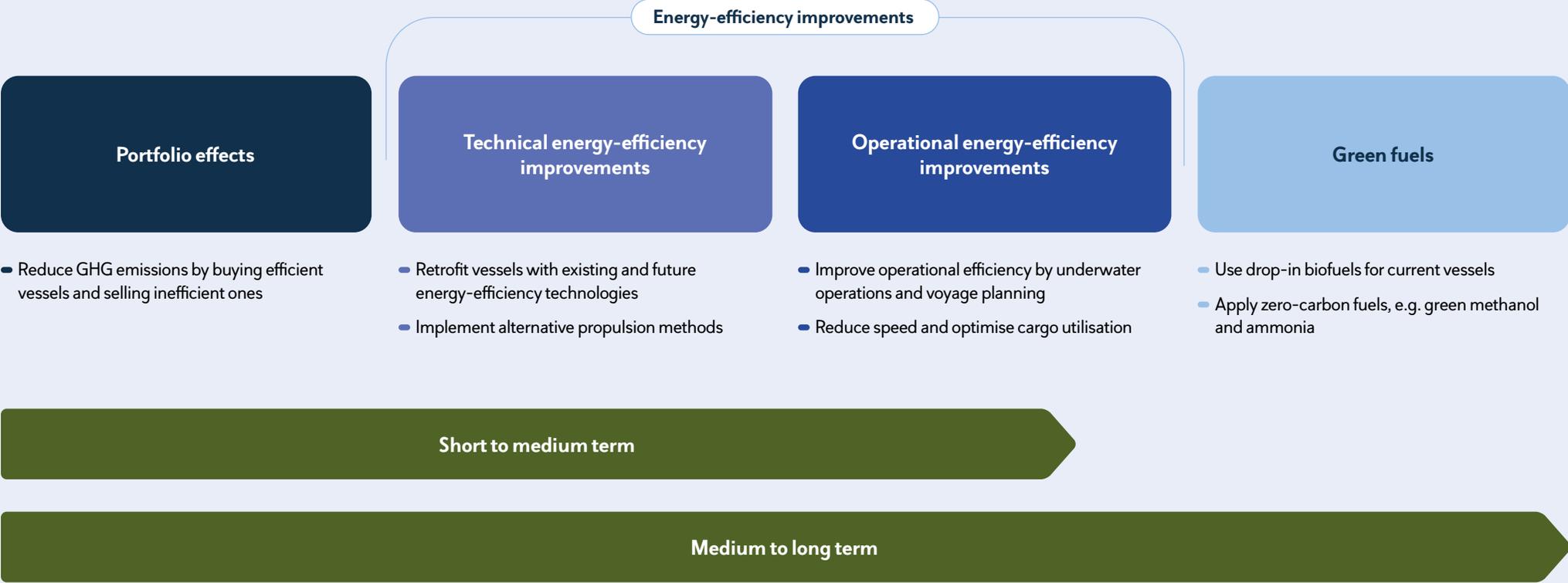


Exhibit E5: Energy-saving devices

Modern ship design

- 1 Stator fins
- 2 Rudder fin and bulb
- 3 Mewis duct
- 4 Contra-rotating propeller
- 5 Propeller boss cap fin

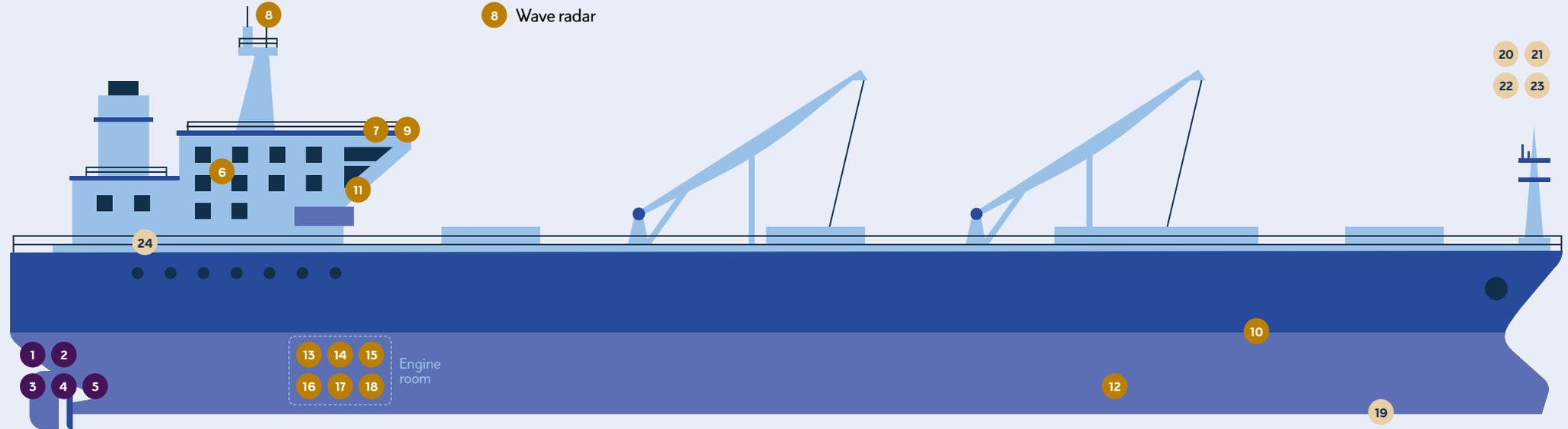
Widely implemented technologies

- 6 Aeroline superstructure
- 7 Autopilot rudder
- 8 Wave radar

- 9 Weather routing
- 10 Trim/draft optimisation
- 11 LED lights
- 12 Antifouling hull paint
- 13 Main engine power optimisation
- 14 Waste heat utilisation
- 15 Frequency controlled pumps and fans
- 16 Battery
- 17 Data logging and performance
- 18 Shaft generator

Pilot project/initial phase

- 19 Air lubrication
- 20 Sails
- 21 Rotors
- 22 Kites
- 23 Solar power
- 24 Shore power (cold ironing)



are compatible with newly available and still developing green fuels. Advances have been made recently in low- or zero-GHG emission fuels such as biofuels, green methanol and ammonia, which make them a viable alternative to fossil fuels in the medium to long term. In 2022, Navigare Capital entered into a joint venture with Schoeller Holdings, purchasing six container feeders for delivery between June 2023 and March 2024. The vessels have been certified as methanol-ready by the classification society, allowing them to be easily converted into methanol-fuelled vessels during their first dry docking. Green methanol is considered one of the most promising new green fuels available for shipping.

While the potential for biofuels made from agricultural or forestry by-products is large, due to the possibility of their use as “drop-in” fuel in existing ship engines, this is dependent on them becoming available on a sufficiently large commercial scale for the maritime industry. Recently passed regulations, such as the FuelEU Maritime law mandating the increasing reduction of the GHG emission intensity of maritime fuels from 2025 and a requirement for 2% of fuel use to be derived from renewable fuels of non-biological origin by 2030, will further support the availability and adoption of green fuels.

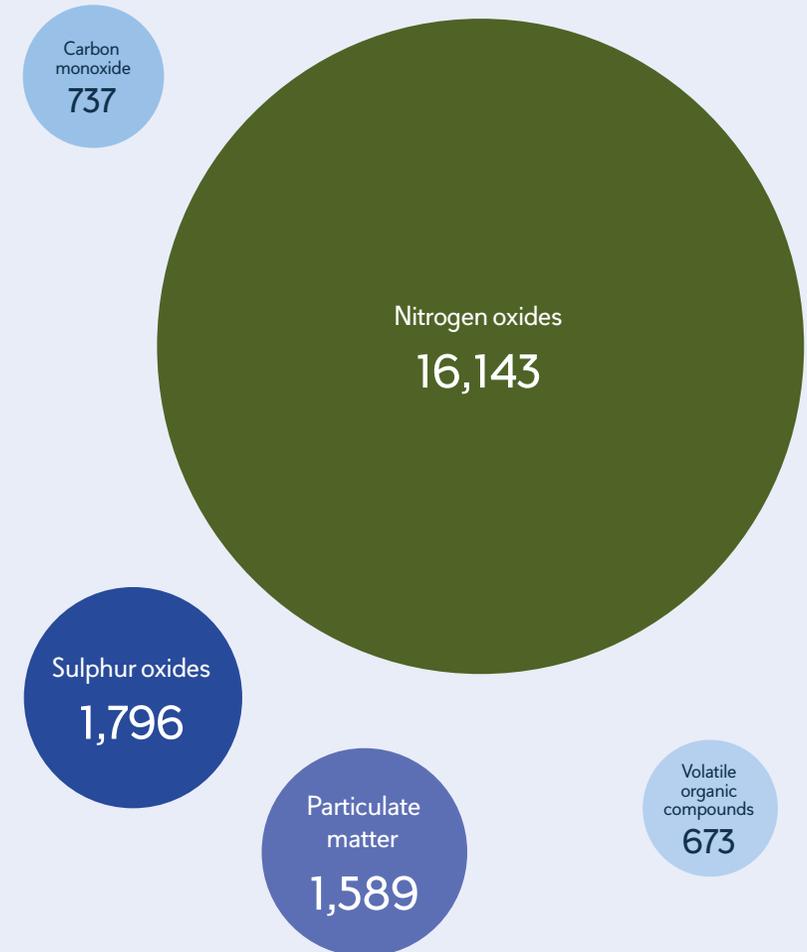
E.2 Other significant air pollution

Besides reducing GHG emissions, Navigare Capital is committed to limiting other forms of air pollution from the operation of its vessels and always ensuring that vessels are fully compliant with all regulations on air emissions, including those from the IMO.

In 2020, the IMO tightened its regulation on sulphur oxides (“SOx”), which works to reduce emissions of SOx to improve air quality and protect the environment. The IMO regulation on the reduction of SOx emissions from vessels has been progressively tightened since 2005, and as of 1 January 2020 the limit for sulphur in fuel oil used by vessels operating outside

Exhibit E6: Emissions of other air pollutants

Tonnes, 2022



emission control areas was reduced by 85% from 3.50% to 0.50%, while it was lowered to 0.1% in designated sulphur emission control areas around Europe and North America.

As a result of this, most vessels now run on fuel oil with a low sulphur content. In addition, the IMO's MARPOL Convention also offers the option to use equivalent means of compliance such as exhaust gas cleaning systems ("scrubbers"). Scrubbers remove and clean SOx from the engine exhaust down to a level equivalent to, or lower than, the limit required by the IMO regulation, allowing vessels fitted with the cleaning technology to continue burning high sulphur fuel oil in their engines. All funds managed by Navigare Capital are fully compliant with the IMO 2020 sulphur regulation. At the end of 2022, six of the vessels were fitted with scrubbers, three in each fund. The rest operated on fuel oil with low sulphur content.

Particulate matter ("PM") emissions are indirectly regulated through the regulation of SOx, as there is a positive correlation between the two types of pollutants. Therefore, the regulation of SOx has also resulted in lower emissions of PM.

Emissions of nitrogen oxides ("NOx") are formed during the combustion of fuels such as oil, diesel, gas and organic material and are regulated via engine requirements, with vessels divided into tiers based on their construction date. Each tier stipulates a maximum emission limit of NOx. The funds managed by Navigare Capital owned two Tier III-compliant vessels, 13 Tier II-compliant vessels and one Tier I-compliant vessel at the end of 2022.

Volatile organic compounds ("VOCs") are gases that are emitted from tankers and certain gas carriers, and the impact from these can be mitigated by implementing technical updates or design changes to vessels. VOC emissions are regulated through operational requirements for the relevant vessels to ensure they minimise emissions to the greatest extent possible.

Carbon monoxide ("CM") is a colourless, odourless and tasteless toxic gas formed by the incomplete ignition or burning of carbon-based fuels. Emissions of CM contribute indirectly to climate change through a reaction in the atmosphere producing the GHGs methane and ozone.

Lastly, black carbon ("BC"), or soot, consists of particles emitted during the incomplete combustion of fossil and biofuels. While BC emissions are not regulated by the IMO, it urges its members operating in the Arctic to burn higher-quality fuels to reduce BC emissions. Although the vessels owned by Navigare Capital's funds are not allowed to operate in the Arctic, Navigare Capital continues to keep track of new research on BC emissions and their relationship with different fuels.

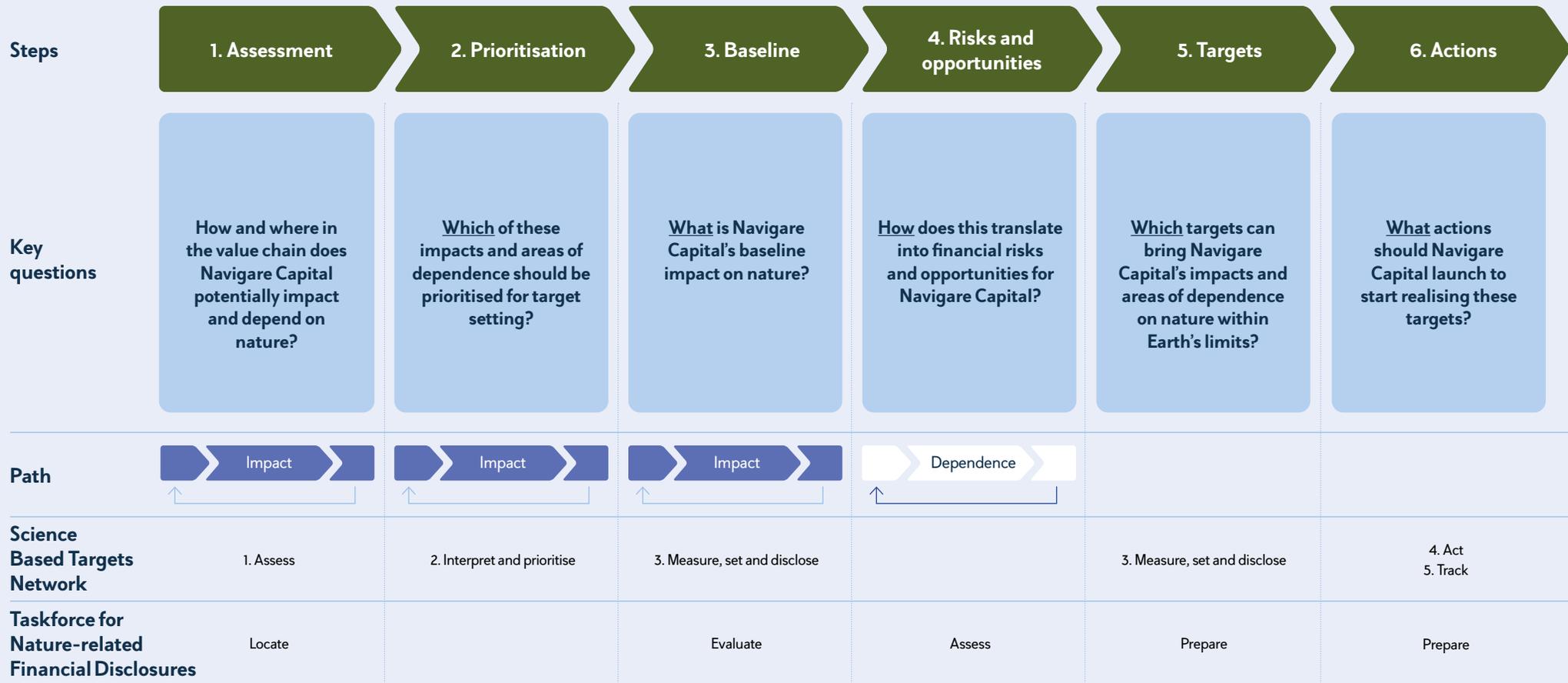
2022 was the first year that Navigare Capital recorded data for these pollutants, but data on BC is not yet available.

E.3 Biodiversity

Biodiversity is traditionally defined as the variety of life on Earth in all its forms. It comprises the number of species, their genetic variation and the interaction of these lifeforms within complex ecosystems. Biodiversity is important, in short because it ensures numerous natural processes on which humans depend, producing clean air, fresh water, good-quality soil and crop pollination. It can also help fight climate change through the sequestering of carbon by terrestrial and marine ecosystems and increase resilience to extreme weather events.

There is growing international attention on biodiversity issues, such as the recent agreement at the UN Biodiversity Conference (COP 15) to place 30% of the planet's land and sea under protection by 2030 and the High Seas Treaty covering international waters and aiming to help place 30% of the sea into protected areas by 2030. Thus, biodiversity loss is increasingly being recognised as one of the most important and most likely business risks, alongside

Exhibit E7: Navigare Capital’s six-step approach for assessing biodiversity impact²³



²³ The approach is based on the Intergovernmental Science–Policy Platform on Biodiversity and Ecosystem Services (“IPBES”), Science Based Targets Network (“SBTN”): Initial Guidance for Business, Taskforce on Nature-related Financial Disclosures (“TNFD”) beta version 0.2, and Boston Consulting Group: The Biodiversity Crisis Is a Business Crisis.



climate change; and one cannot be solved without the other. In addition to its invaluable importance to mitigating threats to the world's climate, food and health, biodiversity is estimated to be worth approximately USD 33 trillion per year²². With businesses reliant on the vast diversity of natural resources and ecosystem processes, biodiversity loss signals a major threat to their continued operation. Hence, limiting the ecological impacts from shipping is becoming progressively more important as the number of vessels sailing the oceans and the transportation of goods increase with the growing world population.

Navigare Capital is dedicated to ensuring the quality of local marine life, supporting SDG 14 (life below water), and continues to strive to limit its ecological impact.

E.3.1 Biodiversity impact assessment

As a natural next step from the 2021 materiality assessment, in which some aspects of biodiversity were already among the most material topics, Navigare Capital conducted a formal biodiversity assessment in 2022 to examine its impact more closely. The assessment was based on a six-step approach developed by combining the recommendations of the Science Based Targets Network (“SBTN”) and the Taskforce on Nature-related Financial Disclosure (“TNFD”).

The assessment included all key material activities and commodities in Navigare Capital's value chain, such as shipbuilding, ordinary maintenance and steel production. Steel production was included due to its extensive use in the shipping industry in everything from the construction of vessels, to retrofits and ordinary maintenance. For each of these activities and commodities, the impact on nature was assessed across 12 material pressure categories as prescribed by the SBTN. The assessment identified two commodities and two activities

to be the most material in Navigare Capital's value chain: steel production, oil production, transport of goods and port operation.

In addition to this assessment, Navigare Capital also estimated its biodiversity baseline based on a Life Cycle Impact Analysis sourced from EcoInvent. This showed that “other resource use” (primarily steel production) and “GHG emissions” (primarily from oil production and consumption) collectively account for roughly 98% of Navigare Capital's total biodiversity impact. Navigare Capital's dependence on these commodities and activities also exposes it to several risks and opportunities stemming from nature-related changes and regulations governing the physical environment. These include the risk of increased material costs and operational restrictions, as well as the opportunity to incorporate fuel efficiency, recycled steel and green fuels into its fleet.

