

## INTEGRATION OF SUSTAINABILITY RISKS

<b>Policy title:</b>	Integration of sustainability risks
<b>Administrator:</b>	Henrik Ramskov
<b>Approved by the Board of Directors:</b>	25 March 2021

### 1. Introduction

This policy has been developed in accordance with the requirements of:

- Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (the “Disclosure regulation”).

The policy must be reassessed annually by the Board of Directors.

The policy must be updated as a result of changes in legislation, guidelines from the Danish Financial Supervisory Authority or other matters that require an update.

### 2. Overall strategic objectives

The Company acts as a responsible fund manager with a strong corporate governance, where morality and ethics are paramount and deeply rooted throughout the organization.

Sustainability is and has always been a cornerstone of the Company’s approach. It has always been a fundamental principle that the Company will make investments in assets which are considered of high quality. This must be done with emphasis on environmental integrity, under consideration of impact on sustainability, and with good on-board working conditions for the crew.

As a responsible fund manager, the Company is committed to use all reasonable effort to comply with the provisions in the following convention:

- UN Principles for Responsible Investments

The Company is constantly working to promote and implement more sustainable solutions and routines.

The purpose of this policy is to set the framework for the Company’s work to integrate sustainability factors into the daily operation of the Company as manager of alternative investment funds.

### 3. Investment agreement

The Limited Partnership Agreement (LPA) for the individual Funds comprises, in addition to the information referred to in § 62 in the Danish AIFM Act, relevant information about the Company’s integration of sustainability risks, including any consequences the Company’s management of risks may have for returns to the investors.

#### 4. Screening of investments

Before making any investment proposals to the Investment Committee the Company must assess relevant sustainability aspects of the proposed investment.

This must be done as part of the due diligence process in the form of a screening process in which the following aspects must be mapped and assessed:

##### Asset-based screening:

The proposed asset must be thoroughly screened to assess the following relevant environmental aspects:

- Emissions of greenhouse gases, including CO<sub>2</sub>, NO<sub>x</sub>, SO<sub>x</sub>: Assets must comply with regulatory provisions on emissions.
- Fuel consumption and fuel efficiency: Assets must comply with regulatory provisions on fuel and energy consumption.
- Ballast water treatment: Assets must comply with regulatory provisions on ballast water.

##### Norm-based screening:

Any proposed counterparty who is a candidate to enter into a charter agreement regarding the investment asset must be thoroughly screened to assess their competencies and their compliance with the provisions in the following international conventions:

- UN Global Compact
- UN Guiding Principles on Business and Human Rights
- OECD Guidelines for Multinational Enterprises
- ILO Declaration on Fundamental Principles of Right at Work

The Company must consult data on the above matters in information from the relevant counterparty, including the counterparty's annual report.

The counterparties' effort to be compliant with the provisions in the above international standards must be incorporated in the internal Counterpart Assessment for each Charterer.

#### 5. Investment proposal

The Company's investment proposal to the Investment Committee must include a paragraph on the integration of sustainability risks.

In this paragraph, the Company must provide information regarding the results of the screening of the proposed investment in relation to the relevant environmental aspects and the compliance with the provisions in the relevant international conventions.

By this means, the Company ensures documentation that the screening of sustainability risks is an integral part of the investment process.

#### **6. Operating of the assets**

The Company must have effective operational procedures ensuring continuous follow-up on quality, resources, results, and ESG-related matters of the counterparties having chartered the assets.

The follow-up must be organized in such a way as to ensure that the portfolio is compliant with the sustainability standards defined by the Company.

Any detected deviation must be investigated and sought to be remedied as soon as possible.

#### **7. Dismantling of the assets**

The Company is committed to use all reasonable effort to comply with the provisions in the following convention:

- Basel Convention: Technical guidelines for the environmentally sound management of the full and partial dismantling of ships.

Any potential dismantling process regarding the Company's vessels must comply with these provisions on dismantling of ships.

Business partners involved in the dismantling process must adhere to the provisions and support a precautionary approach to dismantling that can affect environment, and which supports a recycling mindset.

#### **8. Reporting to the Board of Directors**

At least annually, the Management must report to the Board of Directors on compliance with this policy, including key elements of the screening work performed in the past year.

#### **9. Monitoring and surveillance**

The Management shall be responsible for monitoring the compliance with this policy.

If the Management deems that the compliance is not sufficient or that further actions are required, the Management shall inform the Board of Directors together with a report on the subject matter and proposal for a solution. The Board of Directors shall then make a decision regarding the matter, which the Management shall effect.

#### **10. Control**

In the event of a reporting from the Managing Partner the Board of Directors shall

- (i) review the report made by the Managing Partner, and
- (ii) consider whether the compliance requirements are fulfilled or whether there is a risk that the compliance requirements may not be fulfilled in the period until the next Board Meeting.

In the event that the Board of Directors deems that this clause 21 is not sufficiently complied with, the Board of Directors shall adopt a decision on how to remedy this and instruct the Managing Partner to effect such decision. The Board of Directors shall monitor that the adopted plan is complied with and that the plan is effected as soon as possible.

<b>Track record:</b>	<b>Comments/changes:</b>
25 March 2021:	V 1.0: New Policy prepared and adopted.