



MIF II Feeder no. 2 A/S

Strandvejen 70, 2.
2900 Hellerup
CVR No. 42804150

Annual report 2022

The Annual General Meeting adopted the annual report on 15.03.2023

Peter Toyberg

Chairman of the General Meeting

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Entity details

Entity

MIF II Feeder no. 2 A/S

Strandvejen 70, 2.

2900 Hellerup

Business Registration No.: 42804150

Date of foundation: 02.11.2021

Registered office: Gentofte

Financial year: 01.01.2022 - 31.12.2022

Board of Directors

Henrik Ramskov, Chairman

Søren Fogh

John Peter Boesen

Executive Board

Peter Toyberg

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of MIF II Feeder no. 2 A/S for the financial year 01.01.2022 - 31.12.2022.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2022 and of the results of its operations for the financial year 01.01.2022 - 31.12.2022.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Hellerup, 15.03.2023

Executive Board

Peter Toyberg

Board of Directors

Henrik Ramskov
Chairman

Søren Fogh

John Peter Boesen

Independent auditor's report

To the shareholders of MIF II Feeder no. 2 A/S

Opinion

We have audited the financial statements of MIF II Feeder no. 2 A/S for the financial year 01.01.2022 - 31.12.2022, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2022 and of the results of its operations for the financial year 01.01.2022 - 31.12.2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management commentary and the supplementary reports

Management is responsible for the management commentary, as well as for the supplementary report on disclosures in accordance with the SFDR etc, hereinafter referred to as "the supplementary report".

Our opinion on the financial statements does not cover the management commentary or the supplementary report, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and the supplementary report and, in doing so, consider whether the management commentary and the supplementary report are materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appear to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary and the supplementary report are in accordance with the financial statements and have been prepared in accordance with the requirements of the Danish Financial Statements Act.

We did not identify any material misstatement of the management commentary or the supplementary report.

Hellerup, 15.03.2023

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556

Michael Thorø Larsen

State Authorised Public Accountant

Identification No (MNE) mne35823

Management commentary

Primary activities

The object of the Company is to conduct business within trade and industry, including purchase and sale of assets, and other hereto-related business at the discretion of the board of directors, including the holding of shares in other companies.

The Company's sole activity is to act as a feeder fund for the shareholders investment in Maritime Investment Fund II K/S.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Supplementary reports

Periodic disclosure for Article 8 financial products

Please refer to page 16 for MIF II Feeder no. 2 A/S' periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph of Regulation (EU) 2020/852 for the period 01.01.2022-31.12.2022.

Income statement for 2022

	Notes	2022 USD	2021 USD
Other external expenses	1	(24,179)	(5,000)
Gross profit/loss		(24,179)	(5,000)
Income from financial assets		2,064,419	136,400
Other financial income		10,697	0
Other financial expenses		(339,133)	(265,076)
Profit/loss before tax		1,711,804	(133,676)
Tax on profit/loss for the year		(206,595)	0
Profit/loss for the year		1,505,209	(133,676)
Proposed distribution of profit and loss:			
Ordinary dividend for the financial year		0	98,900
Extraordinary dividend distributed in the financial year		1,650,117	0
Retained earnings		(144,908)	(232,576)
Proposed distribution of profit and loss		1,505,209	(133,676)

Balance sheet at 31.12.2022

Assets

	2022 USD	2021 USD
Other investments	8,416,495	4,300,723
Financial assets	8,416,495	4,300,723
Fixed assets	8,416,495	4,300,723
Cash	53,956	159,566
Current assets	53,956	159,566
Assets	8,470,451	4,460,289

Equity and liabilities

	Notes	2022 USD	2021 USD
Contributed capital		134,199	60,900
Share premium		8,596,617	4,528,065
Retained earnings		(377,484)	(232,576)
Proposed dividend		0	98,900
Equity		8,353,332	4,455,289
Income tax payable		103,297	0
Other payables		13,822	5,000
Current liabilities other than provisions		117,119	5,000
Liabilities other than provisions		117,119	5,000
Equity and liabilities		8,470,451	4,460,289

Contingent liabilities 2

Statement of changes in equity for 2022

	Contributed capital USD	Share premium USD	Retained earnings USD	Proposed extraordinary dividend USD	Proposed dividend USD
Equity beginning of year	60,900	4,528,065	(270,076)	0	136,400
Corrections of material errors	0	0	37,500	0	(37,500)
Adjusted equity beginning of year	60,900	4,528,065	(232,576)	0	98,900
Increase of capital	73,299	7,043,402	0	0	0
Decrease of capital	0	(2,974,850)	0	0	0
Ordinary dividend paid	0	0	0	0	(98,900)
Extraordinary dividend paid	0	0	0	(1,650,117)	0
Profit/loss for the year	0	0	(144,908)	1,650,117	0
Equity end of year	134,199	8,596,617	(377,484)	0	0
					Total USD
Equity beginning of year					4,455,289
Corrections of material errors					0
Adjusted equity beginning of year					4,455,289
Increase of capital					7,116,701
Decrease of capital					(2,974,850)
Ordinary dividend paid					(98,900)
Extraordinary dividend paid					(1,650,117)
Profit/loss for the year					1,505,209
Equity end of year					8,353,332

Management decided to decrease the ordinary dividend at the Annual General Meeting. Equity beginning of year has been adjusted accordingly.

Notes

1 Other external expenses

The Company has no employees.

The Management has not received remuneration.

In accordance with the Alternative Investment Fund Managers etc. Act, section 61, 3 (5 and 6) information regarding salaries paid to employees of the investment manager can be found in Navigare Capital Partners A/S, Business Reg. No. 37338109, Annual report 2022.