This exercise revealed that the efforts and targets that Navigare Capital already has in place to reduce GHG emissions are also the most relevant actions from a biodiversity perspective. These efforts and targets include increasing the share of recycled steel in newbuildings and reducing fuel oil consumption by improving the vessels' fuel efficiency. Navigare Capital has begun incorporating vessels built with recycled steel into its fleet through its joint venture with Norwind Offshore in the offshore wind sector. See pages 29 and 34-37 for further details on Navigare Capital's targets and efforts on fuel efficiency.

Besides its efforts on high-impact activities and commodities, Navigare Capital has also implemented several measures to reduce its other biodiversity impacts by, for instance, reusing wash water during cleaning and using sustainable cleaning materials whenever possible, but also limiting the tolerance level for bilge water emission on its 2021 newbuilding beyond the regulatory requirements.

²² World Economic Forum: Global Risk Report 2020.



Exhibit E8: Navigare Capital's material pressure categories and commodities

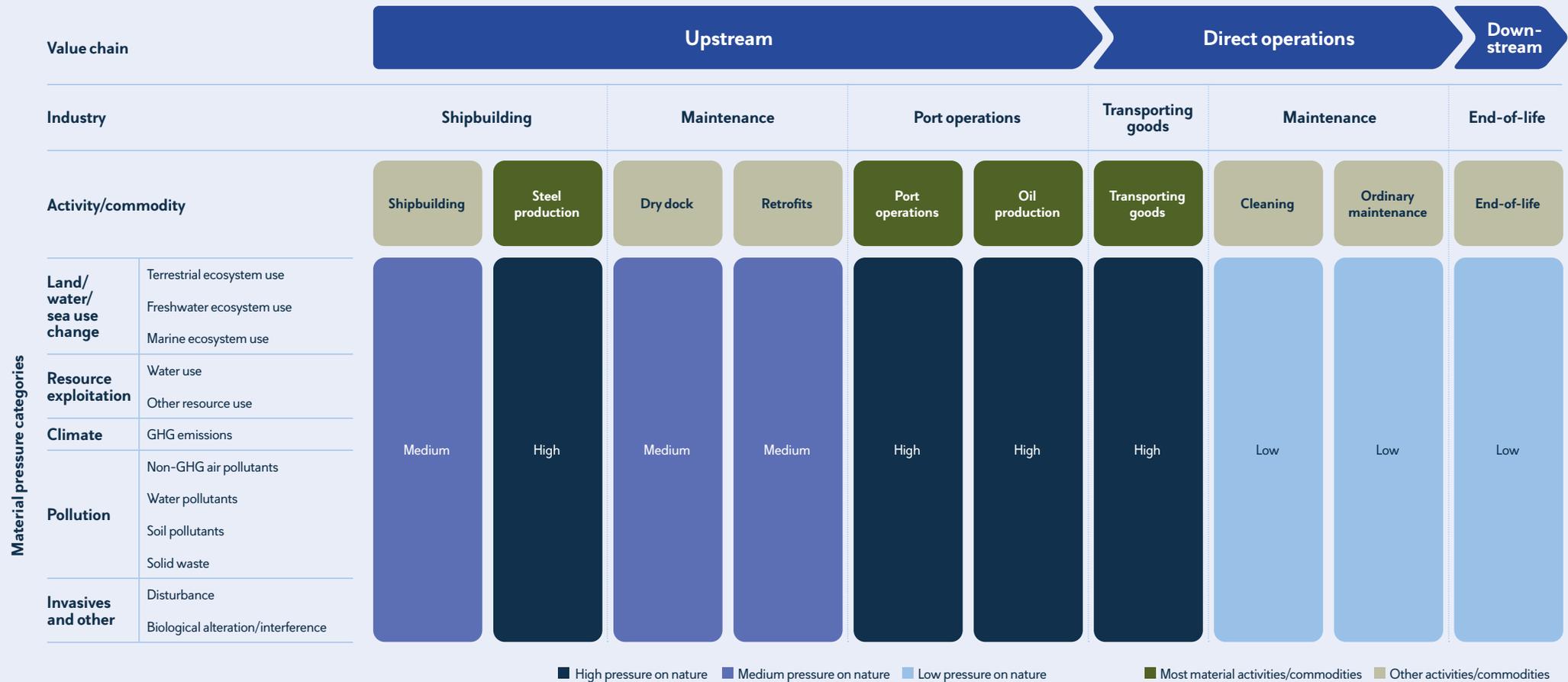




Exhibit E9: Actions taken to reduce Navigare Capital’s biodiversity impacts

Action	Activity/commodity
Install ESDs to improve energy efficiency and thus reduce GHG emissions	<div style="display: flex; gap: 10px;"> <div style="background-color: #4b6121; color: white; padding: 5px; border-radius: 5px;">Oil production</div> <div style="background-color: #4b6121; color: white; padding: 5px; border-radius: 5px;">Transporting goods</div> </div>
Use silicone paint to improve energy efficiency and reduce biological alterations/interference and water pollutants	<div style="display: flex; gap: 10px;"> <div style="background-color: #c4c49d; padding: 5px; border-radius: 5px;">Ship building</div> <div style="background-color: #c4c49d; padding: 5px; border-radius: 5px;">Dry dock</div> <div style="background-color: #4b6121; color: white; padding: 5px; border-radius: 5px;">Transporting goods</div> </div>
Obtain steel certificates and increase the use of recycled steel	<div style="display: flex; gap: 10px;"> <div style="background-color: #c4c49d; padding: 5px; border-radius: 5px;">Ship building</div> <div style="background-color: #4b6121; color: white; padding: 5px; border-radius: 5px;">Steel production</div> </div>
Limit bilge water pollution to lower than regulatory standards (currently applicable to one vessel)	<div style="background-color: #4b6121; color: white; padding: 5px; border-radius: 5px; display: inline-block;">Transporting goods</div>
Have ballast water treatment systems in place to reduce biological alterations/interference	<div style="display: flex; gap: 10px;"> <div style="background-color: #4b6121; color: white; padding: 5px; border-radius: 5px;">Port operations</div> <div style="background-color: #4b6121; color: white; padding: 5px; border-radius: 5px;">Transporting goods</div> </div>
Use inert gas scrubbers to reduce non-GHG air pollutants	<div style="background-color: #4b6121; color: white; padding: 5px; border-radius: 5px; display: inline-block;">Transporting goods</div>

Action	Activity/commodity
Outsource technical management to top-tier companies only	<div style="display: flex; gap: 10px;"> <div style="background-color: #c4c49d; padding: 5px; border-radius: 5px;">Cleaning</div> <div style="background-color: #c4c49d; padding: 5px; border-radius: 5px;">Ordinary maintenance</div> </div>
Reduce environmental impact onboard vessels through dialogue with technical managers	<div style="display: flex; gap: 10px;"> <div style="background-color: #c4c49d; padding: 5px; border-radius: 5px;">Cleaning</div> <div style="background-color: #c4c49d; padding: 5px; border-radius: 5px;">Ordinary maintenance</div> </div>
Reuse wash water during cleaning	<div style="background-color: #c4c49d; padding: 5px; border-radius: 5px; display: inline-block;">Cleaning</div>
Use sustainable cleaning materials whenever available	<div style="background-color: #c4c49d; padding: 5px; border-radius: 5px; display: inline-block;">Cleaning</div>
Include a sales contract clause stating end-of-life conditions	<div style="background-color: #c4c49d; padding: 5px; border-radius: 5px; display: inline-block;">End-of-life</div>

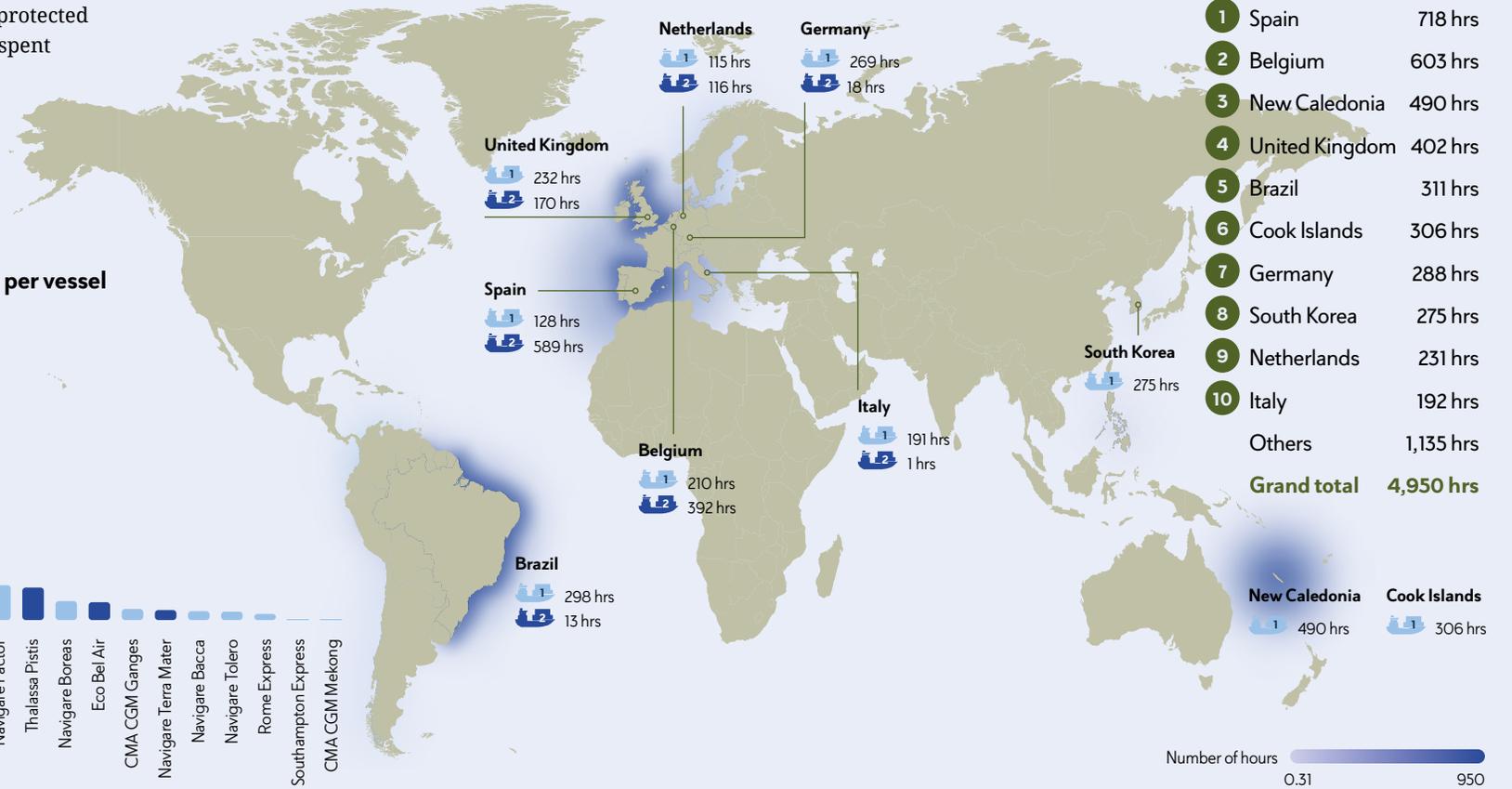
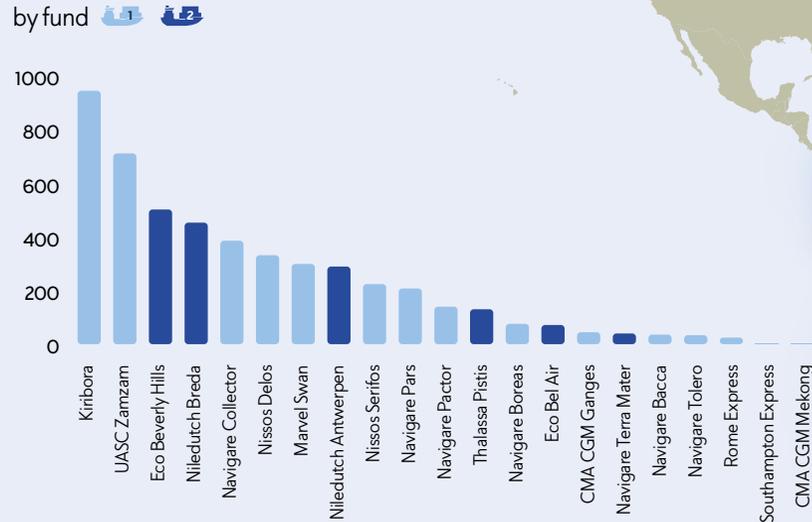
■ Most material activities/commodities ■ Other activities/commodities



Exhibit E10: Time spent in marine protected areas in 2022

Marine protected areas are protected areas of seas, oceans, estuaries or lakes all rich in wildlife. To understand its ecological impact, Navigare Capital has begun tracking time spent in marine protected areas. In 2022, similar to 2021, its vessels spent roughly 3% of their time in these areas²⁴.

Hours spent in marine protected areas per vessel by fund



Top marine protected areas by time spent

- 1 Spain 718 hrs
 - 2 Belgium 603 hrs
 - 3 New Caledonia 490 hrs
 - 4 United Kingdom 402 hrs
 - 5 Brazil 311 hrs
 - 6 Cook Islands 306 hrs
 - 7 Germany 288 hrs
 - 8 South Korea 275 hrs
 - 9 Netherlands 231 hrs
 - 10 Italy 192 hrs
- Others 1,135 hrs
- Grand total 4,950 hrs**



²⁴ Data on protected areas is compiled by VesselsValue from Protected Planet, the Marine Protection Atlas and the World Resources Institute, and includes all levels of protection status.



With the most important targets in place, Navigare Capital will continue to work to carry out additional actions within biodiversity by continuing to deepen its understanding of its ecological impacts and keeping abreast of evolving regulations.

E.3.2 Shipping duration in marine protected areas

In addition to the biodiversity impacts arising throughout Navigare Capital’s value chain, there are also potential ecological consequences for the areas that vessels sail through. To address these ecological issues, a number of organisations, including the IMO, have identified particularly sensitive sea areas that need special protection due to the significance of their recognised ecological, socio-economic or scientific attributes. These particularly sensitive 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 continually updated.

Navigare Capital tracks the routes of its vessels to map time spent in marine protected areas. In total, its vessels on average spent roughly 3% of their time, amounting to a total of 4,948 hours, in areas identified as marine protected areas in 2022. Based on vessels’ geographical data, Navigare Capital also concluded that some vessels spent more time in marine protected areas than others. See exhibit E10 for more details.

In 2022, the countries or territories where Navigare Capital’s vessels spent the most time in marine protected areas were Spain, Belgium and New Caledonia. The marine ecosystems surrounding these areas, Spain and Belgium in particular, have been identified by the World Wildlife Fund (“WWF”) as being under high pressure due to human impacts on coastal areas and the introduction of invasive species.

Exhibit E11: Biodiversity levels of marine ecosystems²⁵

By the top three most visited marine protected areas

! The most significant threats to many of these species are climate change, commercial fishing, pollution and invasive species.



²⁵ Species are compiled on a country or territory level and are categorised by IUCN Red List category. Species that are not listed on the IUCN Red List are not included in this KPI.

The International Union for the Conservation of Nature (“IUCN”) also measures the extinction risk faced by marine species living in these areas, dividing them into categories ranging from “least concern” to “critically endangered”. See exhibit E11 for more details. The most significant threats to many of these species continue to be climate change, commercial fishing, pollution and invasive species. The endangered species in these regions that have been identified as being particularly affected by shipping lanes, in addition to the aforementioned threats to their habitats, include the North Atlantic right whale, the basking shark, the whale shark, the common thresher shark and the European eel, among others. In response to the impact of shipping on whales, the IMO has implemented mandatory reporting and rerouting strategies for vessels travelling through certain areas where there is a high risk of collision with whales.

E.3.3 Oil spills

Oil accidentally released into the ocean from vessels can have disastrous and long-lasting effects on marine life and ecosystems due to the consistency and toxicity of oil. While the introduction of the International Convention for the Prevention of Pollution from Ships (“MARPOL”) and other regulations has resulted in significantly fewer spills over the years, there remains a risk of spills as a result of the grounding of vessels against the seabed, hull failure, explosions or complications during loading and discharging operations, and other accidents²⁶. Navigare Capital monitors the amount of spillage from its vessels to measure its ecological impact, and to evaluate the technical and safety systems it has in place.

In 2022, there were no oil spills on its time chartered vessels.

E.3.4 Ballast water treatment

Ballast water, though essential for safe and efficient modern shipping operations, may also have negative ecological impacts due to the multitude of marine species carried in vessels’ ballast water.

For this reason, the IMO adopted the International Convention for the Control and Management of Ships’ Ballast Water and Sediments (“BWM Convention”), which came into force on 8 September 2017. The Convention requires all vessels engaged in international trade to manage their ballast water to avoid introducing alien species into coastal areas, including exchanging their ballast water or treating it using an approved ballast water treatment (“BWT”) system. Vessels not equipped with BWT systems by 8 September 2017 have until their first special survey thereafter to have it installed, meaning all vessels should have a BWT system in place no later than 7 September 2024. Until then, the vessels are required to exchange their ballast water away from coastal areas and limit the number of species discharged into the ocean.

All vessels managed by Navigare Capital’s funds are in full compliance with the IMO regulation on ballast water management, and at the end of 2022 all vessels owned by Navigare Capital’s funds were equipped with BWT systems.

²⁶ European Environmental Agency: EN15 Accidental oil spills from marine shipping.

E.4 Task Force on Climate-Related Financial Disclosures analysis

Navigare Capital has a strong focus on risk management, particularly climate-related risks, which is a concern shared by our investors, lenders and insurers. This section contains Navigare Capital's disclosure of climate-related risks and opportunities in line with the Task Force on Climate-Related Financial Disclosures ("TCFD"). These disclosures contribute to the understanding of how climate change may impact Navigare Capital's business and what Navigare Capital can do to mitigate risks and seize opportunities. In addition, it lends assurance to the robustness of the company's climate change strategy. Moreover, demand is growing for standardised, climate-related risk disclosures in the financial sector that are consistent, comparable and clear. The TCFD promotes standardised reporting of financially material climate-related risks and opportunities and is therefore the preferred reporting framework.

E.4.1 Methodology and assumptions

To discern the financial implications of climate-related risks and opportunities for the company, Navigare Capital has conducted a scenario analysis. The scenario includes qualitative and quantitative analysis based on a 1.5-to-2-degree scenario to inform core assumptions about future global warming and global societies' response to this. This scenario is based on the International Energy Agency's ("IEA") Net Zero by 2050 report and expert interviews, which assume that the global average temperature will increase to 1.5 to 2 degrees above pre-industrial levels. In this scenario, the world will manage to limit GHG emissions substantially through disruptive and short-term changes in policy such as higher carbon taxes, increased availability of green fuels and products, and lower demand for emission-heavy fuels and conventional, fossil fuel-based products. However, policy responses such as these will not be sufficient to prevent further global warming completely; there will still be long-term, incremental changes to the climate in certain regions which may cause increased storm intensity, wind strength and wave height.

