

Disclosure pursuant to Article 8 of Regulation (EU) 2019/2088 (SFDR) and Article 6 of Regulation (EU) 2020/852 (Taxonomy)

Product name: Maritime Investment Fund II K/S (MIF II)

Legal entity identifier: 894500MO76XZ7Y75H089

Environmental and/or social characteristics

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

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

Did this financial product have a sustainable investment objective?

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



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

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

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

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

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

One of the main factors impacting the environmental objectives is how the assets are operated, in particular the speed of the vessels.

When earnings are high, like they were in the first half of 2022, charterers have a tendency to operate the assets at higher speeds, which results in poorer performance. As the fund does not have the operational control, it strives to always make the most fuel-efficient vessels available for its charterers. Hence, in 2022, the fund invested in several energy saving devices to improve the energy efficiency on its vessels. With this, including portfolio effects arising from an increased focus on more energy efficient investments, the fund is expected to have improved its performance on its environmental characteristics.

To further strengthen safety and labour conditions onboard, the fund currently operates all its vessels, except one, under Danish flag which ensures certain legal protections for all seafarers regardless of nationality, including the Danish regulations for injury compensation, sick pay and vacation. The remaining vessel is operated under Norwegian flag, which has similar health and safety measures in place.

As required by the Danish Maritime Authority, Danish-flagged vessels must also implement occupational health and safety systems, which together with the in-house monitoring of the technical directors, create a secure working environment for seafarers.

In 2022, the Fund recorded slightly less than 300,000 working hours, with no work-related safety incidents.

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

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. The required training was completed in 2022.

Maritime Authorities around the world also continuously inspect vessels to verify that the condition of a ship and its equipment complies with the requirements of international regulations and that the ship is manned and operated in compliance with these instruments to ensure maritime safety and security and prevent pollution.

The fund had one port state control in 2022. Following the port state controls, it had zero detentions, but an average of 2.00 deficiencies per port state control. All deficiencies were resolved immediately and a feedback loop enabled the Fund to avoid repetition of the deficiencies.

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

Not applicable.

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

Not applicable.

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

Not applicable.

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

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

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

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



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

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

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

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

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

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

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



What were the top investments of this financial product?

The investments are measured as assets under management at year end.

The list includes the investments constituting the **greatest proportion of investments** of the financial product during the reference period which is: per 31 December 2022

Largest investments	Sector	% Assets	Country
<i>Crude tankers</i>	<i>Transportation of unrefined oil</i>	<i>67%</i>	<i>100% Danish flagged</i>
<i>Container ships</i>	<i>Transportation of various goods in truck-size containers</i>	<i>19%</i>	<i>100% Danish flagged</i>
<i>Offshore wind support vessels</i>	<i>Supporting the installation and maintenance of offshore wind farms</i>	<i>11%</i>	<i>100% Norwegian flagged</i>
<i>LPG carriers</i>	<i>Transportation of liquid natural gas</i>	<i>3%</i>	<i>100% Danish flagged</i>



What was the proportion of sustainability-related investments?

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

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

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

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

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

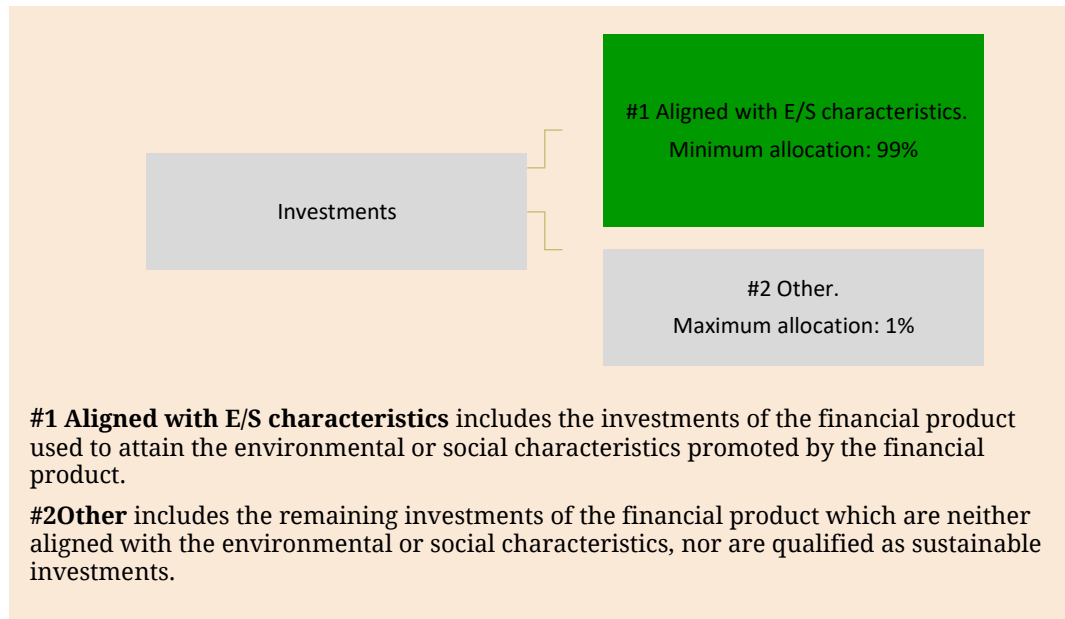
● What was the asset allocation?