2 Contingent liabilities

There is a remaining investment commitment of a total of USD 18.6m.

In addition there are no guarantees or contingent liabilities of the Company.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Reporting currency is U.S. Dollars (USD).

Material errors in previous years

Management decided to decrease the ordinary dividend at the Annual General Meeting. Equity beginning of year has been adjusted accordingly.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Income statement

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities.

Income from other fixed asset investments

Income from other fixed asset investments comprise dividend from investments.

Other financial income

Other financial income comprises interest income, equalization interests and net exchange rate adjustments on transactions in foreign currencies.

Other financial expenses

Other financial income comprises interest income, equalization fee and net exchange rate adjustments on transactions in foreign currencies.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Company is taxed in accordance with the Danish tonnage tax regime.

Balance sheet**Other investments**

Other investments comprise investments in portfolio companies which are measured at cost. Investments are written down to the lower of recoverable amount and carrying amount.

Cash

Cash comprises cash in bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Tax receivable or payable

Current tax receivable or payable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

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

Product name: MIF II Feeder no. 2 A/S (MIF II Feeder 2)

Legal entity identifier: 894500MNW3UFXZJE5W24

The purpose of MIF II Feeder 2 is exclusively to form a separate feeder fund for 3 foreign investors who have committed capital in relation to Maritime Investment Fund II K/S. Consequently, this disclosure for MIF II Feeder 2 is identical to the disclosure for Maritime Investment Fund II K/S.

Environmental and/or social characteristics

Did this financial product have a sustainable investment objective?

Yes

It made **sustainable investments with an environmental objective:** ___%

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It made **sustainable investments with a social objective:** ___%

No

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

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promoted E/S characteristics, but **did not make any sustainable investments**

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.



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

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

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

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

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

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.

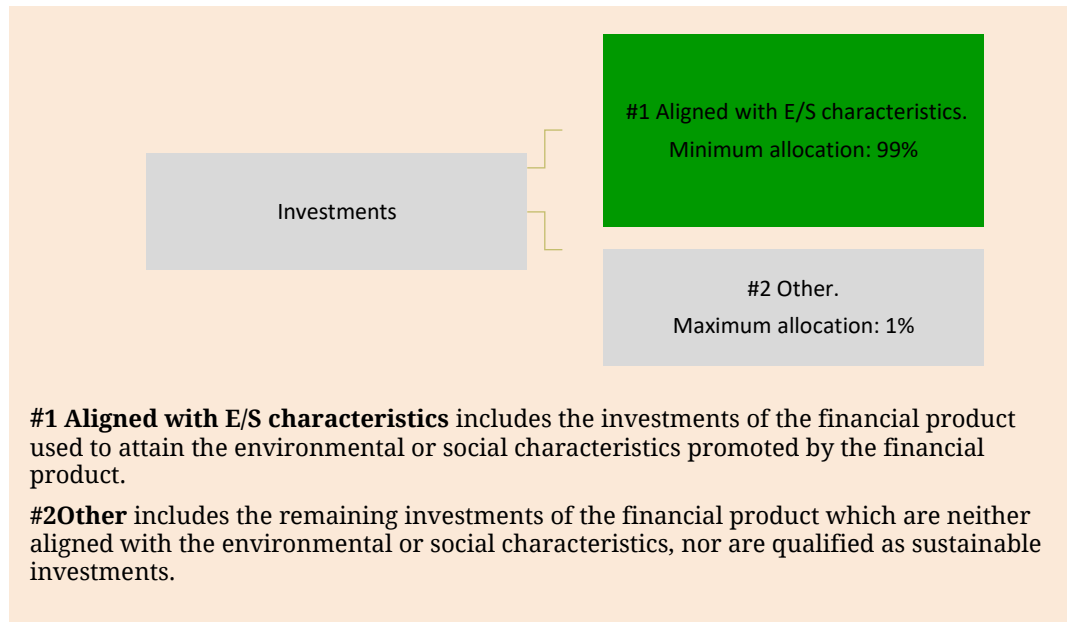
Asset allocation describes the share of investments in specific assets.

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.

● **What was the asset allocation?**



● **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

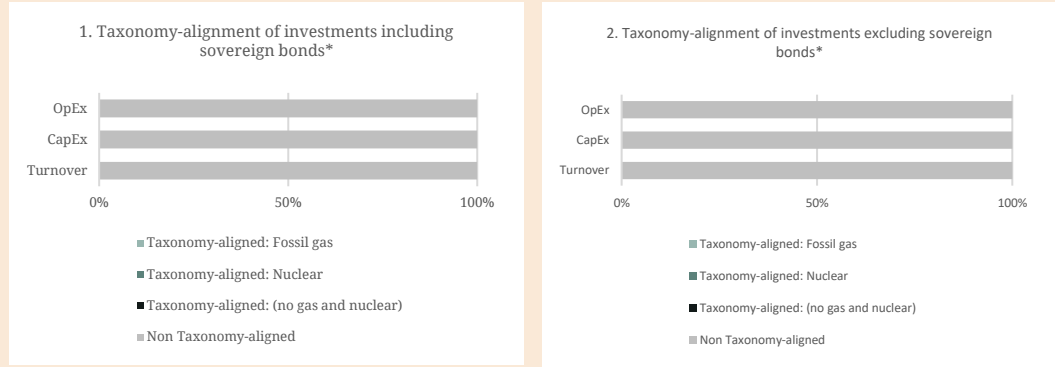
No

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.

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