E.4.2 Navigare Capital's risks

Navigare Capital has identified three key climate-related transitional risks associated with global decarbonisation. It is important to note that these risks also represent opportunities for Navigare Capital.

- The first risk identified is the reduced need to transport fossil fuels as demand for these commodities wanes. As the world continues to decarbonise, demand for fossil fuels is expected to fall, which in turn will lead to reduced demand for transportation of these commodities.
- The second risk relates to the implementation of a carbon tax on vessels. An inefficient fleet will likely lead to higher costs and lower the marketability of vessels.
- The third risk relates to the transition to lower-emission technology. Uncertainty regarding future propulsion technology might shorten the effective lifespan of vessels and negatively impact revenues and access to capital.

Further information on the financial impact, mitigation strategies, and opportunities related to these risks can be found in exhibit E12.

E.4.3 Conclusion

The TCFD scenario analysis provides valuable insights into the robustness of Navigare Capital's strategy in terms of climate-related risks and opportunities. It will be incorporated into the company's due diligence process in the event of future acquisitions. With this initiative and the aforementioned mitigation strategies, it is Navigare Capital's belief that these potential risks will prove to be opportunities for the company going forward.

Exhibit E12: Climate risk reporting

Market

Risk	Potential financial impact	Mitigation strategy	Opportunity
<p>Reduced need to transport fossil fuels as demand for these commodities wanes</p>	<ul style="list-style-type: none"> To reach net zero in 2050 and limit temperature rises to 1.5-2 degrees Celsius, it is crucial that demand for coal and oil decreases. Oil and coal supply must be reduced by 78% and 90%, respectively, from today until 2050²⁷. With a substantial decrease in oil and coal supply, the current global fleet will exceed tonnage demand, causing vessels in these segments to possess a risk of: <ul style="list-style-type: none"> Stranded assets and reduced exit prices Reduced earnings The risks are less severe for dry cargo vessels than for oil tankers, as they can transport commodities other than coal. Demand for transportation of new commodities onboard tankers (e.g. green fuels) and bulkers (e.g. minerals) might increase in tandem with demand for transportation of fossil fuels subsiding. 	<ul style="list-style-type: none"> Navigare Capital will always be segment-agnostic and can therefore choose on a case-by-case basis whether or not to invest in oil tankers or coal-transporting dry cargo vessels. Moreover, the organisation may impose limitations on the share of a particular fund's allocation to oil tankers or bulkers. Navigare Capital will assess the sensitivity of oil and coal demand and identify future shifts in demand on a regular basis and conduct further due diligence to identify the commercial risks for oil tankers and dry cargo vessels when making acquisitions. Moreover, it will monitor the evolving demand for new and greener types of commodities transported onboard these vessels, as well as the possibilities for retrofitting tankers to enable them to transport these new greener commodities, in order to mitigate the risks associated with declining oil demand. Navigare Capital will pursue a strategy that is focused on long-term employment for vessels and yield from operations. This strategy will mitigate the risk of sudden sharp market deteriorations including declining asset values or charter rates due to lower oil or coal demand. 	<p>By holding a segment-agnostic fleet, Navigare Capital is in a strong position to capitalise on upcoming shifts in demand as new commodities are required.</p>

Risk level



²⁷ IEA: Net zero by 2050.

Policy and legal

Risk	Potential financial impact	Mitigation strategy	Opportunity
<p>The implementation of a carbon tax on vessels</p>	<ul style="list-style-type: none"> • The introduction of a carbon tax through an emission trading system ("ETS") will lead to increased vessel costs, as the tax is levied on the carbon emitted during the fuel combustion. The actual cost split between shipowners, charterers, customers and end users is uncertain but will likely be pushed onto end users and may lead to generally lower demand for products. • If a carbon tax is introduced for shipping, Navigare Capital will initially have a competitive advantage, as its relatively fuel-efficient fleet provides charterers with lower operating expenses compared to the average vessel in the global fleet. • However, this advantage may disappear as the global fleet continues to improve. This may pose a challenge, as Navigare Capital typically owns vessels aged five to seven years, and thus will likely have an incentive to retrofit vessels to achieve the necessary efficiency savings. • If Navigare Capital's fleet becomes less efficient than the global average, the carbon tax will become a risk. Conversely, if Navigare Capital succeeds in maintaining an efficient fleet relative to the global average, the carbon tax will remain an opportunity. 	<ul style="list-style-type: none"> • Navigare Capital will assess the costs of carbon emissions incurred by the EU ETS as well as ongoing legislative developments during its due diligence process as an additional decision-making factor when making vessel acquisitions. • Navigare Capital will enter into a collaboration with BIMCO to develop a framework for ensuring that the Polluters Pay Principle is included in current and future charter contracts, as well as compliance with the EU ETS. • Navigare Capital will seek to include contract terms with current and new charter parties to ensure that charterers become accountable for vessels' emissions. • Navigare Capital will play an active part in the decision on how to split costs from the EU ETS and in other carbon pricing policies of the future by using its reputation and strong network to engage with various interest groups in the maritime industry. 	<p>Navigare Capital has a strong preference for holding energy-efficient tonnage. This will yield an even bigger competitive advantage going forward given the increasing regulatory focus on energy efficiency.</p>

Risk level



Technology

Risk	Potential financial impact	Mitigation strategy	Opportunity
<p>Transition to lower-emissions technology</p>	<ul style="list-style-type: none"> • The transportation sector will need to transition to zero-carbon fuels to reach net zero by 2050. Uncertainty relating to future propulsion technologies is high, as the current low-/zero-emission technology for deepsea shipping is limited. Early adoption of new propulsion methods may be risky, as the chosen technology might not be the long-term winner. Maritime fuels such as methanol and ammonia are currently the most promising solutions for the shipping sector. • If a carbon tax is introduced, the cost of operating vessels on conventional fuels will increase, while green fuels will become cheaper. However, vessels able to run on green fuels are expected to require larger capital expenditure and higher fuel costs, at least initially. To some extent, this may be balanced out by a premium on charter rates, asset values and cheaper financing options in the short to medium term. • Thus, there will be a point of breakeven between the higher capital expenditure and lower operating expenditure sooner rather than later. This could lead to diminishing asset values and lifetimes, leading to write-offs of existing vessels and new vessels not fitted with low-/zero-emission technology. 	<ul style="list-style-type: none"> • Navigare Capital will make assessments of dual-fuel newbuildings and retrofits of active vessels as part of its due diligence process, while also analysing the cost effectiveness of utilising various green fuels in different price scenarios. • Navigare Capital will continue to actively engage in the operation of vessels and is therefore always in close contact with charterers. The active dialogue will enable the company to test charterers' willingness to pay for dual-fuel vessels in order to make informed decisions on such investments. • Navigare Capital will maintain ongoing discussions with loan providers on the future financing costs of vessels with and without low-emission technology. 	<p>Adopting the dominant future technology could enable Navigare Capital to achieve a premium on charter rates and asset values. Navigare Capital will use its extensive network in the shipping industry to stay informed about technological advances and ensure that portfolio vessels have the appropriate specifications.</p>

Risk level





Social

The shipping industry plays an important role in facilitating sustainable development through international trade. While access to international trade can be a catalyst for economic growth and poverty alleviation, it should also be a means for supporting social welfare and equity. As a critical link in the global supply chain, the shipping industry can help ensure that workers involved in the transportation of goods around the world do so under safe and healthy working conditions.

2022 social KPI highlights

Zero

port state control detentions

53%

female employees in Navigare Capital²⁸

²⁸ The KPI includes employees, student assistants and interns (Partners are excluded).



In Navigare Capital, the safety of both offshore and onshore employees is a key priority and through its work securing the health, safety and wellbeing of all its employees, Navigare Capital supports Sustainable Development Goal (“SDG”) 8 by promoting sustained, inclusive and sustainable economic growth, as well as full and productive employment and decent work for all. Specifically, Navigare Capital focuses on selecting top-tier technical management companies, operating its vessels under well-respected flags, being a member of Danish Shipping, and implementing additional measures such as support programmes to increase the wellbeing of its seafarers. See exhibit S1 for further details.

In reporting the social impacts of its operations, Navigare Capital focuses on three areas that have been identified as material in the materiality assessment: accident prevention, labour rights and diversity. The KPIs for accident prevention and labour rights are reported for seafarers, as they in particular face risks while working onboard vessels, which requires close monitoring and precautionary actions. These KPIs cover all seafarers on Navigare Capital’s time chartered vessels but not those on its bareboat chartered and joint venture vessels, as Navigare Capital has limited control over working conditions on those vessels. In addition, Navigare Capital reports on diversity KPIs related to age and gender distribution and remuneration ratios among employees working at the company’s headquarters.

S.1 Health, safety and wellbeing

As a ship-owning entity, Navigare Capital must comply with the international safety and labour standards of the International Maritime Organisation (“IMO”) and the Maritime Labour Convention (“MLC”), among others. For more information on the MLC, see section S.3.1 under “Labour rights”. As all of Navigare Capital’s vessels, except for the Norwind Breeze, are currently operated under the Danish flag, they must also comply with the certification and inspection requirements of the Danish Maritime Authority

(“Søfartsstyrelsen”). In addition, all seafarers, irrespective of nationality, are covered by relevant Danish labour regulations, including those regarding work-related injury compensation, sick pay and vacations. Operating vessels under the Danish flag also allows crew members to report violations of maritime safety and labour regulations to the Danish Maritime Authority’s whistleblower system, in addition to the whistleblower system administered by technical managers. The Norwind Breeze is operated under the Norwegian flag, which has similar health and safety measures in place and ranks third on the Paris MoU White List of flag states.

While Navigare Capital hires third-party technical managers to operate and staff its vessels, the company 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 to enable Navigare Capital to minimise the number of incidents. The process for identifying and mitigating any potential hazardous incidents is described in exhibit S3.

In addition to the ongoing monitoring of safety conditions, crisis management plans are also in place in case of emergency situations that endanger the safety of vessels and their crews. As required by the ISM, technical managers have emergency response plans in place

Exhibit S1: Promoting seafarers' wellbeing on vessels



1

Top-tier technical management companies

- Navigare Capital outsources its technical management to carefully selected top-tier companies based on their safety track record and their performance on health and safety KPIs.
- Navigare Capital also ensures that the technical managers abide by relevant principles and guidelines.
- By monitoring the management companies and conducting quarterly review meetings, Navigare Capital ensures that its safety level not only meets but exceeds industry standards.
- Navigare Capital also attends an annual officers' seminar, at which it discusses safety and everyday life onboard its vessels, in order to gauge if or where any improvements are needed.
- Navigare Capital also undertakes inspections of its vessels to gain a first-hand impression of their conditions and the working conditions of the crew.

2

Well-respected flags

- Navigare Capital only operates its vessels under well-respected flags that are on the Paris MoU White List, signifying that the vessels abide by IMO requirements and have a proven track record with few incidents and detentions.
- Navigare Capital currently operates 15 out of 16 vessels²⁹ under the Danish flag, which is ranked number one in terms of safety on the Paris MoU White List. On Danish-flagged vessels, all seafarers – regardless of their country of residence – are covered by Danish law on, for instance, injuries, accidents and health issues.
- The remaining vessel is operated under the Norwegian flag, which has similar health and safety measures to the Danish flag and is ranked third on the Paris MoU White List.

3

Membership of Danish Shipping

- Navigare Capital is a member of Danish Shipping, a trade and employer organisation for more than 90 shipowners, which has made collective bargaining agreements with Danish unions, as well as a Philippine and two Indian unions. These collective bargaining agreements guarantee wages and working conditions for seafarers onboard Navigare Capital's vessels that are typically above industry standards.
- Danish Shipping supports ambitious climate action in the shipping industry and engages in policy initiatives at the national, EU and international levels to support the green transition.
- Danish Shipping is also an advocate for more equal gender representation in shipping and launched the "Charter for More Women in Shipping" initiative, to which Navigare Capital is a signatory.

4

Support programmes

- Navigare Capital participates in support programmes which actively work to enhance seafarers' welfare. These involve additional health checks, healthy food onboard and psychologist sessions.
- A buddy system is also in place for first-time trainees to ensure their wellbeing.
- Navigare Capital also takes various measures to improve the work-life balance of its seafarers by, for example, offering family sailings and broadband solutions for all seafarers to enable them to remain in close contact with their families while at sea.
- Through its technical managers, Navigare Capital has provided support to Ukrainian seafarers impacted by the invasion of their country. This includes the evacuation of seafarers' families in Ukraine, assistance with temporary relocation, and extension of seafarers' contracts (see page 68 for more information).

²⁹ Measured at year-end 2022.

for numerous emergency situations that could potentially occur, including first, second and third points of contact. As soon as it is notified of an emergency situation on a vessel, Navigare Capital also assembles an internal crisis management team, consisting of a Partner and the Technical Director and Operations Manager for the vessel involved to decide on an appropriate plan of action and liaise with the technical managers.

S.2 Accident prevention

Navigare Capital is committed to operating its vessels in a manner that not only meets all regulatory health and safety requirements but exceeds industry standards. In addition, Navigare Capital strives to ensure a work environment with an open and honest culture where feedback is encouraged and where all employees – both on and offshore – have attractive benefits and work under fair and equal terms. To fulfil its ESG commitments, Navigare Capital only enters into contracts with technical management companies with strong safety track records and which abide by the same UN principles and guidelines as itself.

Navigare Capital measures its performance on accident and safety against a range of KPIs including lost time injuries (“LTI”) and port state controls, which are disclosed in this section of the report.



Exhibit S2: Lost time injuries³¹



³¹ This KPI covers activities onboard all vessels time chartered out by the funds managed by Navigare Capital. Bareboat charter and joint venture activities are excluded.

³² Lost time injury frequency for ships is calculated as lost time injuries x 1,000,000 / number of exposure hours. A “lost time injury” is a fatality, permanent total or partial disability, or a lost workday case.

S.2.1 Lost time injuries

Despite the precautions taken and safety procedures implemented, the nature of seafaring regularly exposes crew members to potentially hazardous situations. The most common causes of injury while working on vessels tend to be slipping and falling, when handling machinery or equipment, encountering sharp or broken materials, and physical stress³⁰, as reported by the European Maritime Safety Agency.

Navigare Capital tracks LTIs, incidents and near-miss incidents for all vessels on time charter contracts and takes a systematic approach to investigating events and implementing adequate prevention measures. It additionally tracks total recorded cases (“TRC”) of injuries on vessels, even if they do not result in lost working days. These KPIs provide an overall picture of the safety of working conditions and the wellbeing of seafarers onboard vessels.

In 2022, Navigare Capital recorded over 3.3 million working hours, with four work-related safety incidents across both funds, of which two resulted in lost time. One injury was a sprained ankle incurred by a crew member who stumbled while walking on the deck during port operations. The other incident occurred when an engineer injured his hand while undertaking scheduled maintenance of the engine, with the result that three of his fingers had to be amputated. This immediately triggered a full analysis of the incident by the technical manager, leading to alterations in the specific maintenance routine, which should remove the risk of this type of injury reoccurring. The other two recorded safety incidents were minor and did not result in significant injury. The frequency of total recorded cases across both funds was 1.70 per one million hours worked, meeting Navigare Capital's target frequency of below two. This is considered low compared to industry standards.

When a lost time injury occurs or when an incident or near miss incident is reported, Navigare Capital follows a systematic three-step procedure, as described in exhibit S3, to ensure that adequate actions are taken along with future preventive measures.

S.2.2 Safety training and medical care

Adequate safety training and medical facilities onboard vessels are essential for preventing accidents and protecting the health and wellbeing of seafarers. Depending on the position and rank of the seafarer, different certifications are required by the Danish Maritime Authority, ranging from training in basic safety to training in maritime legislation. Furthermore, as part of Navigare Capital's commitment to ensuring safe conditions onboard vessels, it scrutinises the health and safety measures put in place by the technical managers prior to entering into agreements with them. Anglo-Eastern, which is the technical manager for most of Navigare Capital's time chartered vessels, provides broad medical care including general medicine, psychiatry, dentistry and other medical services to ensure that seafarers can have the majority of their medical needs met onboard. If serious medical issues arise that cannot be treated onboard, treatment is arranged onshore as quickly as possible, which can entail diverting a ship or staging a helicopter evacuation, depending on the severity of the situation. Other programmes that aim to support wellbeing include ensuring the availability of healthy food options and fitness equipment, a buddy system, and a fast internet connection that allows seafarers to connect with family members onshore.

³⁰ European Maritime Safety Agency: Annual Overview of Marine Casualties and Incidents 2021. .

Exhibit S3: Investigative process for safety incidents



Investigate

- Navigare Capital starts an investigation to determine the sequence of relevant events leading up to the incident or near miss incident.

Identify

- Navigare Capital then identifies the root causes of the incident or near miss incident, and any contributing factors.

Implement

- Navigare Capital works with the technical manager to identify and implement the required measures to prevent any similar events from reoccurring across the entire fleet.

Ongoing

In addition to quarterly reviews with its technical managers on safety KPIs onboard its vessels, Navigare Capital's inhouse Technical Directors perform onboard inspections, interviewing crew members and validating safety procedures, to get a first-hand assessment of the safety procedures along with feedback from crew members on potential improvements.

S.2.3 Ports state controls

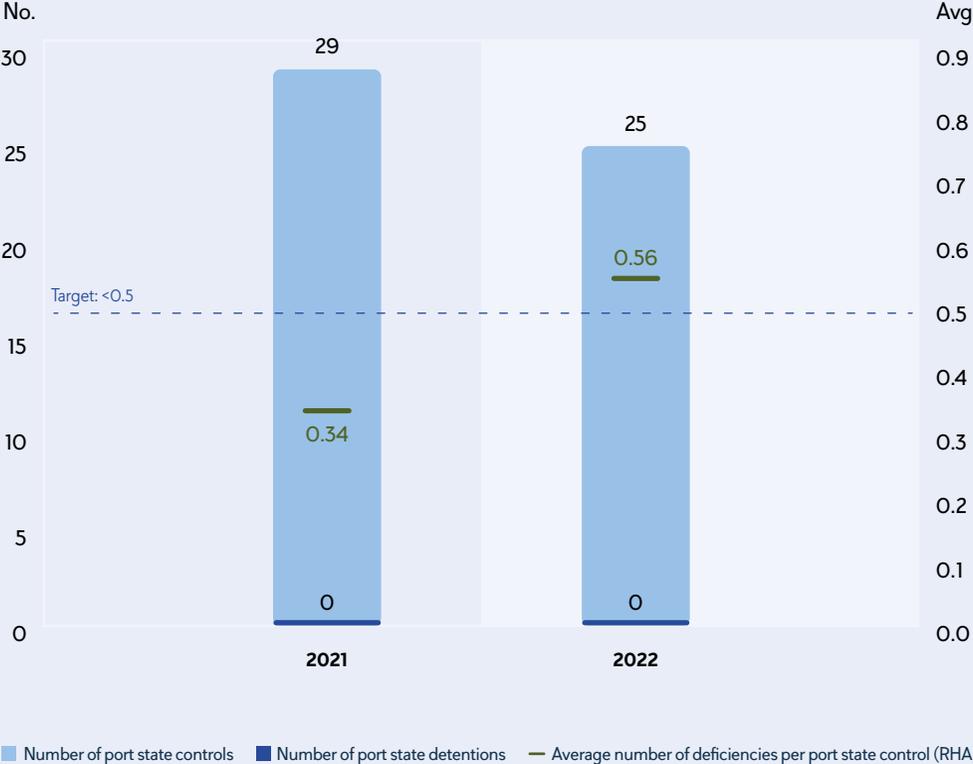
Navigare Capital has a clear target of having zero detentions due to port state controls conducted on its time chartered vessels and has taken similar measures to those described in exhibit S1 to mitigate these. A port state control is an inspection by the local flag administration to verify that the 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 regulations to ensure maritime safety and security and prevent pollution.