Asset allocation describes the share of investments in specific assets.

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

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

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



● In which economic sectors were the investments made?

The material part of the fund's investments are related to Transport: Sea and coastal freight water transport, vessels for port operations and auxiliary activities according to the sectors of the EU Taxonomy.

The proportion of investments during the reference period related to transportation of fossil fuels as defined in Article 2, point (62), of Regulation (EU) 2018/1999 of the European Parliament and of the Council, is 70% measured as assets under management at year end.



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

● Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy¹?

Yes:

In fossil gas

In nuclear energy

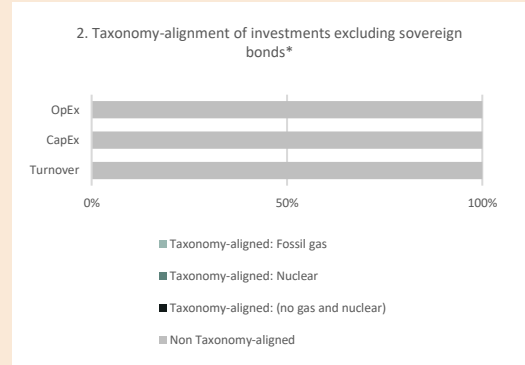
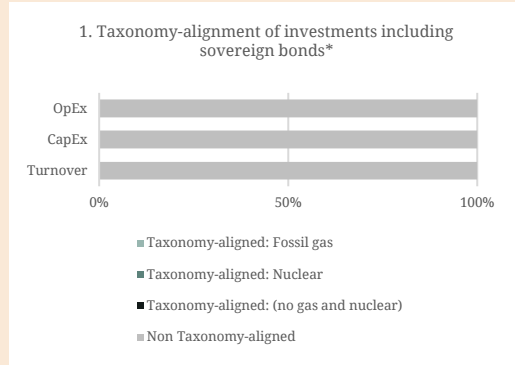
No

¹ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

Taxonomy-aligned activities are expressed as a share of:

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

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



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

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

Not applicable.

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

Not applicable.

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



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

Not applicable.



- **What was the share of socially sustainable investments?**

Not applicable.



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

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



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

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

The fund also continued its efforts from 2021 where it collaborated with a third-party specialist to develop a catalogue of suitable energy-saving devices for each vessel in its portfolio.

In 2022, the fund invested in energy saving devices on the one vessel scheduled for dry dock. One of the energy saving devices installed was a high spec antifouling silicone paint which improves the energy efficiency of the vessel significantly and a state of the art ultrasonic device that by application of ultrasound will be able to keep the propeller clean from fouling, thus improving the propeller's efficiency. The fund also initiated dialogue with its charterers with the aim of investing in more energy-saving devices on its vessels and several initiatives are currently in the process of being evaluated for investment in corporation with its charterers.

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

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

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

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

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

In addition, the fund manager's experienced team of vessel operators monitored voyages, cargoes, speeds and fuel consumption profiles to ensure the effective operation of the vessel. They also made sure that necessary actions were taken in cases

where performance was deemed inadequate, this could be a cleaning of the hull to improve the vessels fuel efficiency.

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

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

- Carbon intensity measured by AER or CII
- GHG emissions

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



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

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

Not applicable.

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

Not applicable.

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

Not applicable.

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

Not applicable.

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