Navigare Capital had a total of 25 port state controls in 2022. Following these port state controls, Navigare Capital had zero detentions, but an average of 0.56 deficiencies per port state control, which includes four MLC observations across its time chartered vessels. All were rectified immediately, allowing the vessels to continue their journeys, and appropriate measures were taken to ensure future compliance.

While Navigare Capital’s level of port state control deficiencies per inspection is considered low compared to industry standards, there was a slight increase in the average number of deficiencies from 2021 to 2022. This was primarily attributable to Navigare Bacca, which, prior to being delivered to its new owner, received seven deficiencies due to minor infractions related to updates on employee certifications, errors on radio and navigation equipment, and a few leaking seawater pipes. All deficiencies were resolved immediately. Navigare Capital has taken action to improve its



Exhibit S4: Port state controls³³



³³ This KPI covers activities onboard all vessels time chartered out by the funds managed by Navigare Capital. Bareboat charter and joint venture activities are excluded.

performance on safety measures to ensure it reaches its target of fewer than 0.5 deficiencies per port state control going forward.

S.3 Labour rights

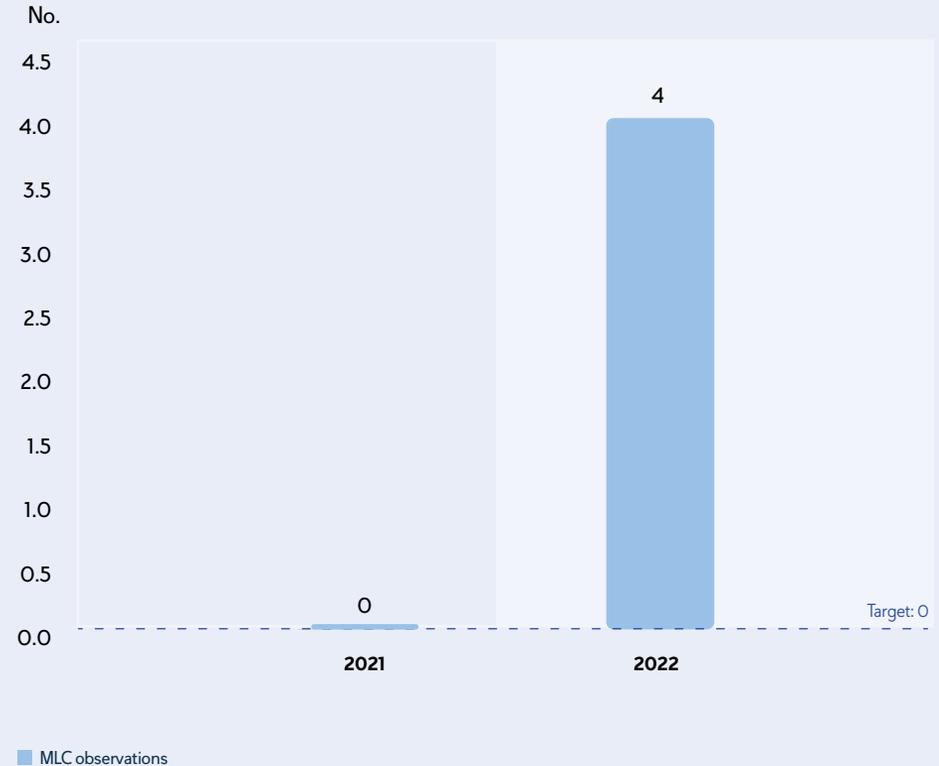
Navigare Capital is strongly committed to protecting labour rights for both offshore and onshore employees. In accordance with its commitment to operating its vessels in compliance with the previously mentioned United Nations (“UN”), Organisation for Economic Co-Operation and Development (“OECD”) and International Labour Organisation (“ILO”) principles, Navigare Capital has incorporated those elements concerning labour rights relevant for the maritime sector into its ESG principles, which in turn are integrated into the policies applicable to the company and its business partners. In accordance with this, all charterers must agree to operate vessels in compliance with the UN Global Compact, the UN Guiding Principles on Business and Human Rights, and the ILO Declaration on Fundamental Principles of Rights at Work.

S.3.1 Maritime Labour Convention

As previously mentioned, Navigare Capital complies with the MLC adopted by the ILO in 2006. The convention sets out the minimum requirements for seafarers’ working conditions, their conditions of employment, facilities while onboard, and health and welfare protection. The convention obliges all vessels in international trade to have a Maritime Labour Certificate and a Declaration of Maritime Labour Compliance.



Exhibit S5: MLC observations during port state controls³⁴



³⁴ This KPI covers activities onboard all vessels time chartered out by the funds managed by Navigare Capital. Bareboat charter and joint venture activities are excluded.

In addition to the audits conducted by the certified auditing agencies during the MLC certification renewal process, MLC audits are performed on a regular basis during port state controls. In this section, Navigare Capital includes only MLC observations made during port state controls, as they occur more regularly and thus give the most up-to-date picture of safety and labour conditions onboard vessels. This also allows Navigare Capital to more accurately monitor and report on its performance on its safety KPIs. All MLC observations reported here are also included in exhibit S4.

In 2022, Navigare Capital had four MLC observations on its time chartered vessels, up from zero in 2021. This increase was a result of the change in methodology to display MLC observations made during port state controls, rather than during renewal surveys. While MLC renewal surveys take place approximately every five years, port state controls occur periodically throughout a vessel's operation, resulting in a higher number of inspections and findings of MLC deficiencies. Navigare Capital takes these infractions very seriously and has investigated their causes to meet its target of zero MLC observations in the future.

Besides the audits carried out by the classification societies and the port state controls, Navigare Capital's technical managers perform internal audits, and in the event of any issues being found, these are tracked and investigated to prevent reoccurrence. Furthermore, Navigare Capital monitors and tracks MLC audit performance for its technical management companies' entire fleets to ensure compliance and adequate attention to the topic.

S.3.2 Collective bargaining agreements

Due to the variation in labour regulations between countries, Navigare Capital aims to operate vessels under well-respected flags to secure safety and good labour conditions for its seafarers. Therefore, all vessels except for the Norwegian-flagged Norwind Breeze currently operate under the Danish flag, ensuring a level of legal labour protection for all crew members. In addition, Navigare Capital is a member of Danish Shipping, a trade and

employer organisation for more than 90 shipowners and offshore companies in Denmark, which has made collective bargaining agreements with Danish unions as well as with foreign unions, including a Philippine and two Indian unions, thus guaranteeing wage and working conditions that are usually above industry standards. This is ensured through binding contracts with Navigare Capital's technical management companies. For seafarers from countries other than those with collective bargaining agreements with Danish Shipping, Navigare Capital has ensured employment conditions on a par with international standards through contractually binding agreements with its technical managers. Navigare Capital believes that collective bargaining agreements help secure the best working conditions for crew members all over the world, and hence it has a target for all employees onboard vessels technically managed by Navigare Capital to have the right to be covered by a collective bargaining agreement.

In addition to the various international health and safety standards regulating maritime working conditions, Danish-flagged vessels are covered by additional measures as stipulated by the Danish Maritime Authority and the collective bargaining agreements entered into by Danish Shipping. For instance, a mandatory safety committee is formed on each vessel, whose members are elected among the crew and officers to discuss occupational health and safety matters on the ship and which can submit proposals for improving conditions. Members of the safety committees are required to hold a certificate of occupational health and safety training recognised by the Danish Maritime Authority. More information on the responsibilities of the safety committees on vessels can be found here: (dma.dk).

Other formal committees that facilitate seafarer participation in managing working conditions include SEA HEALTH & WELFARE, which provides guidance and training on a wide range of occupational health issues affecting crew members onboard vessels. The board of SEA HEALTH & WELFARE consists of representatives appointed from among the employers and Danish maritime unions. Further information on the services provided by the organisation can be found here: (<https://shw.dk/>). Navigare Capital's commitment to ensuring

adequate protection of seafarers, in conjunction with international regulation of maritime working conditions, is reflected in the relatively low number of injuries, deficiencies and detentions reported on its vessels.

S.4 Diversity

Historically, the shipping sector has predominantly attracted male employees both offshore and onshore. It has proved particularly difficult to attract women into sea-based work, partly due to the conditions faced by female seafarers onboard vessels. Despite the widespread adoption of anti-harassment policies in the maritime industry, 60% of female seafarers experience discrimination on the basis of their gender, according to an industry survey³⁵. The survey describes a number of challenges faced by female seafarers onboard vessels, such as harassment, bullying, isolation, and insufficient access to sanitary products, healthcare and personal protective equipment.

Navigare Capital and its business partners are actively working on ways to make seafaring more appealing to women. Anglo-Eastern, the technical manager for several of Navigare Capital's vessels, has implemented several initiatives aimed at improving workplace culture, including launching an association for female seafarers and a campaign against gender bias. Still, Navigare Capital only brings female seafarers onboard one of its vessels after careful consideration of the conditions onboard that specific vessel and when it can ensure that at least two female crew members are employed together. In 2022, Navigare Capital did not have any female seafarers onboard its vessels.

³⁵ WISTA International: The Diversity Handbook.



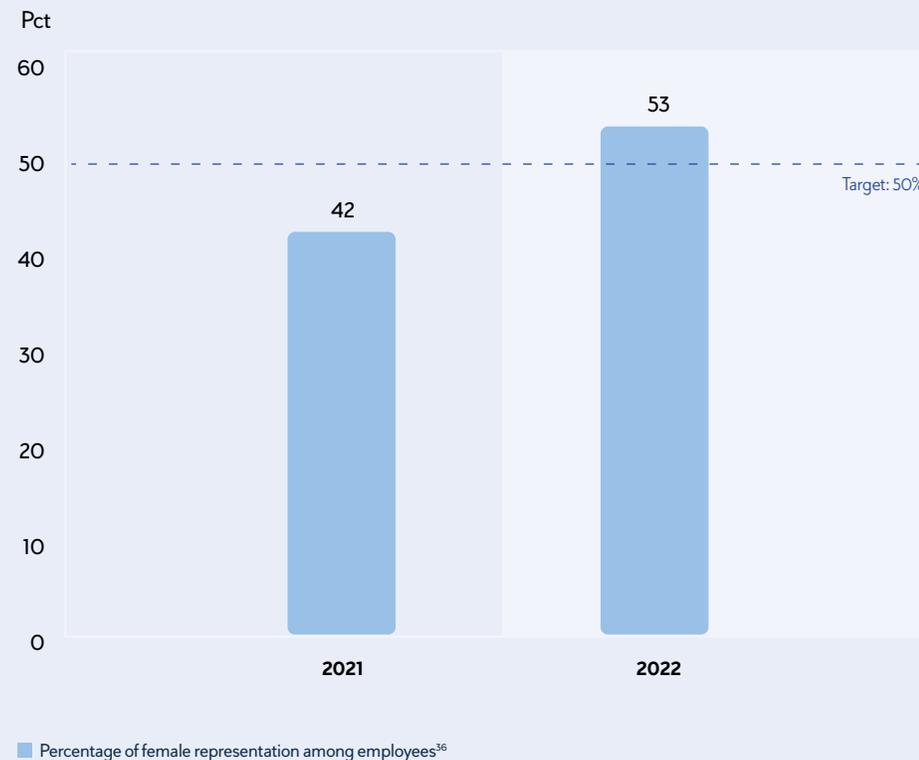
S.4.1 Gender diversity

Navigare Capital aims to have equal gender representation in its workforce and has set a target for 50% female employees, excluding Partners, at its headquarters. In 2022, Navigare Capital was successful in achieving this target, with over 50% of its employees being female. For the first time, Navigare Capital also had a female member on its Board of Directors.

Navigare Capital's diversity and inclusion policy sets out its expectations for workplace conduct that is respectful of others regardless of gender, age, culture, nationality, ethnicity, physical abilities, political and religious beliefs, sexual orientation, and other attributes. It also formalises certain options for increased work flexibility to accommodate the differing needs of employees, including working from home, opportunities for part-time employment and access to parental leave arrangements. Navigare Capital is also committed to providing equal pay for equal work regardless of employee gender. It reports the ratio of average pay between men and women to measure its performance in terms of promoting an equitable workplace. However, as this KPI considers all full- or part-time employees irrespective of their role, excluding the Partner group, the average male salary was 15% higher than the average female salary in 2022, reflecting a higher percentage of males in higher-paid positions.

Although Navigare Capital is an equal opportunities employer and abides by its code of conduct stating zero tolerance of any kind of discrimination, gender diversity continues to be a challenge, especially among the Partners, where the percentage

Exhibit S6: Gender diversity among employees



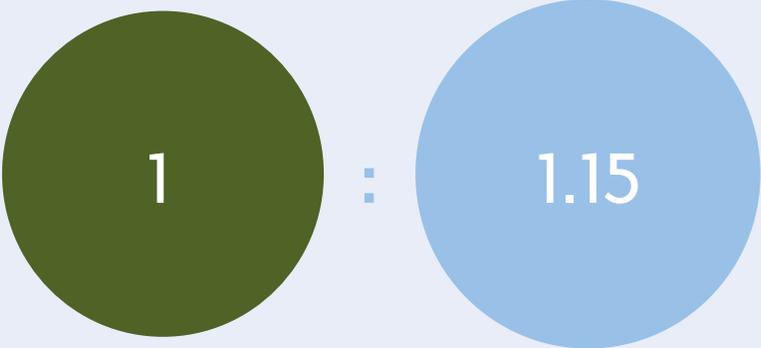
³⁶ This KPI includes employees, student assistants and interns (Partners are excluded) and is reported at the end of the year.



Exhibit S7: Remuneration ratio between genders³⁷

! Navigare Capital is an equal opportunities employer committed to equal pay for equal work

Ratio of average remuneration of women to average remuneration of men³⁸:



■ Women ■ Men

of female representation is currently zero. Despite the difficulties in setting a target for female representation among the Partners – as the group currently only consists of the four founding Partners – Navigare Capital’s management intends to bring in a female Partner or Associate Partner within the foreseeable future. Navigare Capital is also a signatory of Denmark’s “Charter for more women in shipping”. The charter obliges Danish shipping companies to devise a strategy or plan to increase the proportion of women and describe and propose initiatives to support it. Among the initiatives taken by Navigare Capital are ensuring that job advertisements are published without biased content, and setting a minimum requirement of 25%, where possible, on the share of female candidates for each new position. If multiple candidates are equally qualified, a candidate from the minority gender can be favoured. By setting clear targets for gender representation and signing Denmark’s “Charter for more women in shipping”, Navigare Capital is promoting SDG 5 on gender equality. Together, these initiatives have resulted in an equal share of men and women working in the office at Navigare Capital.

³⁷ Remuneration consists of all fixed salary payments received during a year plus pension contributions.

³⁸ This KPI includes employees employed as of 31 December 2022, but excludes Partners, student assistants and interns. The remuneration of part-time employees is calculated as full-time equivalent remuneration.



Governance

Navigare Capital considers good corporate governance to be a cornerstone of its entire operation and way of doing business. Governance concerns Navigare Capital's duty to ensure responsible behaviour and ethical business practices within the company and the funds, as well as in its relationships with investors, banks, suppliers, customers, technical managers and other parties. As a fund manager in the maritime sector, Navigare Capital must comply with a range of regulations in both its financial and shipping operations. Navigare Capital is constantly working on ways to ensure good corporate governance, and in doing so it is supporting the 16th Sustainable Development Goal ("SDG"), which focuses on achieving peace, justice and strong institutions.

2022 governance KPI highlights

Zero

accepted requests for bribes
and facilitation payments

Zero

violations of
international sanctions

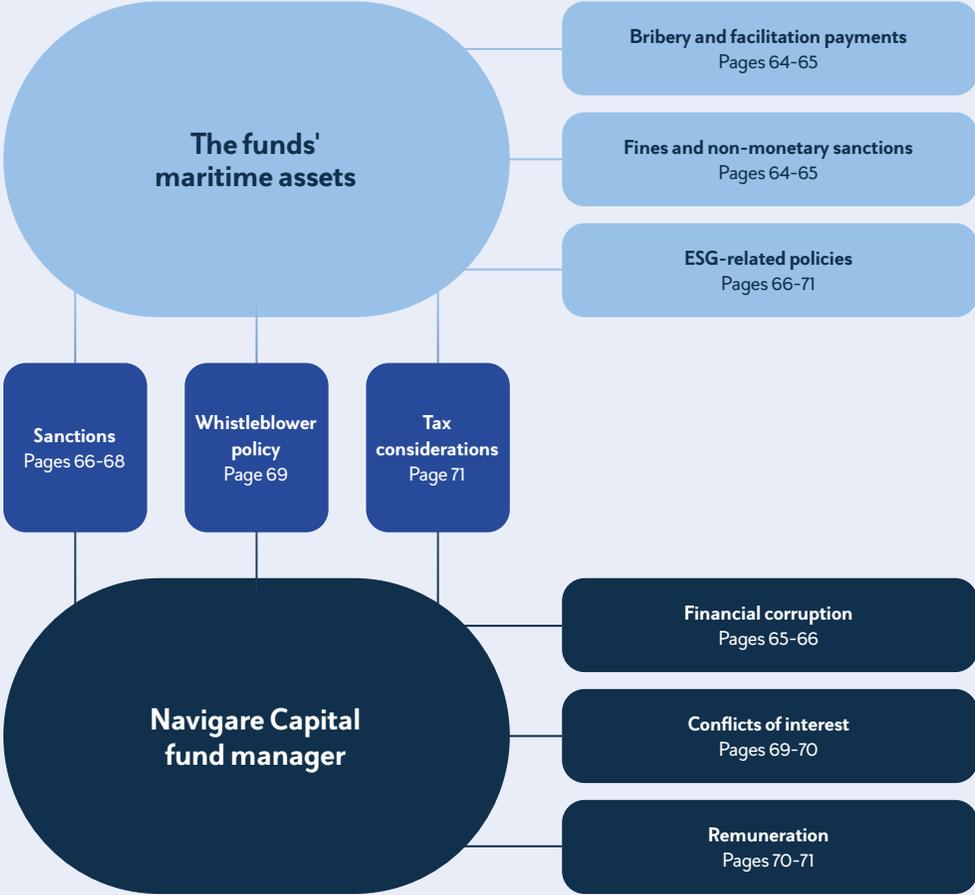


In order to report on its performance on governance and the most significant issues relating to this, Navigare Capital has focused on two specific areas, corruption and taxation, which were identified as material in the materiality assessment.

Navigare Capital, in the capacity of fund manager, and its maritime assets operate in different capacities and are therefore exposed to different corruption risks. In order to distinguish between the governance issues within anti-corruption and taxation reported for different parts of Navigare Capital, the topics have been grouped by entity. For instance, money laundering concerns the risk of Navigare Capital or one of its investors investing illicitly obtained money into the funds, which affects Navigare Capital in its role as an alternative investment fund manager (“AIFM”) and in terms of its compliance with relevant regulations. Meanwhile, bribes and facilitation payments are particularly a risk during vessels’ interactions with port officials. Some topics, such as sanctions, are relevant to both entities because they affect investors at the fund level and also through cargo restrictions in vessel operations.



Exhibit G1: Overview of key governance issues related to corruption and taxation



G.1 Corruption and bribery

In the materiality assessment, corruption and bribery were identified as very important governance factors. Navigare Capital is fully aware that corruption undermines social, environmental and economic development and that the shipping industry is exposed to this due to its international nature and interactions with authorities at various levels in ports around the world. Bribes or facilitation payments occur when port officials request payments for performing necessary duties such as processing documentation or cargo. Refusal of such requests may lead to delays or unjustified fines, but in rarer cases could also result in detainments or even threats to the safety of crews. While requests for bribes and facilitation payments are typically in the form of demands for small cash payments or low-cost items such as alcohol or cigarettes, the occurrence of corruption of any size threatens the institutional integrity and functioning of global trade. Corruption not only adds to the time and costs of doing business at ports around the world but also threatens the physical safety of crew members.

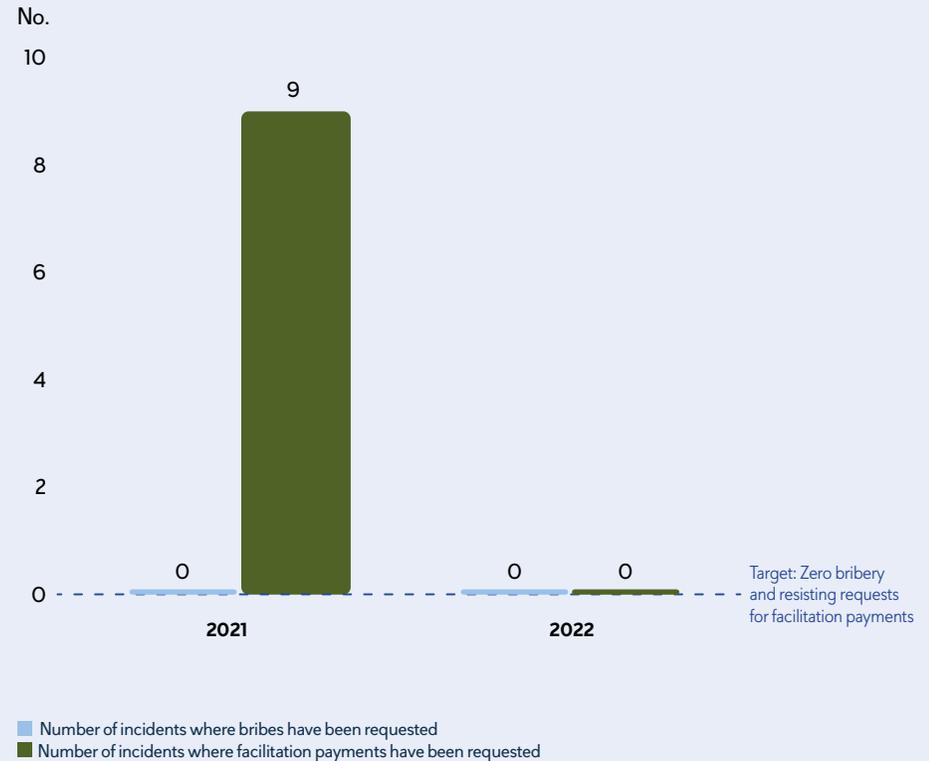
G.1.1 Fighting maritime corruption

Navigare Capital 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



Exhibit G2: Bribes and facilitation payment requests³⁹

! No bribes or facilitation payments were accepted



³⁹ This KPI covers activities onboard all vessels time chartered out by the funds managed by Navigare Capital. Bareboat charter and joint venture activity is not included.

organisations, to identify and mitigate the root causes of corruption in the maritime sector. One of its recent initiatives has been to create a local help desk in Egypt in partnership with the maritime services provider Eldib Pandi to provide support in instances where bribes or facilitation payments are requested.

One of the operational tasks of the Senior Operations Managers in Navigare Capital is to continuously monitor the location of the vessels so that they can take all possible precautions and alert the local MACN helpdesk to ensure that onshore MACN representatives are on standby to assist if necessary when they enter ports known for corruption risk. According to MACN, these include ports in Argentina, Nigeria, the Suez Canal, Ukraine and India⁴⁰. In 2022, approximately 5% of Navigare Capital's port calls occurred in these ports.

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.

In 2022, Navigare Capital's time chartered vessels reported zero incidents where either bribes or facilitation payments were requested. There were also no fines levied against its vessels. This was the result of concerted efforts by MACN to fight corruption, especially in the Suez Canal, as well as changes to Navigare Capital's fleet composition that have reduced the exposure to ports with high levels of corruption. Certain vessels, such as dry cargo vessels, which carry cargo that requires inspection by port officials, are particularly exposed to facilitation payment requests, because they also often travel to ports where requests for

bribes may take place. In 2022, Navigare Capital divested its remaining two dry cargo vessels, thereby reducing the number of encounters where potential requests may occur.

In 2022, there were no reported or suspected incidents of corruption among headquarters employees at Navigare Capital. Navigare Capital was not involved in any legal cases of corruption or otherwise.

G.1.1.1 Risk-based approach to financial corruption

Corruption is also an inherent risk in the financial services provided by Navigare Capital in its role as a fund manager. Thus, when it was founded, Navigare Capital ensured it was approved as an AIFM by the Danish Financial Supervisory Authority ("FSA"). Approval by the FSA is a legal requirement for a company to operate as an AIFM and a prerequisite for the institutional investors investing in it. As an AIFM, Navigare Capital is subject to European Union ("EU") regulations regarding its conflict of interest disclosure and risk management system, among others, which provides increased transparency of the company's setup and operations. Additionally, Navigare Capital is subject to the Danish Consolidated Act on Measures to Prevent Money Laundering and Financing of Terrorism ("AML"), which imposes further requirements on the company to assess and curb its risk of being abused for money laundering.

Therefore, Navigare Capital has implemented policies and procedures to ensure compliance with anti-corruption regulations and to regularly assess the corruption risk for the company and funds. The Compliance Officer is responsible for conducting an annual risk assessment, which is reviewed and approved by the Board of Directors. This also includes a mandatory Know Your Customer ("KYC") check by the Compliance Officer for every potential investor. Potential investors may also be asked to provide documentation verifying the source of capital used for investments in the fund. Additionally, risk scores are determined for each investor based on a variety of factors – including customers, products or services, transaction and delivery channels, and geographical conditions – to determine their potential exposure

⁴⁰ Maritime Anti-Corruption Network: 2021 Annual Report.

Exhibit G3: Navigare Capital's regulatory obligations, policies and standards



to money laundering or terrorism financing, as is legally required by the AML. This risk-scoring process forms the basis for how Navigare Capital assesses its risk exposure and safeguards its operations against exposure to corruption. Potential investors that would endanger Navigare Capital's compliance with AML regulations will not be accepted. As the investors currently consist of Danish pension funds and companies incorporated in countries with low levels of corruption in the EU or Europe, their overall corruption risk is considered low. Any changes to Navigare Capital's risk or instances of the funds being used for money laundering or terrorism financing must be reported to the Board of Directors.

G.1.2 Ethical business operations and supply chain management

With vessels employed in the transportation of a variety of commodities across international waters, Navigare Capital is aware of its responsibility to uphold applicable sanctions and international trade regulations. In addition to its legal obligation to comply with EU sanctions, Navigare Capital has also elected to observe and comply with the sanctions imposed by the UN, the US and the UK. As part of the contracting and servicing process, charterers and technical managers must agree to an anti-corruption clause which requires them to comply with sanctions and resist requests for bribes. Navigare Capital monitors vessels' adherence to this clause, with sanctions ranging in scope from specific cargo restrictions to comprehensive prohibitions on trade with embargoed countries. Vessels are also subject to international regulations and restrictions for the transportation of dangerous

⁴¹ US sanctions refer to all sanctions levied by the US Office of Foreign Assets Control ("OFAC").



goods. As stipulated in contracts with the charterers, all Navigare Capital vessels are prohibited from transporting weapons intended for warfare and nuclear substances.

Strong governance and a consistent track record on business ethics are essential components of Navigare Capital's evaluation process when entering into agreements with charterers, technical managers, shipyards or other cooperative partners. In alignment with the responsible investment policy, Navigare Capital conducts careful research and due diligence when contracting with new counterparties to determine whether they align with the ESG expectations of the company and its operations. Navigare Capital emphasises the importance of its partner assuming a high degree of responsibility related to ESG policies. Besides evaluating all new counterparties, Navigare Capital also re-evaluates existing counterparties on a regular basis. This is a critical procedure through which to assess any changes in the counterparty risk and the counterparties' compliance with legal agreements on, for instance, sanctions, anti-corruption and anti-money laundering laws.

G.1.3 Anti-corruption training and governance policies

Navigare Capital's governance policies ensure that employees act within the company's legal and ethical limits. There are several procedures and policies in place to make sure that all employees have the necessary knowledge to identify and report acts of corruption, and that operations are in compliance with all applicable regulations.

G.1.3.1 Code of conduct

Comprehensive training is an essential measure for building awareness of corruption risks and combatting improper activities in daily operations. All employees undergo mandatory training on the anti-corruption policies and the code of conduct, with retraining occurring as the policies or procedures are updated. The code of conduct describes the ethical guidelines that Navigare Capital, its funds and its employees should adhere to. As of 2021, all employees must submit an annual employee compliance attestation, which includes a statement that

Governance challenges in the Black Sea region

In February 2022, Russia launched an invasion of Ukraine that caused global trading patterns to be restructured, in turn impacting the shipping industry. The sanctions imposed on Russian goods, including oil, coal and raw materials, have led to a significant decline in Russian exports to western countries and a greater share of energy exports to China and India. This has intensified the surge in commodity prices and rise in energy costs around the world⁴². The destruction of infrastructure and blockade of ports in Ukraine, a major supplier of corn and grain, have threatened food shortages in some parts of the world and have contributed to rising global food costs⁴³. The disruption to trading in the Black Sea and levied sanctions have exacerbated the supply chain issues and shortages initially caused by the COVID-19 pandemic.

In addition to the impacts on shipping routes, the war in Ukraine has resulted in the need for heightened vigilance around compliance issues. Navigare Capital and all charterers are subject to the sanctions imposed by the EU, the US, the UN and the UK and are forbidden from carrying weapons for warfare. They must also comply with any financial sanctions directed at Russian individuals. Any new sanctions levied against Navigare Capital's investors and permanent counterparties would immediately come to light owing to the continuous compliance monitoring. Navigare Capital did not have any investors or counterparties in either Maritime Investment Fund I and Maritime Investment Fund II who were sanctioned following the invasion of Ukraine.

While sanctions are always enforced regardless of the geopolitical situation, the war has created additional burdens due to the complexity of international sanctions and their impact on shipping. Navigare Capital has taken the necessary precautions to ensure its vessel operations and cargo meet the conditions of the recent sanctions and trade restrictions imposed on Russia. The Compliance Officer, in cooperation with the Senior Operations Managers, continuously monitors the regulatory situation to ensure vessel activities align with evolving sanctions. Whenever vessels operate in proximity to sanction-affected areas, the Senior Operations Managers in Navigare Capital review their compliance check to ensure neither cargo, senders nor recipients are in violation of sanctions. Non-sanctioned goods continue to be traded from Russia, including agricultural products, pharmaceuticals and medical equipment, as well as permitted oil and gas exports to certain markets.

The war has also posed humanitarian challenges for seafarers onboard vessels, as Ukrainians make up a significant portion of the global seafarer workforce. The invasion has made the repatriation of Ukrainian crew members highly dangerous, if not impossible, due to the continued threat of shelling and destruction in the country. The prohibition on conscription-aged men leaving Ukraine has further complicated seafarers' ability to return home and disrupted crew changes. The technical managers of vessels have responded to these challenges by putting in place handling procedures for difficulties arising during the disembarkation of Ukrainian seafarers. These procedures include assistance with temporary relocation and extension of seafarers' contracts to remain onboard vessels. For example, Ukrainian crew members onboard the vessels Rome Express and Southampton Express were offered alternative housing near the technical manager's German-based headquarters or in a country neighbouring Ukraine.



⁴² Darvas, Zsolt and Catarina Martins. "Russia's huge trade surplus is not a sign of economic strength". Bruegel Blog, 8 September 2022.

⁴³ World Bank Group: The Impact of the War in Ukraine on Global Trade and Investment.



they have not become aware of any cases of corruption, extortion, bribery, facilitation payments of any kind, kickbacks or secret commissions to or from suppliers or other cooperative partners.

G.1.3.2 Whistleblower policy

Navigare Capital has implemented a whistleblower programme that allows employees to raise concerns about misconduct and potential non-compliance with Navigare Capital's policies without fear of recrimination. This can include misconduct relating to health and safety violations, discrimination, harassment, insider trading, money laundering, fraud, bribery and kickback arrangements. Employees can anonymously report through an online system detailed in Navigare Capital's code of conduct, which is accessible to all employees. Investigations of whistleblowing cases are handled by the Compliance Officer, who reports any findings directly to the Chairman of the Board of Directors. Cases concerning the Compliance Officer are reported directly to the Chairman of the Board. Navigare Capital has never received any whistleblower alerts.

An anonymous whistleblower system operated by the technical managers is also in place on all vessels. In addition, seafarers onboard Danish-flagged vessels may also anonymously report concerns through the Danish Maritime Authority's ("Søfartsstyrelsen") whistleblower system.

G.1.3.3 Conflicts of interest policy

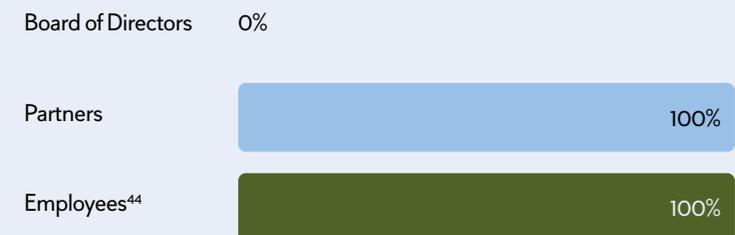
Navigare Capital also takes the necessary precautions to identify and monitor conflicts of interest that could negatively impact the performance or activities of the company and funds, as required by the AIFMD. This includes conflicts of interest within Navigare Capital itself or the Board of Directors, as well as in its relationship with investors or third parties. Potential conflicts of interest are considered before entering into a material agreement or investment decision, in accordance with the procedures outlined in the conflicts of interest policy. All conflicts of interest, including how they are monitored and mitigated, are regularly reported

Exhibit G4: Training in anti-corruption and governance policies

% who have had anti-corruption policies communicated to them



% who have received anti-corruption training by Navigare Capital



⁴⁴ This KPI includes all employees, including student assistants and interns, employed at year-end 2022.

to the Board of Directors, which determines whether the conflict has been adequately addressed and is within pre-determined risk limits.

G.1.3.4 Remuneration policy

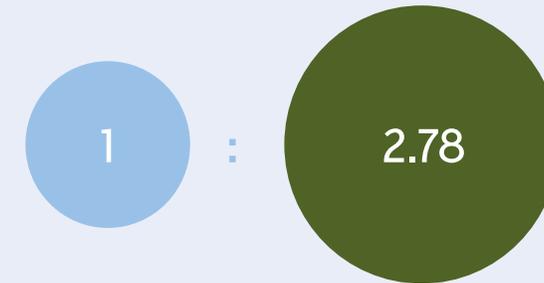
A sound remuneration policy is an important mechanism for companies not only to attract and retain high-performing employees, but also to prevent financial incentives for excessive risk-taking. The Board of Directors is responsible for ensuring that Navigare Capital's remuneration policy reflects the objectives of good corporate governance, as well as sustainable value creation.

Employee and management salaries can include a combination of fixed remuneration, performance-based remuneration, participation in pension schemes, other benefits and severance payments. Remuneration is subject to the regulations applicable to AIFMs, including the determination of bonuses and severance payments, among others. This also includes restrictions on performance- and incentive-based remuneration for Navigare Capital's Partners and the Compliance Officer. The Board of Directors approves bonuses on an annual basis, in line with the principle of sound financial and sustainability risk management. Navigare Capital has established a two-tier system whereby the management operates independently of the Board of Directors. Individuals who have received bonuses based on incorrectly reported performance results will be obligated to repay them. Members of the Board receive an annual fixed fee and are excluded from performance- and incentive-based remuneration.

The remuneration policy meets the requirements of the EU Sustainable Finance Disclosure Regulation ("SFDR") to describe how sustainability risks are handled in relation to remuneration. Sustainability risks are included in the overall risk parameters that are used when determining remuneration in Navigare Capital, and the remuneration policy aims to prevent financial incentives for excessive risk-taking with respect to sustainability risks, which may have adverse consequences for returns to investors.

Exhibit G5: Annual total compensation ratios between employees⁴⁵

Ratio of the median to highest compensation



Ratio of the median change in compensation to the change in compensation for the highest paid employee



⁴⁵ This KPI includes Partners, full-time employees and part-time employees calculated at the full-time equivalent pay rate, but excludes student assistants and interns. Annual total compensation is the sum of an employee's fixed salary plus any bonuses and pension contributions.

Fair compensation is an important measure of how companies invest in their workforces and contribute to a decent quality of living. There has been growing attention on how companies compensate their employees, as pay for CEOs has, in some cases, far outpaced compensation for other workers and contributed to rising rates of economic inequality⁴⁶. As part of its commitment to ensuring a responsible remuneration policy, Navigare Capital has begun calculating the ratio of annual compensation and the change in annual compensation between the median and highest paid employees, including salaries and bonuses. These ratios measure the degree of difference between the middle and highest levels of compensation at Navigare Capital. Please see exhibit G5 for further details.

G.2 Tax considerations

Taxation is a necessary resource for governments to implement sustainable development and it contributes to the building of stronger institutions and public services. Revenue generated from tax collection supports the social and physical infrastructure that is essential for national economies and services to function. Therefore, it is especially important that companies implement transparent tax policies and contribute to the common pool of economic resources. Taxation has been highlighted as a material topic due to the strong global focus on responsible tax practices.

G.2.1 Responsible approach to taxation

As a fund manager, Navigare Capital adheres to all relevant tax legislation, as well as to the tax principles set by its institutional investors, which discourage the use of aggressive tax

planning and tax avoidance. It also forbids the use of financial instruments, transfer pricing and the exploitation of inconsistencies between tax jurisdictions to avoid tax liabilities. More information about the tax principles of Navigare Capital's institutional investors can be found here: (www.pensiondanmark.com).

Due to its incorporation in Denmark – where it pays corporate taxes – Navigare Capital has minimised its risks associated with tax compliance and regulation. In 2022, Navigare Capital paid approximately DKK 4 million in corporate taxes. There were no tax obligations incurred or investments made in companies domiciled in countries on the EU's list of non-cooperative tax jurisdictions for the year. More information about tax payments can be found in Navigare Capital's financial statements (datacvr.virk.dk)⁴⁷.

The Board of Directors reviews and approves Navigare Capital's tax policy on an annual basis, while the executive management is responsible for compliance with this tax policy. As an AIFM approved by the Danish FSA, Navigare Capital must also comply with the accountability and transparency requirements of the AIFMD. Any concerns about non-compliance with tax legislation can be reported anonymously through Navigare Capital's whistleblower system.

In order to meet the expectations of its investors and to uphold its ESG principles, Navigare Capital operates its funds as a Danish legal entity, meaning that investments are placed in tax-transparent legal entities in Denmark and comply with relevant tax legislation. These entities are K/S entities (“kommanditselskab” in Danish), limited liability partnerships in which taxation takes place with the ultimate investor based on the investor's ownership share and taxation setup. All investors in the funds have an established legal presence in Denmark, making them subject to Danish tax law.

⁴⁶ Kandra, Jori and Lawrence Mishel. “CEO Pay Has Skyrocketed 1,322% since 1978: CEOs Were Paid 351 Times as Much as a Typical Worker in 2020.” Economic Policy Institute, 10 Aug. 2021.

⁴⁷ <https://datacvr.virk.dk/enhed/virksomhed/37338109?fritekst=navigare%2520capital%2520partners&sideIndex=0&size=10>



APPENDIX



TCFD overview

Governance	Strategy	Risk management	Metrics and targets
<p>Disclose the organisation's governance around climate related risks and opportunities.</p>	<p>Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.</p>	<p>Disclose how the organisation identifies, assesses and manages climate-related risks.</p>	<p>Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.</p>
<p>Recommended disclosures</p>	<p>Recommended disclosures</p>	<p>Recommended disclosures</p>	<p>Recommended disclosures</p>
<p>a) Describe the Board's oversight of climate-related risks and opportunities.</p> <p>Page 17</p>	<p>a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.</p> <p>Pages 46-49</p>	<p>a) Describe the organisation's processes for identifying and assessing climate-related risks.</p> <p>Pages 23-25</p>	<p>a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.</p> <p>Pages 13, 29-32, 34</p>
<p>b) Describe management's role in assessing and managing climate-related risks and opportunities.</p> <p>Pages 17-18</p>	<p>b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.</p> <p>Pages 46-49</p>	<p>b) Describe the organisation's processes for managing climate-related risks.</p> <p>Pages 21-25</p>	<p>b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas ("GHG") emissions, and the related risks.</p> <p>Pages 29-31</p>
	<p>c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</p> <p>Pages 46-49</p>	<p>c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.</p> <p>Pages 21-25</p>	<p>c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.</p> <p>Pages 13, 29-32, 34</p>

GRI content index

Statement of use	Navigare Capital has reported with reference to the GRI Standards for the period 1 January to 31 December 2022
GRI 1 used	GRI 1: Foundation 2021
GRI Topic Standards	Anti-corruption, tax, biodiversity, emissions, occupational health and safety, and diversity and equal opportunities

GRI Standard/ other source	Disclosure	Location or information	Omission
General disclosures			
GRI 2: General Disclosures 2021	2-1	Organisational details	<ul style="list-style-type: none"> a. Legal name: Navigare Capital Partners A/S b. Nature of ownership: Private limited company c. Headquarters address: Strandvejen 70, 2900 Hellerup, Denmark d. Navigare Capital is an alternative investment fund manager with operations in Denmark
	2-2	Entities included in the organisation's sustainability reporting	<ul style="list-style-type: none"> a. The entities included in the Sustainability Report are: Maritime Investment Fund I and all its subsidiaries, Maritime Investment Fund II and all its subsidiaries, MIF II Renewables no. 1 K/S and Navigare Capital Partners A/S b. MIF II Partnerships no. 1 is listed in Navigare Capital's audited consolidated financial statements but is not included in the Sustainability Report because its vessels were not yet operating in the water as of year-end 2022 c. Emissions for the joint venture MIF II Renewables no. 1 are reported according to the ownership percentage
	2-3	Reporting period, frequency and contact point	<p>Sustainability and financial reporting period: 1 January to 31 December 2022</p> <p>Deloitte performs a limited assurance assessment on the main ESG KPIs once a year</p> <p>Publication date: 17 May 2023</p> <p>Contact person: Mette Bendorff Andersen, Senior ESG Manager mette.andersen@navigarecapital.com</p>

GRI Standard/ other source	Disclosure	Location or information	Omission
2-4	Restatements of information	<p>Starting in 2022, Navigare Capital has changed its methodology for reporting on MLC observations. In 2021, the number of MLC observations only considered observations made from renewal surveys, while in 2022 this was changed to MLC observations made during port state controls, as these are more frequent and thus more representative. This resulted in a slight jump in the number of MLC observations reported for the year</p> <p>Navigare Capital has also changed how it calculates the percentage of female employees by including both student assistants and interns. This required Navigare Capital to recalculate its 2021 baseline for the 2022 report, which resulted in a slight drop in the percentage of female employees reported for 2021</p>	
2-5	External assurance	Pages 88-90	
2-6	Activities, value chain and other business relationships	<p>a. Page 8</p> <p>b-c. Pages 21-25</p> <p>d. There were no significant changes to Navigare Capital's activities, supply chain and business relationships from the previous reporting period</p>	
2-7	Employees	<p>a-b. Total number of employees (incl. Partners): Female: 8 Male: 11</p> <p>Number of permanent full-time employees: Female: 5 Male: 7</p> <p>Number of permanent part-time employees: Female: 2 Male: 1</p> <p>Number of temporary employees (interns): Female: 0 Male: 1</p> <p>Number of student assistants: Female: 1 Male: 2</p> <p>c. All employees are counted at year-end and are employed at Hellerup, Denmark</p>	
2-8	Workers who are not employees	a-c. Navigare Capital had an average of 285 seafarers onboard its time chartered vessels in each quarter of 2022, who were hired through its technical managers. There were fluctuations in the number of seafarers throughout the reporting period, as Navigare Capital divested several vessels during the third and fourth quarters of 2022	

GRI Standard/ other source	Disclosure	Location or information	Omission
2-9	Governance structure and composition	<p>a. Page 17</p> <p>b. As the Board of Directors does not currently include any committees, the Board of Directors as a whole oversees the management of ESG topics</p> <p>c.i and iii. Martin N. Larsen, Chairman of the Board: (2022-present), board member (2017-2022), Finn L. Meyer, board member: (2017-present), Jesper Langmack, board member: (2021-present), Kirstine Damkjaer, board member (2022-present)</p> <p>c.ii Page 17</p> <p>c.iv-vi. The gender distribution of the Board of Directors is currently such that there is one woman and three men. There are no other underrepresented groups. More information about the members, including other positions and memberships, is available on the website: https://www.navigarecapital.com/organisation/</p> <p>c.vii Page 17</p> <p>c.viii One of the board members is on the Board of Directors of one of Navigare Capital's investors</p>	
2-10	Nomination and selection of the highest governance body	a-b. Page 17	
2-11	Chair of the highest governance body	The Chairman of the Board of Directors is not part of the senior management team of Navigare Capital. Navigare Capital has established a two-tier system whereby the management operates independently of the Board of Directors	
2-12	Role of the highest governance body in overseeing the management of impacts	a-c. Page 17	b. i. Not applicable. The Board of Directors does not engage with stakeholders directly
2-13	Delegation of responsibility for managing impacts	<p>a.i Pages 17-18</p> <p>a.ii Pages 18-20</p> <p>b. Page 17</p>	
2-14	Role of the highest governance body in sustainability reporting	The Board of Directors does not approve material topics but does approve the report as a whole. The materiality assessment was undertaken with the assistance of a third-party sustainability consultancy firm, with the Board of Directors regularly updated and informed on the progress of the assessment and topics chosen as material	

GRI Standard/ other source	Disclosure	Location or information	Omission
2-15	Conflicts of interest	<ul style="list-style-type: none"> a. Pages 69-70 b. To date, Navigare Capital has addressed all conflicts of interest that have arisen and therefore does not have any outstanding conflicts to report to its investors 	
2-16	Communication of critical concerns	<ul style="list-style-type: none"> a. Pages 17- 18 b. There were no critical concerns reported to the Board of Directors in 2022 	
2-17	Collective knowledge of the highest governance body	No explicit measures are taken to advance the Board of Directors' knowledge of and skills in sustainable development, but it is regularly updated and informed about Navigare Capital's work in ESG fields. Board members also have knowledge of the subject through their membership positions on various boards	
2-18	Evaluation of the performance of the highest governance body	The Board of Directors' leadership is evaluated annually through a self-evaluation process among the board members	c. Confidentiality constraints. The results of the self-evaluations are confidential and thus it is not known which actions are taken as a direct result of the evaluation
2-19	Remuneration policies	Pages 70-71	
2-20	Process to determine remuneration	<ul style="list-style-type: none"> a. Pages 70-71 b. The remuneration policy was last updated and approved by the Board of Directors in March 2023 	a. iii. Not applicable. Remuneration consultants are not involved in determining remuneration
2-21	Annual total compensation ratio	Page 70	
2-22	Statement on sustainable development strategy	Page 6	
2-23	Policy commitments	<ul style="list-style-type: none"> a.i,iii,iv Pages 10, 13, 21, 25, 29, 40, 45-46, 51, 57, 61 and 71. The responsible investment policy does not stipulate applying the precautionary principle. However, Navigare Capital aims to limit the negative impacts of its operations where possible a.ii Pages 23, 51 and 67 b. Page 21 c. Navigare Capital's responsible investment policy, including its human rights commitments, can be found online here: https://www.navigarecapital.com/wp-content/uploads/2023/02/Responsible-Investment-Policy-V7.pdf d. All policies are approved by the Board of Directors e. Pages 66-67 f. Relevant policies applicable to counterparties are communicated through contractually binding agreements 	b. ii. Not applicable. Navigare Capital does not pay particular attention to certain groups or stakeholders in its human rights commitments
2-24	Embedding policy commitments	<ul style="list-style-type: none"> a.i-iii Pages 21-25, 66-67 a.iv Page 20 	

GRI Standard/ other source	Disclosure	Location or information	Omission
	2-25 Processes to remediate negative impacts	<ul style="list-style-type: none"> a. Pages 13, 42, 51 and 53 b. Pages 58-59 c. Page 55 d. Pages 58-59 e. In addition to the inspections and interviews with crew members, the Technical Directors conduct quarterly reviews with the technical managers to assess the effectiveness of its health and safety systems onboard vessels 	
	2-26 Mechanisms for seeking advice and raising concerns	Page 69	
	2-27 Compliance with laws and regulations	<ul style="list-style-type: none"> a-b. No fines or non-monetary sanctions were incurred in 2022 c-d. Pages 56-58 	
	2-28 Membership associations	Navigare Capital does not have any membership associations or involvements beyond ordinary membership duties and fees	
	2-29 Approach to stakeholder engagement	Pages 10-11	
	2-30 Collective bargaining agreements	Navigare Capital's employees are not covered by collective bargaining agreements. However, they are protected by funktionærloven (the Civil Service Act), which guarantees labour conditions including sick pay, severance, termination and maternity leave	
Material topics			
GRI 3: Material topics 2021	3-1 Process to determine material topics	Pages 10 and 11	
	3-2 List of material topics	Page 12	
Anti-corruption			
GRI 3: Material topics 2021	3-3 Management of material topics	Pages 63-64	
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	<ul style="list-style-type: none"> a. MACN maintains a local presence in ports it considers high-risk, and Navigare Capital takes particular caution when calling at these ports. To reduce the risk of requests for bribery and facilitation payments, MACN outlines a procedure and provides support for its members when calling at ports in Argentina, Nigeria, Ukraine, India and the Suez Canal. In 2022, 36 of 764, or 4.7%, of all Navigare Capital's port calls occurred at these ports b. Pages 64-65 	

GRI Standard/ other source	Disclosure	Location or information	Omission
	205-2 Communication and training about anti-corruption policies and procedures	a, b, d, e. Page 69. All board members and employees are located in Hellerup, Denmark c. Total number and percentage of business partners to which the organisation's anticorruption policies and procedures have been communicated, broken down by type of business partner: Time charterers: (5) 100% Bareboat charterers: (5) 100% Technical managers: (8) 100% Joint ventures: (2) 100%	
	205-3 Confirmed incidents of corruption and actions taken	a. Pages 64-65 b-c. No contracts with employees or counterparties were terminated or not renewed due to corruption d. Page 65	
SASB disclosure business ethics	TR-MT-510a.1 Number of calls at ports in countries that are among the 20 lowest ranked in Transparency International's Corruption Perception Index	0	
	TR-MT-510a.2 Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	0	
Tax			
GRI 3: Material topics 2021	3-3 Management of material topics	Page 71	
GRI 207: Tax 2019	207-1 Approach to tax	Page 71	
	207-2 Tax governance, control, and risk management	Page 71	
	207-3 Stakeholder engagement and management of concerns related to tax	Page 71	ii. Not applicable. Navigare Capital does not engage in any public policy advocacy in regard to taxation
	207-4 Country-by-country reporting		Not applicable. The only jurisdiction in which Navigare Capital operates and pays tax is Denmark. More information on Navigare Capital's tax liabilities is available at: https://datacvr.virk.dk/soegeresultater?fritekst=navigare%2520capital%2520partners&sidelindex=0&size=10

GRI Standard/ other source	Disclosure	Location or information	Omission
Biodiversity			
GRI 3: Material topics 2021	3-3 Management of material topics	Pages 40-42	
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Page 43	v. Not applicable. Navigare Capital defines operational sites for the purpose of this disclosure as the marine protected areas all over the world in which its vessels spent time
	304-2 Significant impacts of activities, products and services on biodiversity	a. Page 41 b. Pages 43 and 45	b. iv. Information unavailable/incomplete. Navigare Capital does not currently have sufficient information to report on the reversibility or irreversibility of its impacts on biodiversity
	304-3 Habitats protected or restored		Not applicable. Navigare Capital has not taken any action to directly protect or restore habitats
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Pages 44-45 As Navigare Capital's vessels operate all over the world, it currently only calculates the number of the International Union for Conservation of Nature ("IUCN") Red List marine species affected by operations in the top three countries where vessels spent the most time in marine protected areas. The number of species reported reflects the number of Red List species for the country as a whole, rather than the specific marine protected areas. Navigare Capital is working on ways to gain more insight into the specific marine protected areas its vessels spent the most time in to report on the species most impacted by its operations and to be better able to reduce its impacts	
Emissions			
GRI 3: Material topics 2021	3-3 Management of material topics	Pages 29 and 34-37	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	a-b. Page 31 d. Page 29 e. Source of emission factors: FuelEU, Global Warming Potentials from IPCC Second Assessment report reported by UN Climate Change f. Pages 29-30 g. Page 29	c. Information unavailable/incomplete. Navigare Capital does not have data on its biogenic CO ₂ emissions

GRI Standard/ other source	Disclosure	Location or information	Omission
	305-2 Energy indirect (Scope 2) GHG emissions	<ul style="list-style-type: none"> a-b. Page 30 c. Page 31 d. Page 29 e. Source of emission factors: Location-based emission factors from Energinet and HOFOR (200% methodology) f. Pages 29-30 g. Page 29 	c. Information unavailable/incomplete. Navigare Capital does not have data on its biogenic CO ₂ emissions
	305-3 Other indirect (Scope 3) GHG emissions	<ul style="list-style-type: none"> a-b. Pages 30-31 d. Categories included in Scope 3 calculations are 3.1, 3.2, 3.3, 3.5, 3.6, 3.7 and 3.12 e. Page 29 f. Source of emission factors: Department for Environment Food and Rural Affairs (DEFRA), Energinet, HOFOR, IEA Emissions database, Ecolnvent, SFI Centre for Research-based Innovation, Sailing Towards Zero (a research paper supported by 'Den Danske Maritime Fond') g. Page 29 	c. Information unavailable/incomplete. Navigare Capital does not have data on its biogenic CO ₂ emissions
	305-4 GHG emission intensity	a-d Pages 31-32. Only Scope 1 CO ₂ emissions are included in the carbon intensity ratio	
	305-5 Reduction of GHG emissions	<ul style="list-style-type: none"> a-b. Pages 30-31 c. Page 29 d. Page 31 e. Page 29 	
	305-6 Emissions of ozone-depleting substances (ODS)	All of Navigare Capital's vessels comply with the MARPOL Convention regulating ODS on vessels. To phase out the use of ODS, the IMO has banned equipment with chlorofluorocarbons (CFC) and halons on ships constructed after 2005. As all of Navigare Capital's vessels were constructed after this date, there are no emissions of those substances in its fleet	Information unavailable/incomplete. Navigare Capital does not have data on its emissions of ozone-depleting substances, but it is investigating how to monitor these emissions in the future
	305-7 Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	<ul style="list-style-type: none"> a. Page 37 b. Sources of emission factors: Third IMO GHG Study 2014. c. Pages 37-38. Navigare Capital calculates its emissions of other significant air pollutants based on the above published emission factors 	a. v. Information unavailable/incomplete. Navigare Capital does not have data on its emissions of hazardous air pollutants ("HAP"), but will investigate the relevant pollutants and how to monitor them in the future



GRI Standard/ other source	Disclosure	Location or information	Omission
Occupational health and safety			
GRI 3: Material topics 2021	3-3 Management of material topics	Pages 51-52	
GRI 403: Occupational health and safety 2018	403-1 Occupational health and safety management system	Pages 51 and 54	
	403-2 Hazard identification, risk assessment, and incident investigation	a-b. Page 51 d. Page 55	c. Not applicable. While Navigare Capital does not have a policy for seafarers to remove themselves from harmful situations on vessels, safety procedures are implemented in alignment with international regulations
	403-3 Occupational health services	Page 51	
	403-4 Worker participation, consultation, and communication on occupational health and safety	Pages 58-59	
	403-5 Worker training on occupational health and safety	Page 54	
	403-6 Promotion of worker health	Page 52	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Page 51	
	403-8 Workers covered by an occupational health and safety management system	In 2022, Navigare Capital had an average of 285 seafarers each quarter onboard its time chartered vessels across both funds. All seafarers onboard these vessels are covered by an occupational health and safety system that is audited both internally by Navigare Capital's Technical Directors and externally by the classification societies or flag state administration during certification for the Maritime Labour Convention or port state controls	
	403-9 Work-related injuries	b. Page 54. In 2022, Navigare Capital experienced one high-consequence injury onboard its time chartered vessels involving an engineer who had three fingers amputated following an injury incurred while conducting engine maintenance. The rate of high-consequence work-related injuries was thus 0.42 per million hours worked c-d. Page 54 e. Pages 53-54 f-g. Page 51	a. Not applicable. Navigare Capital only records injuries incurred by seafarers onboard its vessels, rather than employees working at its headquarters, as they are particularly vulnerable to injuries



GRI Standard/ other source	Disclosure	Location or information	Omission
	403-10 Work-related ill health		Information unavailable/incomplete. Navigare Capital does not have access to the medical records of its seafarers. This is handled by its third-party technical managers
Diversity and equal opportunities			
GRI 3: Material topics 2021	3-3 Management of material topics	Page 59	
GRI 405: Diversity and equal opportunities 2016	405-1 Diversity of governance bodies and employees	<p>a.i The Board of Directors consists of 1 (25%) female board member and 3 male board members</p> <p>b.i Page 60</p> <p>a.ii Age diversity in Navigare Capital by employee category: Board of Directors: <30: 0 (0%) 30-50: 2 (50%) >50: 2 (50%)</p> <p>b.ii Age diversity in Navigare Capital by employee category: Partners: <30: 0 (0%) 30-50: 0 (0%) >50: 4 (100%)</p> <p>Employees⁴⁸: <30: 5 (33%) 30-50: 7 (47%) >50: 3 (20%)</p> <p>⁴⁸ Employees including student assistants and interns but excluding Partners</p>	
	405-2 Ratio of basic salary and remuneration of women to that of men	Page 61. All employees are located in Hellerup, Denmark	

ESG performance data overview



Environment

Description ⁴⁹	Unit ⁴⁹	2021	2022 ⁴⁹	Page number	Accounting principle ⁴⁹
Direct (Scope 1) GHG emissions from Navigare Capital and its funds	tCO ₂ e	951,618	794,909	Pages 29-31	Direct GHG (Scope 1) emissions are emissions of CO ₂ equivalents (including carbon dioxide ("CO ₂ "), methane ("CH ₄ ") and nitrous oxide ("N ₂ O")), calculated based on fuel consumed during the ownership period using the carbon factors from FuelEU for each specific fuel type: marine gasoil ("MGO"), heavy fuel oil ("HFO"), light fuel oil (LFO") and LNG. Methane slip is also included in the calculation based on the factors described in FuelEU. Global warming potential is estimated over a 100-year period. Fuel consumption is based on the vessels' data reported to the IMO DSC database and verified by the classification societies.
Indirect (Scope 2) GHG emissions from Navigare Capital and its funds	tCO ₂ e	6	7	Pages 29-31	Indirect GHG (Scope 2) emissions are emissions of CO ₂ equivalents (including carbon dioxide ("CO ₂ "), methane ("CH ₄ ") and nitrous oxide ("N ₂ O")), calculated based on electricity and cooling consumed and district heating bought from third parties, and using location-based emission factors from Energinet and HOFOR and their 200% methodology. Consumption is based on invoices received either directly from third-party providers or from the building administrators. Consumption in common areas is distributed among the tenants based on office square metres.
Indirect (Scope 3) GHG emissions from Navigare Capital and its funds	tCO ₂ e	83,962	11,027	Pages 29-31	Indirect GHG (Scope 3) emissions are emissions of CO ₂ equivalents (including all seven Kyoto gases) arising from third-party activities. This category comprises Navigare Capital and its funds and 100% of its subsidiaries. See below for category split.
Scope 3.1: Purchased goods and services	tCO ₂ e		4,396	Pages 29-31	Indirect GHG (Scope 3.1) emissions are emissions arising from purchased goods and services measured in CO ₂ equivalents (including all seven Kyoto gases). The emissions are based on spend categorised by SIC codes to match relevant carbon factors from DEFRA table 13.
Scope 3.2: Capital goods	tCO ₂ e		3,639	Pages 29-31	Indirect GHG (Scope 3.2) emissions are emissions arising from capital goods measured in CO ₂ equivalents (including all seven Kyoto gases). This scope comprises emissions from shipbuilding activities, embedded carbon in particular, and larger capital expenditures that are activated over the lifetime of a vessel. Emissions from embedded carbon are derived from Ecolnvent's life cycle analysis of shipbuilding adjusted for the specific vessel type and size together with largely Ecolnvent's carbon factors and carbon factors from the IEA. Emissions from larger capital expenditures are based on spend combined with the relevant DEFRA table 13 carbon factor.
Scope 3.3: Fuel- and energy-related activities	tCO ₂ e		129	Pages 29-31	Indirect GHG (Scope 3.3) emissions are emissions arising from fuel- and energy-related activities not included in Scope 1 and Scope 2 measured in CO ₂ equivalents (including all seven Kyoto gases). These consist of upstream emissions from the fuel- and energy-related activities from Scope 1 and 2.
Scope 3.5: Waste generated in operations	tCO ₂ e		2	Pages 29-31	Indirect GHG (Scope 3.5) emissions are emissions arising from waste generated in operations measured in CO ₂ equivalents (including all seven Kyoto gases). Waste includes office waste, waste in common areas, and waste generated onboard the vessels owned by the funds. The waste is grouped into relevant categories and each has been provided with its carbon factor based on DEFRA's comprehensive dataset covering the respective year.
Scope 3.6: Business travel	tCO ₂ e		143	Pages 29-31	Indirect GHG (Scope 3.6) emissions are emissions arising from business travel measured in CO ₂ equivalents (including all seven Kyoto gases). They are largely based on actual transportation and accommodation along with specific DEFRA carbon factors. A spend-based approach has been applied to a smaller portion, assuming a similar spend to carbon ratio as for actual transportation and accommodation.

⁴⁹ The data indicator has been subject to limited assurance, covering the columns 'Description', 'Unit', '2022' and 'Accounting principle'. Information presented in columns '2021' and 'Page number' has not been included in the scope of the limited assurance.

Description ⁴⁹	Unit ⁴⁹	2021	2022 ⁴⁹	Page number	Accounting principle ⁴⁹
Scope 3.7: Employee commuting	tCO ₂ e		2,327	Pages 29-31	Indirect GHG (Scope 3.7) emissions are emissions arising from employee commuting measured in CO ₂ equivalents (including all seven Kyoto gases). This scope encompasses office employees and crew members. Office employees have, via a survey, indicated number of office days, commuting distance and method - all used to calculate actual commuting multiplied by relevant DEFRA carbon factors. For crew members, a spend-based approach has been applied and it has been assumed that all commuting takes place by air, and thus it has been multiplied by the relevant DEFRA table 13 carbon factor.
Scope 3.12: Downstream end-of-life treatment of sold products	tCO ₂ e		392	Pages 29-31	Indirect GHG (Scope 3.12) emissions are emissions arising from downstream end-of-life treatment of sold products measured in CO ₂ equivalents (including all seven Kyoto gases). This scope comprises emissions from end-of-life treatment of the vessels sold by the funds in the respective year. The relevant emissions are identified using Ecolnvent's life cycle analysis and adjusted to match those of the actual vessels sold. Carbon factors are also primarily sourced from Ecolnvent.
Carbon intensity alignment with the IMO's targeted trajectory	%	1.4	-3.4	Pages 31-34	The carbon intensity alignment score displays Navigare Capital's overall carbon intensity compared to the IMO benchmark for vessels above 5,000 GT. The score has been derived as follows: for each vessel, an Annual Efficiency Ratio ("AER") is calculated based on the methodology provided by the IMO. The individual AERs are benchmarked against the IMO's AER target for that specific vessel type. The percentage difference between the two is weighted by the vessel's dwt and number of ownership days to arrive at the carbon intensity alignment score.
Emissions of sulphur oxides	Tonnes		1,796	Pages 37-38	Emissions of sulphur oxide ("SOx") are calculated using the methodology outlined in the Third IMO GHG Study. The sulphur content of the specific fuel types is identified by means of fuel analyses or alternatively bunker delivery notices. If none is available, the highest allowed sulphur content has been applied. For vessels equipped with scrubbers, the 0.1% and 0.5% sulphur content level allowed to be emitted has been applied to the proportion of fuel scrubbed to each respective level. Fuel consumption is based on the vessels' data reported to the IMO DSC database and verified by the classification societies.
Emissions of particulate matter	Tonnes		1,589	Pages 37-38	Emissions of particulate matter ("PM") are calculated using the methodology outlined in the Third IMO GHG Study. The amount of PM emissions is calculated based on fuel consumption divided into fuel consumed per engine type - main engine, auxiliary engine and boilers. Consumption is then multiplied by the relevant emission factor as per the fuel and engine type described by the IMO Third GHG Study. The study does not contain emission factors for all relevant fuel types and hence the emission factors for HFO have been applied to all. Fuel consumption is based on the vessels' data reported to the IMO DSC database and verified by the classification societies.
Emissions of nitrogen oxides	Tonnes		16,143	Pages 37-38	Emissions of nitrogen oxide ("NOx") are calculated using the methodology outlined in the Third IMO GHG Study. NOx emissions are dependent on the engine's tier (based on construction date), consumption per engine type and the fuel type consumed. Verified fuel consumption has been applied and split into consumption per engine type, which has then been multiplied by the relevant emission factors provided by the IMO. The study does not contain emission factors for all relevant fuel types and hence the emission factors for HFO have been applied to all. Fuel consumption is based on the vessels' data reported to the IMO DSC database and verified by the classification societies.

⁴⁹ The data indicator has been subject to limited assurance, covering the columns 'Description', 'Unit', '2022' and 'Accounting principle'. Information presented in columns '2021' and 'Page number' has not been included in the scope of the limited assurance.

Description ⁴⁹	Unit ⁴⁹	2021	2022 ⁴⁹	Page number	Accounting principle ⁴⁹
Emissions of carbon monoxide	Tonnes		737	Pages 37-38	Emissions of carbon monoxide ("CO") are calculated using the methodology outlined in the Third IMO GHG Study. The amount of CO emissions is calculated based on verified fuel consumption per engine type multiplied by the relevant emission factor given by the IMO. The study does not contain emission factors for all relevant fuel types and hence the emission factors for HFO have been applied to all. Fuel consumption is based on the vessels' data reported to the IMO DSC database and verified by the classification societies.
Emissions of volatile compounds	Tonnes		673	Pages 37-38	Emissions of volatile compounds ("VOC") are calculated using the methodology outlined in the Third IMO GHG Study. The amount of VOC emissions is calculated based on verified fuel consumption per engine type multiplied by the relevant emission factor given by the IMO. Fuel consumption is based on the vessels' data reported to the IMO DSC database and verified by the classification societies.
Total number of oil spills ⁵⁰	Number		0	Page 45	Oil can be accidentally released from vessels into the ocean due to the grounding of vessels, hull failure or other accidents onboard vessels. Data on oil spills is reported quarterly by the vessels' technical managers to Navigare Capital's Technical Directors.
Catastrophic spills ⁵⁰	Number		0	Page 45	The number of catastrophic spills is defined as the number of instances where over 700 CuM of oil is released from a vessel into the ocean.
Severe spills ⁵⁰	Number		0	Page 45	The number of severe spills is defined as the number of instances where between 7 and 700 CuM of oil is released from a vessel into the ocean.
Major spills ⁵⁰	Number		0	Page 45	The number of major spills is defined as the number of instances where between 1 and 7 CuM of oil is released from a vessel into the ocean.
Minor spills ⁵⁰	Number		0	Page 45	The number of minor spills is defined as the number of instances where less than 1 CuM of oil is released from a vessel into the ocean.
Vessels with scrubbers installed	Number	6	6	Pages 37-38	The number of vessels with a scrubber installed at the end of the year.
Vessels without ballast water treatment systems installed	Number	3	0	Page 45	The number of vessels without a ballast water treatment system installed at the end of the year.
Vessels with IHM Hong Kong and IHM EU certificates	%	100	100	Page 25	The percentage of vessels with both EU and Hong Kong inventory of hazardous materials ("IHM") certificates at the end of the year.

⁴⁹ The data indicator has been subject to limited assurance, covering the columns 'Description', 'Unit', '2022' and 'Accounting principle'. Information presented in columns '2021' and 'Page number' has not been included in the scope of the limited assurance.

⁵⁰ This KPI covers activities onboard all vessels time chartered out by the funds managed by Navigare Capital. Bareboat charter and joint venture activity is not included.



Social

Description ⁴⁹	Unit ⁴⁹	2021	2022 ⁴⁹	Page number	Accounting principle ⁴⁹
Lost time injuries ⁵⁰	Number	6	2	Pages 53-54	Lost time injuries records the number of safety incidents onboard vessels leading to lost time during the reporting year.
Lost time injury frequency ⁵⁰	Number of injuries/ million hours worked	1.97	0.85	Pages 53-54	Lost time injury frequency records the number of safety incidents onboard vessels leading to lost time per one million man hours worked during the reporting year.
Port state controls ⁵⁰	Number	29	25	Pages 56-57	Number of port state controls undertaken by official port state surveyors during the reporting year.
Average deficiencies per port state control ⁵⁰	Deficiencies / inspections	0.34	0.56	Pages 56-57	Average number of deficiencies reported by the surveyor per inspection during the reporting year. A deficiency is reported when there is non-compliance with or deviation from the requirements of international regulations.
Port state control detentions ⁵⁰	Number	0	0	Pages 56-57	Number of detentions given as a result of a port state inspection during the reporting year. A detention is given when a deficiency presents an immediate threat to the ship, its personnel or the environment, which renders the ship unsafe to proceed to sea.
MLC observations during port state controls ⁵⁰	Number	0 ⁵¹	4	Pages 57-58	Number of MLC observations made during port state controls during the reporting year. An MLC observation occurs if there is non-compliance with or deviation from the requirements for the working and living conditions of seafarers onboard ships.
Gender diversity of employees at Navigare Capital's headquarters	% female	42% ⁵²	53%	Pages 59-61	Female representation among the employees including student assistants, interns and Partners measured at the end of the year as a percentage.
Gender diversity on the Board of Directors	% female	0%	25%	Pages 59-61	Female representation on the Board of Directors measured at the end of the year as a percentage.
Gender diversity at the management level	% female	0%	0%	Pages 59-61	Female representation at the management level measured at the end of the year as a percentage. The management level currently consists of the four founding Partners.

Governance



Description ⁴⁹	Unit ⁴⁹	2021	2022 ⁴⁹	Page number	Accounting principle ⁴⁹
Incidents where bribes have been requested ⁵⁰	Number	0	0	Pages 64-65	Number of incidents where bribes have been requested during the reporting year. A bribe is defined as a request for cash payments to secure or expedite a process.
Incidents where facilitation payments have been requested ⁵⁰	Number	9	0	Pages 64-65	Number of incidents where facilitation payments have been requested during the reporting year. A facilitation payment is defined as a request for smaller items such as cigarettes or alcohol to induce officials to perform routine functions.
Whistleblower alerts received	Number	0	0	Page 69	Number of whistleblower alerts reported via the whistleblower programme to the Chairman of the Board and Navigare Capital's compliance officer during the reporting year.

⁴⁹ The data indicator has been subject to limited assurance, covering the columns 'Description', 'Unit', '2022' and 'Accounting principle'. Information presented in columns '2021' and 'Page number' has not been included in the scope of the limited assurance.

⁵⁰ This KPI covers activities onboard all vessels time chartered out by the funds managed by Navigare Capital. Bareboat charter and joint venture activity is not included.

⁵¹ This KPI is based on 2021 methodology and only includes MLC observations made during the MLC certification renewal process.

⁵² This KPI has been updated to reflect a change in methodology in 2022. The KPI now also includes student assistants and interns.



Statement of the Board of Directors and the Executive Board

The Board of Directors and the Executive Board has today considered and approved the Sustainability Report (“the Report”) of Navigare Capital Partners A/S for the financial year 1 January – 31 December 2022.

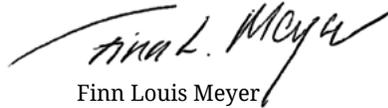
The ESG performance data in the Sustainability Report for 2022 on pages 84 to 87 has been prepared in accordance with the environmental, social and governance accounting principles stated on pages 84 to 87.

Copenhagen, 17 May 2023

Board of Directors



Martin Nørkjær Larsen
Chairman



Finn Louis Meyer



Kirstine Damkjær



Jesper Langmack

Executive Board



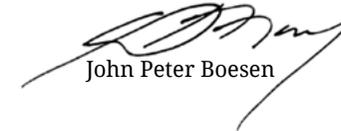
Henrik Ramskov
CEO



Lars Bagge Christensen



Stig Duus Enslev



John Peter Boesen

In our opinion, the Report gives a true and fair presentation of Navigare Capital Partners A/S' sustainability activities and results of the Group's sustainability efforts in the reporting period, as well as a balanced presentation of Navigare Capital Partners A/S' environmental, social and governance performance in accordance with the stated accounting principles.

Independent auditor's assurance report

To Management and broader stakeholders of Navigare Capital Partners A/S

Navigare Capital Partners A/S ("Navigare") engaged us to provide limited assurance on the 2022 ESG performance data ("the ESG statement") for the year ended 31 December 2022 presented on pages 84 to 87 in the Sustainability Report 2022 of Navigare.

Management's responsibility

Management of Navigare is responsible for designing, implementing, and maintaining internal controls over information relevant to the preparation of the ESG data and information in the ESG statement, ensuring they are free from material misstatement, whether due to fraud or error. Furthermore, Management is responsible for establishing objective accounting principles for the preparation of ESG data, for the overall content of the ESG statement, and for measuring and reporting ESG data in accordance with the accounting principles included on pages 84 to 87 in the Sustainability Report.

Auditor's responsibility

Our responsibility is to express a limited assurance conclusion based on our engagement with Management and in accordance with the agreed scope of work. We have conducted our work in accordance with ISAE 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information and ISAE 3410 Assurance Engagements on Greenhouse Gas Statements, and additional requirements under Danish audit regulation, to obtain limited assurance about our conclusion. Greenhouse Gas emissions quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emission factors and the values needed to combine emissions of different gasses.

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the ESG statement is free from material misstatement, whether due to fraud or error, and prepared, in all material respects, in accordance with the accounting principles;
- forming an independent conclusion, based on the procedures we performed and the evidence we obtained; and
- reporting our conclusion to the Management and broader stakeholders of Navigare.

Deloitte Statsautoriseret Revisionspartnerselskab is subject to International Standard on Quality Control (ISQC) 1 and, accordingly, applies a comprehensive quality control system, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We have complied with the requirements for independence and other ethical requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour, and ethical requirements applicable in Denmark.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

Work performed

We are required to plan and perform our work in order to consider the risk of material misstatement in the ESG statement. To do so, we have:

- conducted interviews with data owners and internal stakeholders to understand the key processes and control activities for measuring, recording and reporting the ESG data;
- performed limited substantive testing on a selective basis to check that data has been appropriately measured, recorded, collated and reported;
- performed analysis of data, selected based on risk and materiality;
- made inquiries regarding significant developments in the reported data;
- considered the presentation and disclosure of the ESG statement;
- assessed that the process for reporting greenhouse gas emissions data follows the principles of relevance, completeness, consistency, transparency and accuracy outlined in The Greenhouse Gas Protocol Corporate Standard Revised edition (2015) and The Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011); and evaluated the evidence obtained.

Conclusion

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us not to believe that the 2022 ESG performance data presented on pages 84 to 87 in the Sustainability Report of Navigare Capital A/S for the year ended 31 December 2022, have been prepared, in all material respects, in accordance with the accounting principles on pages 84 to 87.

Copenhagen, 17 May 2023

Deloitte

Statsautoriseret Revisionspartnerselskab
Business Registration No. 33 96 35 56

Michael Thorø Larsen

State Authorised Public Accountant
Identification No
(MNE) mne35823

Marie Voldby

Lead Reviewer

Materiality assessment KPI overview

Environment



Area	Description
Greenhouse gas (“GHG”) emissions	GHG emissions are used to assess Navigare Capital’s environmental performance, including its funds’ total Scope 1-3 emissions. This is a vital KPI in the endeavour to decarbonise shipping.
Carbon intensity	Carbon intensity is another way of tracking energy efficiency. As the majority of Navigare Capital and its funds’ GHG emissions are Scope 1 emissions stemming from fuel consumption, tracking the energy efficiency of each vessel is essential. For this reason, Navigare Capital has also set specific short-term targets for carbon intensity.
Air pollution	Air pollution is not only caused by GHG, but also by other pollutants such as sulphur oxide (“SOx”) and particulate matter (“PM”). These also need to be tracked and reduced to improve air quality, especially in coastal areas.
Biodiversity	Biodiversity is the variety of all species on Earth and their interactions within complex ecosystems. Shipping’s biodiversity impacts are important to address, as all vessels engaged in international trade pose a threat to ecosystems if not managed properly.
Ship recycling	The methods used when dismantling a vessel are a key consideration in determining the overall sustainability of a vessel throughout its entire lifetime. Given the sheer size of the vessels and their onboard inventory of hazardous materials, it is important that dismantling is undertaken properly and in accordance with relevant conventions.
Climate risk reporting	Climate risk reporting evaluates the financial implications of relevant climate risks in accordance with the Task Force on Climate-Related Financial Disclosures (“TCFD”). Navigare Capital is exposed to some of these, making this KPI highly relevant.

Social



Area	Description
Accident prevention	Accident prevention and safety have always been top priorities for Navigare Capital, and its desire to ensure that as few accidents as possible occur makes this an important KPI.
Labour rights	Labour rights for its seafarers are another key priority for Navigare Capital, which is why it only operates vessels under well-respected flags on the Paris MoU’s White List and only uses top-tier management companies.
Diversity	Diversity has historically been difficult to achieve in shipping, and it still is, especially within sea-based work. However, as a signatory of Denmark’s “Charter for more women in shipping”, Navigare Capital is working to make both sea- and land-based shipping more appealing to women.

Governance



Area	Description
Corruption and bribery	Corruption and bribery are present in the maritime industry, often in the form of demands for facilitation payments. This KPI is relevant, as any kind of corruption undermines social, environmental and economic development. Navigare Capital's membership of the Maritime Anti-Corruption Network ("MACN") contributes to the fight against corruption.
Fines	Fines are in some incidences justified, but in rare cases are used as extortion when officials refuse to perform their duties or abuse their positions of authority to demand, for instance, facilitation payments. No matter what the circumstances are, it is important to track fines.
ESG-related policies	ESG-related policies are put in place to ensure that Navigare Capital acts responsibly when investing and operating its vessels.
Whistleblower policy	The whistleblower policy ensures that any potential wrongdoing within the company is flagged and is a good indicator of business ethics.
Tax considerations	Tax considerations cover the legal structure chosen by Navigare Capital to ensure sufficient transparency and facilitate understanding of the company's setup.

Glossary

Term	Definition
AER	The Annual Efficiency Ratio estimates CO ₂ intensity based on actual fuel consumption and designed cargo capacity (dwt).
AIFM	An alternative investment fund manager is any legal person whose regular business is managing one or more alternative investments.
AIFMD	The Alternative Investment Fund Managers Directive is a legal act of the European Union on the financial regulation of hedge funds, private equity, real estate funds and other alternative investment fund managers.
The AML Act	The Danish Consolidated Act on Measures to Prevent Money Laundering and Financing of Terrorism requires banks, financial institutions and AIFM, among others, to implement compliance and risk procedures for countering financial crimes.
Ballast water	This is essential for the safe operation of ships. It provides stability and manoeuvrability during a voyage and during loading and unloading operations.
Bareboat charter	A contract where the owner leases a vessel without a crew, often over a longer period. The charterer pays the operating expenses, as well as a fixed amount in bareboat rent to the owner each month.
BC	Black carbon is a component of fine particulate matter. It is formed through the incomplete combustion of fossil fuels, biofuel and biomass, and is one of the main types of particles in soot.
BIMCO	This is one of the largest of the international shipping associations representing shipowners. BIMCO states that its membership represents approximately 60% of the world's merchant shipping tonnage and that it has members in more than 130 countries, including managers, brokers and agents.
BWM Convention	The International Convention for the Control and Management of Ships' Ballast Water and Sediments (2004) is a treaty adopted by the IMO to help prevent the spread of potentially harmful aquatic organisms and pathogens in ships' ballast water.

Term	Definition
BWT	Ballast water treatment.
Carbon intensity	The measure of emissions associated with producing and consuming a transportation fuel, measured in grams of carbon dioxide per megajoule of energy.
Charterer	The legal party that has signed a charter contract with the owner of a vessel and thus hires or leases the vessel or part of the vessel's capacity.
CII	The CII (Carbon Intensity Indicator) measures how efficiently a vessel above 5,000 GT transports goods or passengers and is given in grams of CO ₂ emitted per cargo-carrying capacity and nautical mile.
CM	Carbon monoxide is a colourless, odourless and tasteless toxic gas formed by the incomplete ignition or burning of carbon-based fuels.
CO₂	Carbon, one of six greenhouse gases (contributing to global warming) and the most predominant within shipping.
CO₂e	Carbon equivalent is a term for describing different greenhouse gases in a common unit. For any quantity and type of greenhouse gas, CO ₂ e signifies the amount of CO ₂ which would have the equivalent global warming impact.
The Danish Maritime Authority	The Danish Maritime Authority is the government agency regulating the Danish maritime industry, including the health, safety and certification requirements of Danish-flagged vessels.
Dry cargo vessel	A vessel transporting commodities such as iron ore, grains and wood pellets.
ESG	Environmental, social and governance.
EU	The European Union is a supranational political and economic union of 27 member states located primarily in Europe.

Term	Definition
EU ETS	The European Union emissions trading system is a "cap and trade" scheme where a limit is placed on the right to emit specified pollutants over an area and companies can trade emission rights within that area.
FSA	The Danish Financial Supervisory Authority oversees and regulates the financial activities of banks, pension funds, insurance companies, etc.
GDPR	The General Data Protection Regulation is a regulation in EU law on data protection and privacy in the EU and the European Economic Area.
GHG	The six greenhouse gases contributing to global warming.
The GHG Protocol	An organisation that has established comprehensive global standardised frameworks to measure and manage GHG emissions from private and public sector operations and value chains, as well as mitigation actions. It is the most widely used accounting standard for measuring Scope 1-3 GHG emissions.
The GHG Protocol financial control approach	A company has financial control over an operation for GHG accounting purposes if the operation is considered a group company or subsidiary for the purpose of financial consolidation, i.e. if the operation is fully consolidated in financial accounts.
The GHG Protocol operational control approach	Under the operational control approach, a company accounts for 100% of emissions from operations over which it or one of its subsidiaries has operational control. Operational control means that a company has the authority to introduce and implement operating policies.
GRI	The Global Reporting Initiative is an organisation that has created a standard for organisations to report on their sustainability impacts in a consistent and credible way.
IEA	The International Energy Agency is an intergovernmental organisation that provides policy analysis and recommendations for the energy sector.

Term	Definition
ILO	The International Labour Organisation is the UN agency that sets internationally recognised labour standards to protect the rights of workers. The ILO is made up of a social partnership of governments, employers and trade unions.
IMO	The International Maritime Organisation is the United Nations' body for maritime matters.
IUCN Red List	The International Union for Conservation of Nature Red List of Threatened Species measures the extinction risk of the world's animal, plant and fungi species.
LNG	Liquefied natural gas.
LNG carrier	A vessel transporting natural gas cooled to -163°C to make it liquid.
LTI	A lost time injury is an injury sustained by an employee that leads to loss of productive work in the form of absence or delays. A workplace injury is only considered an LTI if the worker is unable to perform their regular duties, takes time off to recover or is assigned to modified tasks while they heal.
LTIF	Lost time injury frequency is the number of lost time injuries occurring in a workplace per one million hours worked.
MACN	The Maritime Anti-Corruption Network is a not-for-profit organisation established by the maritime industry to tackle corruption. The 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.
MARPOL	The IMO's International Convention for the Prevention of Pollution from Ships, designed to limit emissions from ships.
Methane	A very potent GHG: one tonne of methane has the same global warming potential as approximately 30 tonnes of CO ₂ .



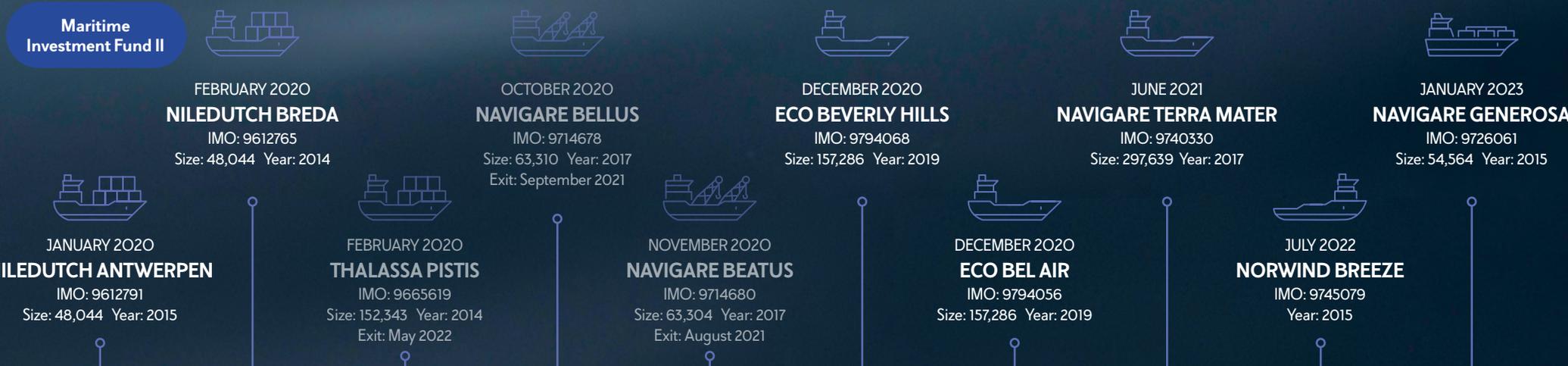
Term	Definition
MLC	The Maritime Labour Convention is an International Labour Organisation convention established in 2006 which embodies all up-to-date standards of existing international maritime labour conventions and recommendations, as well as the fundamental principles found in other international labour conventions.
MPAs	Marine protected areas are areas of the ocean set aside for long-term conservation aims.
Net zero	Emission cuts of at least 90%, leaving offsetting at a maximum of 10%.
NGO	A non-governmental organisation is an organisation that generally functions independently from any government.
NOx	Nitrogen oxides (“NOx”) are chemical compounds of oxygen and nitrogen which are formed by these reacting with each other during combustion at high temperatures, mainly the combustion of fuels such as oil, diesel, gas and organic material.
OECD	The Organisation for Economic Co-operation and Development.
The OECD Guidelines for Multinational Enterprises (“OECD Guidelines”)	Recommendations from governments to multinational enterprises on responsible business conduct. The OECD Guidelines set standards for responsible business conduct across a range of issues such as human rights, labour rights and the environment.
OFAC	The Office of Foreign Assets Control, an agency of the US Treasury department.
Operator	The party responsible for managing vessel performance, bunker quality and quantity, and ship routing.
Paris Agreement	The Paris Agreement is a legally binding international treaty on climate change. It was adopted by 196 parties at COP 21 in Paris on 12 December 2015 and entered into force on 4 November 2016. Its goal is to limit global warming to well below 2 degrees Celsius, preferably to 1.5 degrees Celsius, compared to pre-industrial levels.

Term	Definition
Paris MoU White List	The Paris MoU maintains a “White List”, which is a list of member states (countries) that have confirmed to the IMO’s Maritime Safety Committee (“MSC”) that they are adhering to the relevant provisions of the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers.
PM	Particulate matter is a mixture of solid particles and liquid droplets found in the air.
Poseidon Principles	An agreement among 24 banks to assess and disclose the climate alignment of ship finance portfolios, setting a benchmark for responsible banking.
PSC	A port state control is the inspection of foreign ships in national ports to verify that the condition of the ships and their equipment complies with the requirements of international regulations and that the ships are manned and operated in compliance with these instruments and ensure maritime safety and security and prevent pollution.
SASB	The Sustainability Accounting Standards Board is an organisation that has established a standard to guide the disclosure of sustainability KPIs across 77 industries found material by investors to inform their decision-making.
SBTN	The Science Based Targets Network is a group of organisations working to shape private sector and city impacts on nature by using science-based targets.
SBTi	The Science Based Targets initiative defines and promotes best practice in science-based target setting, offering a range of resources and guidance to help companies set science-based targets in line with the latest climate science.
Scope 1 emissions	Direct GHG emissions that occur from sources controlled or owned by an organisation.
Scope 2 emissions	Indirect GHG emissions associated with the purchase of electricity, steam, heat or cooling.
Scope 3 emissions	The result of activities from assets not owned or controlled by the reporting organisation but that impact indirectly on its value chain.

Term	Definition
Scrubbers	Air pollution control devices that use liquid to remove particulate matter or gases from an industrial exhaust or flue gas stream. This atomised liquid (typically water) entrains particles and pollutant gases in order to effectively wash them out of the gas flow.
SDG	The Sustainable Development Goals or Global Goals are a collection of 17 interlinked global goals designed to be a “blueprint to achieve a better and more sustainable future for all”. The SDGs were set in 2015 by the United Nations General Assembly and are intended to be achieved by the year 2030.
SFDR	The EU Sustainable Finance Disclosure Regulation is a set of EU rules which aim to make the sustainability profile of funds more comparable and better understood by end investors.
SOx	Sulphur oxides are a group of important ambient air pollutants consisting of both gaseous and particulate chemical species.
Tanker vessel	A vessel transporting liquid cargo including crude oil and petroleum products.
TCFD	The Task Force on Climate-related Financial Disclosures was created in 2015 by the Financial Stability Board (FSB) to develop consistent climate-related financial risk disclosures for use by companies, banks and investors in providing information to stakeholders.
TNFD	The Taskforce on Nature-related Financial Disclosures is an international initiative designed to provide a framework for how organisations can address environmental risks and opportunities.
TRC	Total recorded cases of injuries.
The UN Guiding Principles on Business and Human Rights	A set of guidelines for states and companies to prevent, address and remedy human rights abuses committed in business operations.

Term	Definition
UN	The United Nations is an intergovernmental organisation whose stated purposes are to maintain international peace and security, develop friendly relations among nations, achieve international cooperation, and be a centre for harmonising the actions of nations.
UN Global Compact	The United Nations Global Compact is a voluntary initiative based on CEO commitments to implement universal sustainability principles and take steps to support UN goals.
UN PRI	The Principles for Responsible Investment refer to a United Nations-supported international network of investors working together to incorporate ESG factors into investment and ownership decisions.
VOC	Volatile organic compounds are organic compounds that have high vapour pressure and low solubility in water. VOCs are emitted as gases from certain solids or liquids.
WWF	The World Wide Fund for Nature Inc. is a Swiss-based international non-governmental organisation founded in 1961 that works in the field of wilderness preservation and the reduction of human impact on the environment.

Portfolio overview



Size is measured as dwt



Maritime Investment Fund I



APRIL 2018
UASC ZAMZAM
IMO: 9699127
Size: 119,512 Year: 2014



JUNE 2018
NAVIGARE BACCA
IMO: 9758741
Size: 61,213 Year: 2016
Exit: September 2022



DECEMBER 2018
NAVIGARE TOLERO
IMO: 9410973
Size: 156,516 Year: 2011
Exit: April 2023



SEPTEMBER 2019
ROME EXPRESS
IMO: 9447861
Size: 153,514 Year: 2010



APRIL 2018
NAVIGARE COLLECTOR
IMO: 9779771
Size: 119,262 Year: 2018
Exit: February 2023



AUGUST 2018
NAVIGARE BOREAS
IMO: 9729922
Size: 61,492 Year: 2016
Exit: August 2021



AUGUST 2019
SOUTHAMPTON EXPRESS
IMO: 9447885
Size: 153,514 Year: 2011



APRIL 2021
MARVEL SWAN
IMO: 9880192
Size: 88,831 Year: 2021



JUNE 2023
NORWIND GALE
IMO: 9955753
Year: 2023



AUGUST 2023
CAPE SPENCER
IMO: 9950129
Size: 34,230 Year: 2023



JANUARY 2024
CAPE SABLE
IMO: 9950131
Size: 34,230 Year: 2024



MARCH 2024
CAPE SOREL
IMO: 9969869
Size: 34,230 Year: 2024



AUGUST 2024
NORWIND STORM
Year: 2024

Maritime Investment Fund II



JULY 2023
CAPE SCOTT
IMO: 9950117
Size: 34,230 Year: 2023



OCTOBER 2023
CAPE SKAGEN
IMO: 9969857
Size: 34,230 Year: 2023



MARCH 2024
CAPE SERRAT
IMO: 9950143
Size: 34,230 Year: 2024



MARCH 2024
NORWIND HURRICANE
Year: 2024



MAY 2025
NORWIND HELM
Year: 2024



Navigare Capital Partners A/S

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